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Application Proof of

Guangzhou EHolly Intelligent Equipment Co., Ltd.

(廣州市易鴻智能裝備股份有限公司)

(the “Company”)

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

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Guangzhou EHolly Intelligent Equipment Co., Ltd.

廣州市易鴻智能裝備股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the
the [REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation)
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation and
the [REDACTED])
[REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of
1.0%, SFC transaction levy of 0.0027%, Stock
Exchange trading fee of 0.00565% and AFRC
transaction levy of 0.00015% (payable in full on
application in Hong Kong dollars and subject to
refund)
Nominal Value : RMB1.00 per H Share
[REDACTED] : [•]

Joint Sponsors, [REDACTED]



國泰海通
GUOTAI HAITONG

國泰君安國際
GUOTAI JUNAN INTERNATIONAL



東方證券
— D F Z Q —

國際

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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day 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 the Company at www.gzeholly.com as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. For more information, see “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. For further details of such circumstances, see “[REDACTED] — [REDACTED] Arrangements and Expenses — [REDACTED] — Grounds for Termination” 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 the section headed “Risk Factors” in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be [REDACTED], sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

[REDACTED]

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EXPECTED TIMETABLE

[REDACTED]

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EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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EXPECTED TIMETABLE	iii
CONTENTS	vi
SUMMARY	1
DEFINITIONS	13
GLOSSARY OF TECHNICAL TERMS	24
FORWARD-LOOKING STATEMENTS	28
RISK FACTORS	30
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES	61
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	64
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]	69
CORPORATE INFORMATION	72
INDUSTRY OVERVIEW	74
REGULATORY OVERVIEW	89
HISTORY AND CORPORATE STRUCTURE	97
BUSINESS	121
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS	175
DIRECTORS AND SENIOR MANAGEMENT	178
SUBSTANTIAL SHAREHOLDERS	186
SHARE CAPITAL	189
FINANCIAL INFORMATION	193
FUTURE PLANS AND [REDACTED]	226

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CONTENTS

[REDACTED]	232
STRUCTURE OF THE [REDACTED]	241
HOW TO APPLY FOR [REDACTED]	252
APPENDIX I — ACCOUNTANTS’ REPORT	I-1
APPENDIX II — UNAUDITED [REDACTED] FINANCIAL INFORMATION	II-1
APPENDIX III — TAXATION AND FOREIGN EXCHANGE	III-1
APPENDIX IV — SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS	IV-1
APPENDIX V — SUMMARY OF ARTICLES OF ASSOCIATION	V-1
APPENDIX VI — STATUTORY AND GENERAL INFORMATION	VI-1
APPENDIX VII — DOCUMENTS TO BE DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY	VII-1

SUMMARY

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

OVERVIEW

We are a leading provider in the PRC of intelligent equipment and solutions to lithium-ion battery manufacturers, enabled by our machine vision and AI algorithms technologies. According to Frost & Sullivan, in terms of revenue in 2025, we ranked second in the Chinese domestic market for lithium-ion battery machine vision inspection solutions and ranked first in the global market for integrated wide electrode calendering & slitting machines. Our history can be traced back to 2014 and since our founding, we have been accumulating underlying vision algorithms and precision transmission control technology capabilities. Through years of development, we have become one of the few solution providers in the industry that can deeply embed machine vision technology into integrated intelligent equipment in controlling the manufacturing process. As lithium-ion battery manufacturing enters a “lean” stage with the market focusing more on safety, consistency and overall production line yield, intelligent equipment and process control capabilities have become a key focus to ensure the stability of large-scale mass production of battery cells.

Through deep integration of AI algorithms and core process equipment, we are able to realize real-time closed-loop control over the course of all stages of the lithium-ion battery manufacturing process, namely the stages of perception, judgment, execution and traceability, and have gradually formed a process control system integrating optics, mechanics, electronics, algorithms and software capabilities. According to Frost & Sullivan, we are the only solution provider in China that has all machine vision inspection deployment capabilities across the whole process of lithium-ion battery manufacturing, the capabilities to embed machine vision into core process equipment, and cross-process data closed-loop management capabilities, and we are gradually upgrading to an AI-driven process control capability platform which we believe will be increasingly important in this lean manufacturing stage of lithium-ion battery production.

Our business primarily includes manufacture and sale of: (i) lithium-ion battery machine vision inspection solutions; and (ii) lithium-ion battery integrated intelligent equipment.

OUR COMPETITIVE STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

- Technological advantages: Integration of optics, mechanics, electronics, algorithms and software capabilities with machine vision as our core enabling technology;
- Data advantages: Robust data accumulation and AI algorithm capabilities;
- Process advantages: In-depth understanding of the lithium-ion battery manufacturing process;
- Customer advantages: In-depth cooperation with leading customers and global delivery capabilities; and
- Team and governance advantages: Professional and experienced management team and strong shareholder support.

For details, see “Business — Our Competitive Strengths” in this document.

SUMMARY

OUR BUSINESS STRATEGIES

We will continue to pursue the following strategies:

- Continue to expand our business in relation to lithium-ion battery core process equipment;
- Expand our production capabilities in relation to lithium-ion battery intelligent equipment to support business growth;
- Strategically focus on next generation battery technology innovation and potential applications in other fields;
- Expand our global footprint and build our global delivery and service capabilities;
- Promote digital transformation to improve operational efficiency and delivery capabilities; and
- Explore strategic investment and merger and acquisition opportunities to achieve growth, expand the supply chain and strengthen our capabilities.

For details, see “Business — Our Business Strategies” in this document.

OUR BUSINESS MODEL

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of customized solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. According to Frost & Sullivan, as of December 31, 2025, we were the only machine vision company in China providing comprehensive coverage of machine vision inspection solutions across the whole process of lithium-ion battery manufacturing.

We have developed two flagship product lines:

- (i) Lithium-ion battery integrated intelligent equipment; and
- (ii) Lithium-ion battery machine vision inspection solutions, including machine vision inspection systems and Automatic Optical Inspection (AOI) equipment.

For details, see “Business — Our Business Model” in this document.

OUR PRODUCTS AND SOLUTIONS

Intelligent Equipment

We have developed a series of intelligent equipment for lithium-ion battery manufacturing. In 2023, 2024 and 2025, revenue generated from our intelligent equipment was RMB96.2 million, RMB181.0 million, and RMB461.5 million, respectively, representing 32.7%, 45.9% and 83.6%, respectively, of our total revenue for those years.

We focus on the core processes of lithium-ion battery manufacturing and are dedicated to integrating the functions of lithium-ion intelligent equipment, aiming to create integrated intelligent equipment capable of simultaneously completing multiple core processes, to replace traditional equipment that is limited to a single process. In this way, we can help our customers improve the efficiency of lithium-ion battery manufacturing. Our integrated intelligent equipment includes (i) integrated electrode calendaring & slitting machines (輥壓分切一體機), and (ii) integrated laser notching & winding machines (激光模切捲繞一體機). Moreover, we completed the sale and delivery of our first high-speed automated assembly line for full-tab cylindrical cells (全極耳圓柱電芯高速自動裝配線) in 2025.

SUMMARY

Machine Vision Inspection Solutions

Our machine vision inspection solutions use optical devices and sensors to capture images of the target, which are then converted into digital signals by a dedicated image processing system. These signals are processed to extract key features such as area, quantity, position, and length. Based on preset tolerance levels and other criteria, the system outputs results that control actions of on-site equipment. We have machine vision inspection capabilities covering the entire lithium-ion battery production process from (i) electrode sheet manufacturing, to (ii) battery cell assembly, to (iii) module and PACK assembly.

Our vision inspection solutions include two main categories: (i) lithium-ion battery machine vision inspection systems; and (ii) lithium-ion battery AOI equipment. The former category is designed to integrate into lithium-ion battery intelligent equipment, while the latter is stand-alone equipment which can be integrated into lithium-ion battery production lines or designed as offline units for spot-checking or re-inspection.

In 2023, 2024 and 2025, revenue generated from our machine vision inspection solutions amounted to RMB173.6 million, RMB182.7 million, and RMB71.5 million, respectively, representing 59.1%, 46.4%, and 12.9%, respectively, of our total revenue for those years.

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

	2023		For the year ended December 31,			
	RMB'000	%	2024	%	2025	%
Types of goods or services						
Lithium-ion Battery Intelligent Equipment	96,161	32.7	180,958	45.9	461,499	83.6
Machine Vision Inspection Solutions	173,647	59.1	182,714	46.4	71,479	12.9
Services and others	24,240	8.2	30,267	7.7	19,118	3.5
Total	294,048	100.0	393,939	100.0	552,096	100.0

The following table sets forth units sold and average selling price of our products by business line for the years indicated.

	2023			For the year ended December 31,			2025		
	Revenue RMB'000	Quantity (Units)	Average Unit Price RMB'000	Revenue RMB'000	Quantity (Units)	Average Unit Price RMB'000	Revenue RMB'000	Quantity (Units)	Average Unit Price RMB'000
Lithium-ion battery intelligent equipment	96,161	80	1,202	180,958	116	1,560	461,499	309	1,494
— Core parts	2,760	6	460	28,612	51	561	107,070	162	661
— Equipment	93,401	74	1,262	152,346	65	2,344	354,429	147	2,411
Machine vision inspection solutions	173,647	1,103	157	182,714	610	300	71,479	281	254
— AOI equipment	8,699	19	458	77,450	46	1,684	19,123	17	1,125
— Machine vision inspection systems	164,948	1084	152	105,264	564	187	52,356	264	198
Services and others	24,240	7,621	3	30,267	10,783	3	19,118	4,142	5
Total	294,048	8,804		393,939	11,509		552,096	4,732	

SUMMARY

RESEARCH & DEVELOPMENT

As of December 31, 2025, our R&D team comprised 191 professionals, with deep expertise in optics, mechanics, electronics, algorithms, software and product design. We retain key technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to upskill our key technical staff.

Our R&D team’s expertise covers specialized fields including machine vision, artificial intelligence, precision mechanical engineering, automation control, and process engineering. We have invested substantial manpower and resources into R&D, and we believe that our success depends on the outcomes of our continuous R&D efforts. We incurred R&D expenditure of RMB37.6 million, RMB41.5 million and RMB49.4 million in 2023, 2024 and 2025, respectively, representing 12.8%, 10.5% and 8.9% of our total revenue for the same years, respectively.

The following table provides a breakdown of our R&D expenditure by nature for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development expenses						
Employee Compensation	32,505	86.6	31,517	76.0	33,607	68.1
Materials	2,612	7.0	6,094	14.7	11,967	24.2
Amortization & Depreciation	1,371	3.7	1,600	3.9	1,489	3.0
Other Expenses	1,065	2.7	2,252	5.4	2,302	4.7
Total	37,553	100.0	41,463	100.0	49,365	100.0

We focus on machine vision technology as the core, and develop an R&D framework centered on quality perception and process control for key stages in lithium-ion battery manufacturing. The framework covers algorithm development, equipment development, and system integration.

Our core technologies comprise our EHolly AI platform along with other technologies that we apply across our products and solutions.

For details, see “Business — Research and Development” in this document.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include lithium-ion battery manufacturers. For the years ended December 31, 2023, 2024 and 2025, revenue attributable to our five largest customers amounted to RMB290.2 million, RMB382.8 million and RMB521.2 million, respectively, accounting for approximately 98.7%, 97.2% and 94.4% of our revenue for the respective periods. Revenue attributable to our largest customer in each year in the Track Record Period amounted to RMB252.8 million, RMB264.4 million and RMB418.6 million, respectively, accounting for approximately 86.0%, 67.1% and 75.8% of our total revenue for the respective periods.

During each year in the Track Record Period, we made significant sales to our largest customer, CATL, and their revenue contribution to us was significant. However, our Directors are of the view that such high level of revenue contribution by CATL is unlikely to have a material adverse effect on us.

During the Track Record Period, our suppliers primarily consisted of mechanical components manufacturers. Our top five qualified suppliers have remained relatively consistent. For the years ended December 31, 2023, 2024 and 2025, purchases from our top five suppliers accounted for 31.5%, 22.4%, and 29.8%, respectively, of our total purchases for the year. Purchases from our largest supplier for each year during the Track Record Period accounted for 11.3%, 7.2% and 12.1% of our total purchases for the respective year.

SUMMARY

For details, see “Business — Our Customers” and “— Procurement and Supply Chain Management” in this document.

PRODUCTION FACILITIES AND PRODUCTION PROCESS

Production Facilities

As of the Latest Practicable Date, we had two production facilities in the PRC, among which, one production facility was located in Yixing, Jiangsu Province, China, and one production facility was located in Changzhou, Jiangsu Province, China. During the Track Record Period, we had not put into use our Changzhou Phase I production base. As of the Latest Practicable Date, such base was still under continuing construction and was engaging in limited pilot production. For details about the construction of our Changzhou Phase I production base, see “Future Plans and [REDACTED]” in this document.

Planned Production Facilities

We plan to establish a new production facility at a plot adjacent to our Changzhou Phase I production base, in Changzhou, Jiangsu Province, China. For details about the investment and construction plan of our Changzhou Phase II production base, see “Future Plans and [REDACTED]” in this document.

Production Process

The production processes for AOI inspection equipment and machine vision inspection systems for lithium-ion batteries are broadly similar, both involving the integration of optical, mechanical, electrical, algorithms and software functions. We design tailored optical solutions based on specific product requirements and procure compatible cameras, lenses, light sources, and image processing cards to develop the required functions accordingly. Upon completion, we carry out deployment and commissioning at the customer’s site to ensure seamless implementation.

For production of lithium-ion intelligent equipment, we begin by completing the mechanical, electrical, and software solution designs based on customer requirements. This process results in a comprehensive bill of materials that specifies both in-house manufactured and outsourced components. The in-house manufacturing process encompasses raw material inspection, component processing, and component inspection, with certain procedures subcontracted to external parties as needed. Any purchased components undergo rigorous incoming inspection before being assembled alongside in-house manufactured parts. Once assembly is complete, the equipment proceeds to commissioning, during which its functionality and performance are thoroughly verified. This is followed by a final inspection to ensure that all specifications and quality standards are met. Upon passing final inspection, the equipment is transferred to our finished goods warehouse for storage. It is then shipped to the customer’s designated location, where on-site installation and acceptance are carried out to ensure smooth handover and operational readiness.

SALES AND MARKETING

Sales and marketing play a key role in driving our business growth. Our branding efforts are led by our marketing and product center, while our sales team reinforces this positioning through direct customer engagement, working together to strengthen brand recognition and communicate our product advantages. As of December 31, 2025, our marketing team consisted of 23 professionals.

Under our direct sales network, after receiving customer requirements, the sales representatives coordinate with our R&D team to discuss technical and equipment details. The R&D team then designs a product solution, producing product manuals and technical specification sheets. Based on pricing guidelines, they provide a quotation to the customer. Once the customer places an order, an internal contract or order review process is initiated.

For details, see “Business — Sales and Marketing” in this document.

SUMMARY

SUMMARY OF KEY RISK FACTORS

Our operations involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. See “Risk Factors” in this document for details of our risk factors, which we strongly urge you to read in full before making an [REDACTED] in our H Shares. Some of the major risks we face include:

- We generate a significant share of our revenue from a limited number of key customers, especially our largest customer.
- We are exposed to credit risks related to defaults of and recoverability of our trade and bills receivable from our customers.
- We have recorded a net operating cash outflow for the year ended December 31, 2023, and there can be no assurance that we will not experience net cash outflows in future periods.
- We are subject to inventory management risk.
- We are subject to risks related to our long cash conversion cycle and significant working capital requirements.
- We may experience cost increases or supply disruptions in the procurement of equipment, raw materials and parts required for our operations.
- Any unexpected disruption to our production facilities could materially and adversely affect our business, results of operations and financial condition.
- We operate in the highly competitive lithium-ion battery intelligent equipment and machine vision inspection solution markets and we may not be able to effectively compete with existing and new competitors.
- The development of regulations, policies and regulatory requirements in the PRC and overseas regarding lithium-ion battery intelligent equipment and new energy vehicles and the industries in which our customers operate may affect our business operations and prospects.
- Our historical performance during the Track Record Period may not be indicative of our future prospects.
- We experience seasonal fluctuations in our sales.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, against the backdrop of accelerated industrial transformation toward automation and digitalization, machine vision, as a key technology for achieving high-precision and high-efficiency quality inspection, is continuously penetrating various advanced manufacturing scenarios. Driven by this, the market size of global advanced manufacturing machine vision inspection solutions grew rapidly from RMB2.9 billion in 2015 to RMB25.9 billion in 2025, representing a CAGR of 24.7%. As the intelligent upgrading of manufacturing continues to progress, the market size is projected to further expand to RMB53.9 billion by 2030, with a CAGR of 15.8% between 2025 and 2030. For downstream applications, the importance of machine vision inspection in the field of lithium-ion battery manufacturing is rising rapidly. Its share of applications within advanced manufacturing machine vision inspection solutions is expected to increase from 5.4% in 2025 to 8.2% in 2030, with a CAGR exceeding 25%.

SUMMARY

From 2015 to 2025, the market size for global lithium-ion battery intelligent equipment surged from RMB6.4 billion in 2015 to RMB58.3 billion in 2025, representing a CAGR of 24.7%. In 2024, the market size experienced slight fluctuations due to the phased destocking of the battery industry chain and the slowdown in certain capacity investment plans. With the continuous growth of global lithium-ion battery demand, industry capacity utilization recovered significantly in 2025. In 2025, the capacity utilization rate of the top three lithium-ion battery manufacturers in China by shipment volume approached 90%, while the largest lithium-ion battery manufacturer in China experienced a capacity shortage. As equipment investment demand recovers, the market is expected to maintain growth in the future.

China remains the largest lithium-ion battery intelligent equipment market globally, with its market size expected to increase from RMB34.0 billion in 2025 to RMB80.0 billion by 2030. Meanwhile, the European and North American markets are expected to record more significant growth, maintaining CAGRs of approximately 28.3% and 25.9% from 2025 to 2030, respectively. This growth is mainly driven by the localization of the battery value chain and the expansion of demand from NEVs, energy storage and other downstream applications, providing important market opportunities for Chinese lithium-ion battery intelligent equipment enterprises in overseas production line supporting services and project implementation.

For details, see “Industry Overview” in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of financial information should be read together with the historical financial information set out in the Accountants’ Report in Appendix I to this document, including the accompanying notes, and the information set out in the section headed “Financial Information” in this document.

Summary of Consolidated Statements of Profit or Loss

	For the year ended 31 December,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
REVENUE	294,048	393,939	552,096
Cost of sales	(236,439)	(272,081)	(407,534)
Gross profit	57,609	121,858	144,562
Other income and gains	21,035	4,370	19,394
Selling and marketing expenses	(11,929)	(10,594)	(13,230)
Administrative expenses	(35,411)	(28,997)	(28,877)
Research and development expenses	(37,553)	(41,463)	(49,365)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model (“ECL”), net	1,357	(1,881)	1,799
Fair value gains on investments measured at FVTPL, net	167	13,218	8,345
Other expenses	(700)	(2,071)	(1,226)
Finance costs	(2,752)	(2,316)	(2,053)
(LOSS)/PROFIT BEFORE TAX	(8,177)	52,124	79,349
Income tax credit/(expense)	8,886	(849)	(9,683)
PROFIT FOR THE YEAR	709	51,275	69,666

SUMMARY

Revenue

Our revenue increased RMB158.2 million, or 40.1%, from RMB393.9 million in 2024 to RMB552.1 million in 2025, primarily driven by an increase in revenue generated from sales of lithium-ion battery intelligent equipment of RMB280.5 million, or 155.0%, from RMB181.0 million in 2024 to RMB461.5 million in 2025, primarily due to a significant increase in unit sales of such intelligent equipment from 116 units in 2024 to 309 in 2025 as more types of key pieces of equipment were qualified by our customers, allowing for increased sales, while prices remained relatively stable. Such increase was partially offset by decrease in revenue generated from sales of machine vision inspection solutions of RMB111.2 million, or 60.9%, from RMB182.7 million in 2024 to RMB71.5 million in 2025, primarily due to (i) a decrease in units sold from 610 units in 2024 to 281 units in 2025, consistent with a change in our strategic focus away from selling solutions and towards selling comprehensive pieces of intelligent equipment and (ii) a decrease in average selling price from RMB300 thousand in 2024 to RMB254 thousand in 2025, driven by intensified competition in the machine vision market, particularly in relation to AOI equipment.

Our revenue increased RMB99.9 million, or 34.0%, from RMB294.0 million in 2023 to RMB393.9 million in 2024, primarily due to an increase in revenue from sales of lithium-ion battery intelligent equipment of RMB84.8 million, or 88.1%, derived increased from RMB96.2 million in 2023 to RMB181.0 million in 2024, primarily due to a significant increase in average selling price as we upgraded from selling smaller, single-process pieces of equipment, to selling larger, more integrated equipment. Our revenue generated from sales of lithium-ion battery machine vision inspection solutions remained relatively stable, increasing RMB9.1 million, or 5.2%, from RMB173.6 million in 2023 to RMB182.7 million in 2024. This reflected an increase in average selling price from RMB157 thousand in 2023 to RMB300 thousand in 2024 primarily due to increased prices in connection with solutions provided overseas partially offset by a decrease in units sold from 1,103 units in 2023 to 610 units in 2024, consistent with the change in our strategic focus away from solutions and towards comprehensive pieces of equipment.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB22.7 million, or 18.6%, from RMB121.9 million in 2024 to RMB144.6 million in 2025. This increase was primarily driven by a significant increase in revenue, particularly related to our intelligent equipment business. Our gross profit margin decreased from 30.9% in 2024 to 26.2% in 2025, primarily due to (i) a decline in revenue contribution from our machine vision inspection solutions business, which had comparatively higher margins in 2024 and (ii) a decrease in gross profit margin from that business line, partially offset by margin improvement in our lithium-ion battery intelligent equipment business.

With respect to our key individual product lines: (i) Gross profit derived from our lithium-ion battery intelligent equipment business increased by RMB87.9 million, or 240.5%, from RMB36.5 million in 2024 to RMB124.4 million in 2025, primarily due to a change in our strategic focus to high-end intelligent equipment. Our gross profit margin from our lithium-ion battery intelligent equipment business increased significantly from 20.2% in 2024 to 27.0% in 2025. This was primarily due to increased economies of scale and improvement in capacity utilization and personnel utilization as we scaled up this business in line with the shift in our strategic focus, as well as improvement in our bargaining power because of our development of our high-end intelligent equipment; and (ii) Gross profit from our lithium-ion battery machine vision inspection solutions business decreased by RMB64.2 million, or 86.2%, from RMB74.5 million in 2024 to RMB10.3 million in 2025, primarily due to decreased sales in line with the change in our strategic focus to high-end intelligent equipment as well as a decrease in average selling price driven by intensified competition in the machine vision market. The gross profit margin from our lithium-ion battery machine vision inspection solutions business decreased from 40.8% in 2024 to 14.4% in 2025. This was primarily due the decrease in average selling price driven by intensified competition in the market. Gross profit from services and others business decreased by RMB0.9 million, or 8.3%, from RMB10.8 million in 2024 to RMB9.9 million in 2025.

SUMMARY

Our gross profit increased by RMB64.3 million, or 111.6%, from RMB57.6 million in 2023 to RMB121.9 million in 2024. This increase was primarily driven by expansion in our intelligent equipment business and the overseas orders we received in 2024. Our gross profit margin increased from 19.6% in 2023 to 30.9% in 2024, primarily driven by a significant improvement in gross profit margins for both of our intelligent equipment and machine vision inspection solutions businesses.

With respect to our key individual product lines: (i) Gross profit derived from our lithium-ion battery intelligent equipment business increased by RMB33.6 million, or 1,158.6%, from RMB2.9 million in 2023 to RMB36.5 million in 2024, primarily due to a change in our strategic focus to high-end intelligent equipment. Gross profit margin from our lithium-ion battery intelligent equipment business increased from 3.1% in 2023 to 20.2% in 2024, primarily due to gradual improvements in capacity utilization and personnel utilization as initial start-up inefficiencies were overcome and we scaled up this business in line with the shift in our strategic focus; and (ii) Gross profit from our lithium-ion battery machine vision inspection solutions business increased by RMB26.8 million, or 56.2%, from RMB47.7 million in 2023 to RMB74.5 million in 2024, and gross profit margin from such business increased from 27.5% in 2023 to 40.8% in 2024. This was primarily due to the higher prices and profit margin in relation to our overseas orders.

Summary of Consolidated Statements of Balance Sheet

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total current assets	749,362	793,496	1,347,861
Total current liabilities	458,977	495,340	1,007,245
Net current assets	290,385	298,156	340,616
Total non-current assets	157,986	192,932	336,194
Total non-current liabilities	49,054	40,496	156,587
Net assets	399,317	450,592	520,223

Summary of Consolidated Statement of Cash Flows

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

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows (used in)/generated from operating activities	(136,868)	58,953	201,399
Net cash flows generated from/(used in) investing activities	43,565	(39,730)	(162,984)
Net cash flows (used in)/generated from financing activities	(2,971)	(6,485)	114,069
Net (decrease)/increase in cash and cash equivalents	(96,274)	12,738	152,484
Cash and cash equivalents at beginning of year	192,801	96,527	109,265
Effect of foreign exchange rate changes, net	—	—	(50)
Cash and cash equivalents at end of year	<u>96,527</u>	<u>109,265</u>	<u>261,699</u>

SUMMARY

Key Financial Ratios

The following table sets forth our key financial ratios as at the dates and for the years indicated.

	As of/for the Year Ended December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.6	1.6	1.3
Gearing ratio ⁽²⁾	14.4%	10.2%	31.1%
Quick ratio ⁽³⁾	0.5	0.6	0.7

Notes:

- (1) Current ratio equals our current assets divided by current liabilities as of the end of the year.
- (2) Gearing ratio equals total debt as of the end of the year divided by total equity as of the end of the same year. Total debt includes all interest-bearing borrowings and lease liabilities.
- (3) Quick ratio equals our current assets less inventories divided by current liabilities as of the end of the year.

For details, see “Financial Information — Key Financial Ratios” in this document.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang Gang and Mr. Zhang Quan, our Controlling Shareholders, by virtue of the acting-in-concert arrangement, are entitled to exercise or control the exercise of an aggregate of 32.43% voting rights at the general meeting of our Company. Immediately after completion of the [REDACTED], our Controlling Shareholders, by virtue of the acting-in-concert arrangement, will be entitled to exercise or control the exercise of an aggregate of [REDACTED]% voting rights at the general meeting of our Company. Therefore, immediately after completion of the [REDACTED], Mr. Wang Gang and Mr. Zhang Quan will cease to be our controlling shareholders (as defined under the Listing Rules), but will become the single largest group of Shareholders of our Company.

OUR [REDACTED] INVESTORS

There are certain share transfers and subscription of increased share capital of the Company by the then existing Shareholders which are categorized as the [REDACTED] Investors, including, among others, Series Angel, Series A, Series B, Series C, Series D and Series D+ financing rounds. Our [REDACTED] Investors include state-owned enterprises which are ultimately owned by the local governments, professional investment companies, professional funds and individual investors.

As of the Latest Practicable Date, the [REDACTED] Investors held 62.68% of total issued share capital of our Company. Immediately upon the completion of the [REDACTED], the [REDACTED] Investors will hold [REDACTED]% of our Company (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme). For further details, see “History and Corporate Structure — [REDACTED] Investments” in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

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

SUMMARY

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend policy. The Board may declare, and our Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends by way of cash, or warrant. We may distribute stock dividends if our Directors consider that our stock price and equity scale do not match and that distribution of stock dividends is beneficial to all Shareholders’ interest. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. In addition, we may declare interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders’ meeting.

[REDACTED]

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of the market capitalization is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share has been arrived at after adjustments referred to in “Appendix II — Unaudited [REDACTED] Financial Information” to this document and on the basis that [REDACTED] Shares were in issue immediately following the [REDACTED], assuming that the [REDACTED] had been completed on December 31, 2025 without taking into account of the Shares which may be issued upon exercise of the [REDACTED].

[REDACTED]

Our [REDACTED] mainly include [REDACTED] fees and [REDACTED] and professional fees paid to legal advisers and service providers for their services rendered in relation to the [REDACTED]. We expect to incur a total of RMB[REDACTED] million of [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised) until the completion of the [REDACTED], which accounts for [REDACTED]% of the [REDACTED] from the [REDACTED]. We estimate that approximately RMB[REDACTED] million will be charged to our consolidated income statement for the year ended December 31, 2026, and the remaining balance of approximately RMB[REDACTED] million is expected to be capitalized. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of RMB[REDACTED] million, fees and expenses of Sponsors, legal advisers and reporting accountants of RMB[REDACTED] million and other expenses of RMB[REDACTED] million. The [REDACTED] above are the best estimate as at the Latest Practicable Date and are for reference only. The actual amount may differ from this estimate.

SUMMARY

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED], assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the upgrade and expansion of our East China headquarters (Changzhou) manufacturing base;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the construction of our R&D center and the research and development of intelligent equipment for next-generation battery technologies;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the expansion of our sales and delivery network;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the investments or acquisitions that are complementary to our business and strategies;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report of our Group for the Track Record Period as set out in Appendix I to this document
“affiliate(s)”	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, which shall become effective upon [REDACTED], as amended from time to time, a summary of which is contained in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Baika Tianqian”	Baika Tianqian (Jiaxing) Equity Investment Partnership (Limited Partnership) (百咖天乾(嘉興)股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 22, 2017
“Baika Dikun”	Baika Dikun (Jiaxing) Venture Capital Partnership (Limited Partnership) (百咖地坤(嘉興)創業投資合夥企業(有限合夥)), formerly known as Wuxi Baika Venture Capital Partnership (Limited Partnership) (無錫百咖創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on September 29, 2021
“Beijing New Motive”	Beijing New Motive Equity Investment Fund (Limited Partnership) (北京新動力股權投資基金(有限合夥)), a limited partnership established under the laws of the PRC on January 29, 2019
“Beijing Yuanhui Phase I”	Beijing Yuanhui Ruize Phase I Venture Capital Center (Limited Partnership) (北京源慧睿澤一期創業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on March 10, 2021
“Beijing Yuanhui Ruize”	Beijing Yuanhui Ruize Phase 0 Equity Investment Fund Center (Limited Partnership) (北京源慧睿澤零期股權投資基金中心(有限合夥)), formerly known as Jinggangshan Yuanhui Ruize Zero-Phase Venture Capital Partnership (Limited Partnership) (井岡山源慧睿澤零期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 18, 2020
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
[REDACTED]	[REDACTED]

DEFINITIONS

“CATL”	Contemporary Amperex Technology Co., Limited. (寧德時代新能源科技股份有限公司), a joint stock limited company established under the laws of the PRC on December 16, 2011
“[REDACTED]”	[REDACTED]
“Chairman”	the chairman of our Board
“Changzhou Yizhan”	Changzhou Yizhan Intelligent Technology Co., Ltd. (常州市易展智能科技有限公司), a limited liability company established under the laws of the PRC on September 3, 2025 and a non-wholly-owned subsidiary of our Company
“Changzhou Yizhong”	Changzhou Yizhong Intelligent Technology Co., Ltd. (常州易中智能科技有限公司), a limited liability company established under the laws of the PRC on September 13, 2023 and a non-wholly-owned subsidiary of our Company
“China”, “PRC” or “Chinese Mainland”	the People’s Republic of China, excluding, for the purposes of this document only, the regions of Hong Kong, Macau Special Administrative Region and Taiwan of the People’s Republic of China, except where the content or context requires otherwise
“China-Belgium Fund”	China-Belgium Direct Equity Investment Fund (中國-比利時直接股權投資基金), a limited liability company established under the laws of the PRC on November 18, 2004
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company Law” or “PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Guangzhou EHolly Intelligent Equipment Co., Ltd. (廣州市易鴻智能裝備股份有限公司), a limited liability company established in the PRC on April 11, 2014 which was converted into a joint stock company with limited liability on July 12, 2023
“Controlling Shareholders”	Mr. Wang Gang and Mr. Zhang Quan, who, by virtue of the acting-in-concert arrangement, (i) are entitled to exercise or control the exercise of an aggregate of 32.43% voting rights at the general meeting of our Company as of the Latest Practicable Date; and (ii) will become the single largest group of Shareholders entitled to exercise or control the exercise of an aggregate of [REDACTED]% voting rights at the general meeting of our Company immediately after completion of the [REDACTED]
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cornex”	Cornex New Energy Co., Ltd. (楚能新能源股份有限公司), a joint stock limited company established under the laws of the PRC on August 6, 2021
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Share(s)”	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“EHolly Changzhou”	EHolly Intelligent Equipment (Changzhou) Co., Ltd. (易鴻智能裝備(常州)有限公司), a limited liability company established under the laws of the PRC on July 25, 2023 and a wholly-owned subsidiary of our Company
“EHolly Hungary”	EHolly Intelligent Equipment Hungary Korlátolt Felelősségű Társaság, a limited liability company incorporated in Hungary on September 24, 2024 and a wholly-owned subsidiary of our Company
“EHolly International”	EHolly International Sales Limited, a limited liability company incorporated in Hong Kong on March 5, 2025 and a wholly-owned subsidiary of our Company
“EHolly Overseas Sales”	EHolly Overseas Sales and Service Limited, a limited liability company incorporated in the United Kingdom on March 19, 2025 and a wholly owned subsidiary of our Company
“EHolly Yixing”	EHolly Intelligent Equipment (Yixing) Co., Ltd. (易鴻智能裝備(宜興)有限公司), a limited liability company established under the laws of the PRC on June 23, 2021 and a wholly-owned subsidiary of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Exchange Participant(s)”	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong

DEFINITIONS

“Feitu Xinyuan”	Jiaxing Feitu Xinyuan Venture Capital Partnership (Limited Partnership) (嘉興飛圖鑫元創業投資合夥企業(有限合夥)), formerly known as Hangzhou Xiaoshan Feitu Xinyuan Venture Capital Partnership (Limited Partnership) (杭州蕭山飛圖鑫元創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 13, 2020
“Ferry Venture Capital”	Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司), a limited partnership established under the laws of the PRC on July 30, 2012
“FIL”	Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new [REDACTED]
“Fuzhou Chenli”	Fuzhou Economic and Technological Development Zone Chenli Equity Investment Partnership (Limited Partnership) (福州經濟技術開發區晨粒股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 14, 2021
“GFA”	gross floor area
[REDACTED]	[REDACTED]
“Group,” “our Group,” “the Group,” “we,” “us,” or “our”	our Company and its subsidiaries from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities or the predecessors of the present subsidiaries (as the case may be) which carried on the business of the present Group at the relevant time
“GSA”	gross site area
“Guangzhou Dingfeng”	Guangzhou Dingfeng Automation Equipment Co., Ltd. (廣州市頂豐自動化設備有限公司), a limited liability company established under the laws of the PRC on May 10, 2004 and a wholly-owned subsidiary of our Company
“Guangzhou Zhicheng”	Guangzhou Zhicheng Technology Co., Ltd. (廣州至成科技有限公司), a limited liability company established under the laws of the PRC on April 12, 2019 and a non-wholly-owned subsidiary of our Company
“Gongqingcheng Yunyong”	Gongqingcheng Yunyong Xiutong Equity Investment Partnership (Limited Partnership) (共青城雲湧岫通股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 17, 2022
“Haifu Growth”	Haifu Changjiang Growth Equity Investment (Hubei) Partnership (Limited Partnership) (海富長江成長股權投資(湖北)合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 4, 2016

DEFINITIONS

“Hainan Ferry Phase III”	Hainan Ferry Phase III Venture Capital Fund Partnership (Limited Partnership) (海南源渡三期創業投資基金合夥企業(有限合夥)), formerly known as Suzhou Ferry Growth Investment Partnership (Limited Partnership) (蘇州源渡成長投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 20, 2017
“Hithium”	Xiamen Hithium Energy Storage Technology Co., Ltd. (廈門海辰儲能科技股份有限公司), a joint stock limited company established under the laws of the PRC on December 27, 2019
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC [REDACTED]”	the application for the [REDACTED] to be issued in the name of HKSCC Nominees and deposited directly into [REDACTED] to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is an HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the [REDACTED] on your behalf
“HKSCC [REDACTED] channel”	the arrangement in these HKSCC Operational Procedures for instructions to be given electronically to HKSCC by Participants via FINI for applications to be made on their behalf for new issue shares and for the payment of application moneys, and for those instructions to be acted upon
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of [REDACTED], FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC as from time to time in force
“HKSCC Participant”	a participant admitted to participating in [REDACTED] as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“H Share(s)”	overseas-[REDACTED], foreign-[REDACTED], ordinary share(s) [REDACTED] by us in the share capital of our Company, with a nominal value of RMB1.00, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and for which an application has been made for [REDACTED] and permission to [REDACTED] on the Main Board of the Stock Exchange
“IAS”	International Accounting Standards
“IFRS”	IFRS Accounting Standards issued by the International Accounting Standards Board
“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 (within the meaning of the Listing Rules) with our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

“Jiaxing Yuanhui Yihong”	Jiaxing Yuanhui Yihong Venture Capital Partnership (Limited Partnership) (嘉興源慧益弘創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 10, 2023
“Jingwei Jiangchuang”	Jingwei Jiangchuang Investment Management Partnership (Limited Partnership) (南京經緯江創投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 10, 2021
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Joint Sponsors”	Guotai Junan Capital Limited and Orient Capital (Hong Kong) Limited
[REDACTED]	[REDACTED]
“Latest Practicable Date”	May 20, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
“[REDACTED] Committee”	the [REDACTED] committee of the Stock Exchange
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MIIT”	The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Ministry of Finance” or “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)
“Nanjing Jingqian No.2”	Nanjing Jingqian No.2 Equity Investment Partnership (Limited Partnership) (南京經乾二號股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 8, 2021
“Nanjing Jingwei No.1”	Nanjing Jingweichuang No.1 Investment Partnership (Limited Partnership) (南京經緯創壹號投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 29, 2021

DEFINITIONS

“Nanjing Jingwei No.3”	Nanjing Jingweichuang No.3 Investment Partnership (Limited Partnership) (南京經緯創叁號投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 10, 2021
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Nomination Committee”	the nomination committee of the Board
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Panyu Qinglan”	Guangzhou Panyu Qinglan Technology Venture Capital Partnership (Limited Partnership) (廣州番禺青藍科創投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 31, 2020
“Pingtan Jianfa No.2”	Pingtang Jianfa No.2 Equity Investment Partnership (Limited Partnership) (平潭建發貳號股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 26, 2018
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC government” or “State”	the Central People’s Government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Advisors”	Jia Yuan Law Offices, the legal advisors of our Company as to PRC laws in connection with the [REDACTED]
“[REDACTED] Investment(s)”	the investments made by the [REDACTED] Investors in our Company, details of which are set out in “History and Corporate Structure — [REDACTED] Investments” in this document

DEFINITIONS

“[REDACTED] Investor(s)”	The [REDACTED] investors of our Company, details of which are set out in “History and Corporate Structure — [REDACTED] Investments” in this document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renjun Yunyan”	Foshan Renjun Yunyan Venture Capital Partnership (Limited Partnership) (佛山任君雲衍創業投資合夥企業(有限合夥)), formerly known as Tianjin Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (天津榕泉惠黔企業管理合夥企業(有限合夥)), Shanghai Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (上海榕泉惠黔企業管理合夥企業(有限合夥)) and Shanghai Huiqian Enterprise Management Partnership (Limited Partnership) (上海惠黔企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 31, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Ruixin Venture Capital”	Guangzhou Ruixin Venture Capital Partnership (Limited Partnership) (廣州睿信創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on September 21, 2020
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“SAIC”	State Administration for Industry & Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAMR”	State Administration for Market Regulation (國家市場監督管理局)
“Sanya Rongquan”	Sanya Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (三亞榕泉惠黔企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 10, 2018
“SAT”	State Administration of Taxation (國家稅務總局)

DEFINITIONS

“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“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
“Shanghai Miyi”	Shanghai Miyi Business Consulting Partnership (Limited Partnership) (上海宓熠商務諮詢合夥企業(有限合夥)), formerly known as Ningbo Benyi Investment Partnership (Limited Partnership) (寧波本易投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 4, 2017
“Shanghai Zhiqi”	Shanghai Zhiqi Enterprise Management Consulting Partnership (Limited Partnership) (上海治奇企業管理諮詢合夥企業(有限合夥)), formerly known as Ningbo Benyi Investment Partnership (Limited Partnership) (寧波本易投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 2, 2017
“Share(s)”	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“sq.m.”	square meters
[REDACTED]	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianjin Ferry”	Tianjin Ferry Venture Capital Partnership (Limited Partnership) (天津源渡創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 27, 2021
“Track Record Period”	the years ended December 31, 2023, 2024 and 2025
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“U.S.”, “USA” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“U.S. Securities Act”	the United States Securities Act 1933, as amended, supplemented or otherwise modified from time to time
“US\$” or “U.S. dollar”	United States dollars, the lawful currency of the United States
“VAT”	Value-added tax
“Wenzhou Jieyan”	Wenzhou Jieyan Venture Capital Partnership (Limited Partnership) (溫州捷琰創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 14, 2021
“Wuxi Lixing”	Wuxi Lixing New Momentum Equity Investment Partnership (Limited Partnership) (無錫礪行新動能股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 12, 2022
“Xiamen C&D Group”	Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司), a limited liability company established under the laws of the PRC on December 6, 2000
“Yuanhui Ruize Venture Capital”	Beijing Yuanhui Ruize Venture Capital Center (Limited Partnership) (北京源慧睿澤創業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on June 15, 2021
“Yuecai Yuanhe”	Guangzhou Yuecai Yuanhe Venture Capital Partnership (Limited Partnership) (廣州粵財源合創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 10, 2018
“Zenergy”	Jiangsu Zenergy Battery Technologies Co., Ltd. (江蘇正力新能電池技術股份有限公司), a joint stock limited company established under the laws of the PRC on February 26, 2019
“Zhuhai Hidden Hill”	Zhuhai Hidden Hill Modern Logistics Industry Equity Investment Fund (珠海隱山現代物流產業股權投資基金(有限合夥)), a limited partnership established under the laws of the PRC on June 21, 2017
“%”	per cent

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

In this document, unless otherwise stated, certain amounts denominated in RMB have been translated into Hong Kong dollars or U.S. dollars at an exchange rate of RMB0.87306 = HK\$1 or RMB6.83970 = US\$1, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into Hong Kong dollars or U.S. dollars at such rates or any other exchange rates on such date or any other date.

If there is any inconsistency between this document and the Chinese translation of this document, this document shall prevail. 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 and in the event of inconsistency, the Chinese versions shall prevail.

Unless otherwise specified, all relevant information in this document assumes that the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this document as they relate to our Company and as they are used in this document in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

“2D”	two-dimensional imaging that captures flat, planar information such as shape, colour, and surface patterns using standard cameras, without any depth or height measurement capability
“2.5D”	an intermediate approach capturing limited height or depth information alongside conventional 2D surface data, typically using structured light or laser profiling to detect surface topology variations
“3C”	computer, communication and consumer electronics
“3D”	three-dimensional imaging that captures full volumetric data including length, width, and height simultaneously, enabling comprehensive spatial measurement and precise defect detection across complex surface geometries and structures
“AGV”	automated guided vehicle, a type of driverless, self-navigating transport vehicle used in manufacturing and logistics environments to autonomously move materials, components, or finished goods along predetermined or dynamically mapped routes
“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
“AOI”	automated optical inspection, a machine vision-based inspection method that automatically detects surface defects, dimensional deviations, and assembly errors using optical imaging systems
“ASRS”	automated storage and retrieval system, a computer-controlled warehouse system that automatically places and retrieves goods from defined storage locations
“BOM”	bill of materials
“CCD”	charge-coupled device, a type of image sensor that converts light into electrical signals, delivering high-resolution, low-noise imaging widely used in machine vision and industrial inspection applications
“CFC”	chlorofluorocarbon
“changeover”	the process of switching a production line for manufacturing one product to another
“CMMs”	coordinate measuring machine, a type of precision instruments that measure the geometric dimensions and tolerances of manufactured components using a probing system
“CNC”	computer numerical control, a manufacturing technology using computer-programmed instructions to automate and precisely control machine tool movements and operations

GLOSSARY OF TECHNICAL TERMS

“CPU”	central processing unit, the primary processor of a computer system responsible for executing instructions and managing overall computational operations
“deep learning”	a machine learning technology that constructs artificial neural networks with multiple layers to extract features from the raw input
“EHR”	Electronic Human Resource, a system for managing employee data and optimizing human resource workflows
“ERP”	enterprise resource planning, a type of integrated software system managing core business functions including finance, procurement, production, and inventory across an organization
“eVTOL”	electric vertical take-off and landing, a type of electrically powered aircraft capable of vertically taking off and landing, designed for urban air mobility and passenger transport
“GPU”	graphics processing unit, a type of specialized processor designed for parallel computing tasks, widely used in graphics rendering, AI model training, and machine vision applications
“GWh”	gigawatt hour, a unit of energy equal to one billion watt-hours, commonly used to measure large-scale battery production capacity and energy storage
“HFC”	hydrofluorocarbon
“HI-POT testing machine”	high potential testing machine, which is an electrical safety instrument used to verify the insulation integrity of devices, cables, and components
“HNTE”	High and New Technology Enterprises, a Chinese government certification granted to qualifying technology companies, entitling them to preferential corporate income tax treatment
“Instance Segmentation”	a pixel-level vision task that detects and delineates each individual object instance by predicting a separate segmentation mask for each object, together with its class label and typically a confidence score, thereby separating multiple instances of the same class in the scene
“ISO 14001”	ISO 14001 environmental management system certification
“machine vision”	a method that utilizes computer vision and image processing technologies to achieve automated inspection, automatic positioning, identification, and measurement
“MES”	manufacturing execution system, a real-time digital system that monitors, tracks, and controls manufacturing processes on the shop floor, bridging enterprise planning systems and production operations
“MWh”	megawatt hour, equal to one million watt-hours, commonly used to measure electricity generation, consumption, or battery energy storage capacity
“NEV”	new energy vehicle powered entirely or partially by alternative energy sources such as electricity or hydrogen, including battery electric, plug-in hybrid, and fuel cell vehicles

GLOSSARY OF TECHNICAL TERMS

“NG”	nonconforming, indicating that a product, component, or process fails to meet specified quality standards
“OA”	office automation system, a digital platform integrating administrative workflows, document management, and internal communications to streamline routine office processes and improve organizational efficiency
“OEE”	overall equipment effectiveness, a manufacturing performance metric measuring equipment availability, production performance, and quality rate to evaluate and improve the productive efficiency of machinery
“OMECS”	optics-mechanics-electronics-computing-software
“operators”	operators are pre-packaged functions in an algorithm library designed to execute specific image processing or analytical tasks
“PACK”	battery pack, an integrated battery assembly that combines multiple cells into a usable power unit for an end application
“PC”	personal computer
“PCT”	Patent Cooperation Treaty, an international treaty enabling applicants to file a single application for patent protection across multiple countries worldwide
“PLC”	programmable logic controller, a specialized, hardened digital control device designed for industrial environments, employing a programmable memory to store instructions and execute logic, sequencing, timing, counting, and arithmetic operations
“PLM”	Product Lifecycle Management, an integrated system managing a product’s entire lifespan from initial design and development through manufacturing, deployment, and eventual end-of-life retirement
“PPB level”	parts per billion, a measurement unit expressing extremely low concentrations of defects or contaminants, equivalent to one occurrence per one billion units or measurements
“PPM level”	parts per million, a measurement unit expressing defect or contamination concentration as one occurrence per one million units, commonly used in quality control and manufacturing
“PV”	photovoltaic, a technology that converts sunlight directly into electricity using semiconductor-based solar cells, widely deployed in residential, commercial, and utility-scale power generation applications
“QR code”	a type of two-dimensional barcode that stores information such as URLs, text and data for quick scanning and identification
“R corners”	rounded corners with a specified radius, referring to the arc-shaped corners of battery cells or components, used for assembly fit and safety design
“R&D”	research and development

GLOSSARY OF TECHNICAL TERMS

“semantic segmentation”	a pixel-level vision task that assigns a semantic class label to every pixel in an image or to every point in a point cloud, producing a dense classification map over a predefined set of categories, without distinguishing different object instances within the same class
“solid-state battery”	a type of battery that uses solid electrodes and a solid electrolyte, offering higher energy density, improved safety, and longer cycle life
“SRM”	Supplier Relationship Management, a system optimizes collaboration, contracts, and performance with vendors to strengthen procurement efficiency and reduce supply risks
“TISAX”	Trusted Information Security Assessment Exchange, an automotive industry information security assessment standard
“TWh”	terawatt hour, a unit of energy equal to one trillion watt-hours, commonly used to measure large-scale electricity generation or battery storage capacity
“VMC”	vertical machining center, a type of CNC (Computer Numerical Control) machine used for precision milling, drilling, and tapping, featuring a vertically oriented spindle
“VOC”	volatile organic compounds that readily evaporate at room temperature, commonly emitted during industrial processes and associated with air pollution and health risks

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would,” “wish” and similar expressions or the negative of these terms as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in the sections headed “Risk Factors,” “Business,” “Financial Information” and other sections in this document. You should read thoroughly this document with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our ability to launch and commercialize new products and solutions;
- our business operations and prospects;
- our future business development, financial conditions and results of operations;
- the expected growth of lithium-ion battery intelligent equipment and machine vision inspection solution industry in China and the markets in which we operate;
- our expectations regarding demand for our products and solutions;
- general economic, political and business conditions in locations where we operate;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments trends and conditions, as well as competitive environment in our industry;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the PRC and internationally;
- our future debt levels and capital requirements;
- intellectual property;
- margins, overall market trends, risk management and exchange rates;
- the actions and developments of our competitors;
- capital market developments;
- other statements in this document that are not historical fact;

FORWARD-LOOKING STATEMENTS

- and all other risks and uncertainties described in the section headed “Risk Factors” in this document.

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

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

RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, should evaluate the following risks associated with the [REDACTED] in our H Shares. You should pay particular attention to the fact that we conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong and other jurisdictions. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the [REDACTED] of our H Shares, and could cause you to 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 is as of the Latest Practicable Date, unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

We believe that there are certain risks involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the geographic markets in which we operate; and (iii) risks relating to the [REDACTED]. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the risks discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We generate a significant share of our revenue from a limited number of key customers, especially our largest customer.

Our customer concentration has been and remains high, with a significant portion of our revenue derived from a limited number of battery manufacturers, especially our largest customer. Revenue generated from our largest customer for the years ended December 31, 2023, 2024, and 2025 accounted for 86.0%, 67.1%, and 75.8%, respectively, of our total revenue during those respective periods. Revenue generated from our five largest customers for the same periods accounted for 98.7%, 97.2%, and 94.4%, respectively, of our total revenue. For concentration analysis of our largest customer, see “Business — Our Customers” in this document.

Although we have entered into framework procurement agreements with many of our customers, including our largest customer, such agreements typically do not obligate them to purchase our lithium-ion battery intelligent equipment or machine vision solutions in any guaranteed quantity. Our operating results will continue to depend on the capital expenditure plans and production expansion strategies of these key customers, as well as their ability to execute on their own business plans. If any of our major customers scale back or terminate their business relationships with us, or if we are unable to negotiate favorable contractual terms or secure new customers on comparable terms, our business, financial condition, and results of operations may be materially and adversely affected.

In particular, our key customers may adversely impact our business in the following ways: they may cancel, change, or delay equipment purchase commitments with little or no notice; they may reduce capital expenditure on battery production lines or machine vision inspection systems due to industry overcapacity or shifts in technology; they may develop in-house intelligent equipment or machine vision capabilities; or they may consolidate their supplier base and shift purchases to our competitors.

RISK FACTORS

Furthermore, many of our key customers are large battery and new energy corporations with substantial negotiating power relative to us. Our business could also be adversely affected if customers are unable to settle accounts or make payments on schedule. As we generate a significant share of our revenue from a limited number of customers, any loss or fluctuation in their business may adversely affect our results of operations and financial condition.

We are exposed to credit risks related to defaults of and recoverability of our trade and bills receivable from our customers.

As of December 31, 2023, 2024, and 2025, our trade and bills receivables amounted to RMB69.2 million, RMB90.3 million, and RMB194.2 million, respectively. Our trade and bills receivable turnover days were 126 days, 78 days, and 97 days in 2023, 2024, and 2025, respectively, reflecting the extended credit periods associated with our staged payment arrangements. Our allowance for credit losses as at December 31, 2023, 2024, and 2025 was approximately RMB3.2 million, RMB4.9 million, and RMB2.7 million, respectively.

Our trade receivable balance may continue to grow alongside our business expansion, which may increase our exposure to uncollectible receivables. Our customers in the lithium-ion battery and new energy industries may themselves face significant financial pressures arising from industry overcapacity, fluctuating raw material costs, and changes in government subsidies and policies. Any deterioration in their financial condition could impair their ability to make timely cash payments or honor their bank acceptance drafts, resulting in significant bad debt losses for us.

Our ability to meet our own financial obligations largely depends on the ability of our customers to fulfill their payment obligations to us, which is subject to general economic, financial, competitive, legislative, regulatory, and other factors beyond our control. If we are unable to collect our trade receivables or notes receivable in a timely manner or at all, our liquidity, cash flow management, business, financial condition, and results of operations may be materially and adversely affected.

We have recorded a net operating cash outflow for the year ended December 31, 2023, and there can be no assurance that we will not experience net cash outflows in future periods.

We recorded a net operating cash outflow of RMB136.9 million in 2023. See “Financial Information — Liquidity and Capital Resources” in this document for details. We cannot assure that our prospective business activities or other factors beyond our control, such as market competition and macroeconomic fluctuations, will not adversely impact our operating cash flow or result in net operating cash outflows in the future. Should we experience prolonged and sustained net operating cash outflows, we may lack sufficient working capital to fund our operating expenses, which could materially and adversely affect our business, financial condition, results of operations and future prospects.

We are subject to inventory management risk.

Effective inventory management is critical to our operations, given the technically complex and highly customized nature of our lithium-ion battery intelligent equipment and machine vision inspection systems. Our inventories comprise raw materials, work-in-progress, finished products, and goods delivered, and our production processes require a broad range of components, including precision optical elements, specialized electronic parts, and proprietary mechanical assemblies, many of which have long procurement lead times. While our ERP system provides operational visibility and supports inventory planning, it cannot fully mitigate the inherent risks associated with inventory management. If we hold insufficient inventory of critical components, we risk production delays that could result in missed delivery deadlines and contractual penalties. Conversely, excessive inventory accumulation exposes us to obsolescence risk, as advances in battery manufacturing processes or machine vision technologies may render certain components or semi-finished products redundant.

RISK FACTORS

Our inventory levels have grown considerably over the Track Record Period, with inventory turnover days remaining relatively high during the Track Record Period. Payments from our customers are typically settled through a combination of cash and bank acceptance drafts, with full payment generally received only upon customer acceptance or warranty expiry. Any adverse changes in our customers’ operating environment could therefore impair our ability to collect payment for goods already delivered. We have also recorded inventory write-downs during the Track Record Period, amounting to approximately RMB14.1 million, RMB19.5 million, and RMB10.9 million for the years ended December 31, 2023, 2024, and 2025, respectively. Any further increase in inventory turnover days, order cancellations, or substantial impairment provisions could materially and adversely affect our liquidity, working capital, financial condition, and results of operations.

We are subject to risks related to our long cash conversion cycle and significant working capital requirements.

Our business is working capital intensive. We typically commit cash resources as projects progress, including for procurement of raw materials, optical components, and precision mechanical parts used in our lithium-ion battery intelligent equipment and machine vision systems, as well as for production and project execution, while cash receipts from customers are generally received over an extended period under staged payment arrangements. As a result, our cash receipts may lag behind our cash expenditures, particularly where a greater proportion of consideration is received only at later milestones such as installation and testing, acceptance and expiry of the warranty period, or where project schedules extend.

During the Track Record Period, our inventory turnover days remained high at 788 days, 690 days, and 534 days in 2023, 2024, and 2025, respectively. The relatively long inventory turnover days during the Track Record Period was primarily due to our revenue recognition policy for revenue from the sales of lithium-ion battery intelligent equipment and machine vision systems, which is only recognized upon receipt of customer acceptance. Goods that have already been delivered to battery manufacturers and new energy vehicle companies remain recorded as inventory until customer acceptance is confirmed, resulting in a significant amount of inventory being held on the balance sheet, thereby extending the inventory turnover period. Our trade and bills receivables turnover days were 126 days, 78 days, and 97 days in 2023, 2024, and 2025, respectively, while our trade and bills payables turnover days were 238 days, 270 days, and 337 days during the same periods, respectively. Accordingly, our cash conversion cycle, calculated as inventory turnover days plus trade and bills receivables turnover days minus trade and bills payables turnover days, was 676 days in 2023, 498 days in 2024, and 294 days in 2025. These factors indicate that the time required for us to convert inventories and receivables into cash may be extended, and we may be required to maintain substantial working capital to support our operations.

If our inventory turnover days or trade receivable turnover days increase or remain high, if our trade payable turnover days shorten, or if the timing of staged payments from battery manufacturers, new energy vehicle companies, and other downstream customers shifts further toward later milestones such as acceptance or expiry of the warranty period, our cash conversion cycle may remain prolonged or lengthen further. Any such developments could increase pressure on our liquidity and cash flow, limit our financial flexibility in funding procurement, production, and project execution of lithium-ion battery intelligent equipment and machine vision solutions, and adversely affect our business, financial condition, and results of operations.

If we fail to maintain existing customers and attract new customers, or fail to do so in a cost-effective manner, our business may be materially and adversely affected.

Our ability to maintain and grow our revenue depends significantly on our success in retaining existing customers and attracting new customers in the lithium-ion battery intelligent equipment and machine vision industries. During the Track Record Period, we served a range of battery manufacturers. However, we cannot assure you that our existing customers will continue to

RISK FACTORS

purchase our products and solutions at historical levels, or at all, as their procurement decisions are subject to their own capital expenditure cycles, production expansion plans, and technology preferences.

The market for lithium-ion battery intelligent equipment and machine vision solutions is becoming increasingly competitive, with a growing number of domestic and international players offering comparable products. Our ability to attract new customers depends on, among other things, our product performance and reliability, pricing competitiveness, after-sales service capabilities, and the breadth of our solution offerings. If we are unable to differentiate our products and solutions effectively, we may be required to reduce prices or increase sales and marketing expenditures in order to maintain or expand our customer base, which could materially reduce our profit margins and adversely affect our financial performance.

Furthermore, the sales cycle for lithium-ion battery intelligent equipment is typically long, requiring significant investment of time and resources in customer qualification, product customization, installation, and testing before revenue can be recognized. If our efforts to acquire new customers do not generate sufficient returns to justify such investments, or if we experience delays in customer onboarding and acceptance, our business, financial condition, and results of operations could be materially and adversely affected.

We may experience cost increases or supply disruptions in the procurement of equipment, raw materials and parts required for our operations.

The manufacturing of our lithium-ion battery intelligent equipment and machine vision inspection solutions depends on a broad range of specialized inputs, including precision optical components, high-performance cameras and sensors, specialized electronic parts, servo motors, industrial controllers, and customized mechanical assemblies. Many of these components are sourced from a limited number of qualified suppliers, some of which are located overseas or operate in markets subject to supply constraints. Any disruption to the supply of these critical inputs, whether caused by supplier production failures, logistics bottlenecks, natural disasters, trade restrictions, or geopolitical tensions, could interrupt our production schedules, delay customer deliveries, and expose us to contractual penalties.

In addition to supply disruptions, we are exposed to the risk of cost increases in the procurement of key raw materials and components. Fluctuations in the prices of raw materials such as steel, aluminum, and electronic components, driven by global commodity market dynamics, inflationary pressures, or currency movements, could materially increase our production costs. As our contracts with customers are often agreed upon at fixed or estimated prices prior to procurement, any unexpected cost escalation may not be fully recoverable from customers, thereby compressing our gross margins and adversely affecting our profitability.

Furthermore, as competition in the lithium-ion battery equipment industry intensifies and demand for advanced machine vision and intelligent manufacturing solutions continues to grow, competition for high-quality specialized components among equipment manufacturers may further tighten supply availability and drive up procurement costs. While we seek to manage these risks through supplier diversification, strategic inventory management, and long-term procurement arrangements, there can be no assurance that such measures will be sufficient to fully mitigate the impact of supply disruptions or cost increases on our business, financial condition, and results of operations.

We may not continue to enjoy certain government grants and incentives we received in the past.

During the Track Record Period, we received various forms of government grants and incentives in China, including subsidies and financial incentives from the Changzhou municipal government in connection with the construction of our new manufacturing facility. We cannot assure you that we will continue to receive government grants and incentives at comparable levels, or at all, in the future.

RISK FACTORS

The Changzhou municipal government has provided us with financial incentives to support the establishment of our new factory, which is intended to expand our production capacity for lithium-ion battery intelligent equipment and machine vision systems. However, the continued receipt of such incentives is contingent upon our compliance with the specific conditions and requirements stipulated by the relevant government authorities, including but not limited to investment commitments, employment targets, production milestones, and tax contribution thresholds. If we fail to satisfy any of these conditions or requirements, or if the relevant government authorities modify, reduce, or discontinue such incentive programs, we may be required to return previously received grants or become ineligible for future disbursements, which could materially impact our financial performance.

More broadly, government grants and incentives we receive are subject to the discretion of the relevant authorities and may be influenced by changes in national and local industrial policies, fiscal budget priorities, and the overall policy environment for the intelligent manufacturing and new energy equipment sectors. In recent years, the Chinese government has been actively promoting the development of advanced manufacturing, intelligent equipment, and new energy industries; however, there is no assurance that such favorable policy orientation will be sustained or that our company will continue to be designated as a beneficiary. Any reduction or elimination of preferential policies applicable to high-technology enterprises, intelligent manufacturing companies, or new energy equipment manufacturers could adversely affect our effective tax rate and overall financial performance.

Furthermore, certain government grants we receive are non-recurring in nature. The amount and timing of such grants are inherently uncertain and may not be replicated in future periods. If we are unable to continue to benefit from government grants and incentives at historical levels, our business, financial condition, and results of operations could be materially and adversely affected.

The discontinuation of the preferential tax treatment or other preferential treatment currently available to us in the PRC or other unfavorable changes in tax law or government grant policy could result in additional tax obligations and expenses.

We currently benefit from preferential tax treatment in the PRC, principally comprising the reduced corporate income tax rate applicable to enterprises recognized as High and New Technology Enterprises (“HNTE”), as well as value-added tax refund policies applicable to our software products. Under the prevailing HNTE regime, some of our operating entities are entitled to a preferential corporate income tax rate of 15%, compared to the standard rate of 25% applicable to ordinary enterprises in China. In addition, our qualifying software products are eligible for value-added tax refunds on the portion exceeding a specified threshold, which meaningfully reduces our overall tax burden.

However, our continued enjoyment of these preferential treatments is subject to periodic review and re-certification by the relevant government authorities. The HNTE qualification must be renewed every three years and requires us to consistently satisfy a range of criteria, including minimum thresholds for research and development expenditure as a proportion of total revenue, the proportion of revenue derived from high-technology products and services, and the proportion of qualified scientific and technical personnel. If we fail to meet any of these requirements upon renewal, or if the relevant authorities determine that we no longer qualify, we may lose our preferential tax status and become subject to the standard corporate income tax rate, which could significantly increase our tax liabilities and adversely affect our net profit.

Similarly, the value-added tax refund policy applicable to software products is subject to changes in national tax legislation and regulatory interpretation. Any tightening of the eligibility criteria for software product classification, or any modification or discontinuation of the refund policy, could reduce the tax benefits we currently enjoy. Furthermore, the PRC government may amend, supplement, or repeal existing preferential tax policies in response to changes in industrial policy priorities, fiscal considerations, or international tax reform developments, including ongoing

RISK FACTORS

global minimum tax initiatives. Any such unfavorable changes could result in additional tax obligations and expenses, thereby materially and adversely affecting our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates could adversely affect our business.

Although our business operations are primarily conducted in China with revenues and costs largely denominated in Renminbi, we are exposed to foreign currency exchange rate risks arising from our international sales of lithium-ion battery intelligent equipment and machine vision solutions to overseas customers. We also procure certain key components and materials from overseas suppliers, which may involve payments denominated in foreign currencies.

Fluctuations in foreign currency exchange rates, particularly the depreciation of foreign currencies against the Renminbi, could reduce the Renminbi equivalent of revenue we receive from overseas customers, thereby compressing our profit margins on international sales. Conversely, appreciation of foreign currencies against the Renminbi could increase the cost of imported components, adversely affecting our cost structure. As our international business expands alongside growing global demand for lithium-ion battery production equipment and machine vision systems, our aggregate exposure to foreign currency fluctuations may increase correspondingly.

The value of the Renminbi against other currencies is subject to changes in Chinese and foreign government policies, macroeconomic conditions, and market forces, all of which are beyond our control. While we may from time to time employ hedging instruments to mitigate our foreign exchange exposure, there can be no assurance that such measures will be adequate or cost-effective. Any significant adverse movement in foreign currency exchange rates could materially and adversely affect our business, financial condition, and results of operations.

Any unexpected disruption to our production facilities could materially and adversely affect our business, results of operations and financial condition.

We operate production facilities, including our manufacturing facilities in Yixing and Changzhou, where we design, assemble, and test our lithium-ion battery intelligent equipment and machine vision inspection solutions. Our production processes involve sophisticated machinery, precision optical components, advanced electronic systems, and specialized software, all of which must function in a highly coordinated manner to deliver products that meet the exacting specifications of our customers. Any unexpected disruption to our production facilities, whether caused by fire, flood, power outages, equipment breakdowns, natural disasters, pandemics, or other force majeure events, could significantly impair our manufacturing capacity and our ability to fulfill customer orders on schedule.

Given the highly customized and technically complex nature of our products, production disruptions cannot typically be remedied quickly. The procurement of replacement components, particularly precision optical elements and specialized electronic parts, may involve lengthy lead times, and the re-commissioning of production lines following a disruption may require significant time and resources. Any prolonged interruption to our production could result in delayed deliveries, contractual penalties, and customer dissatisfaction, potentially causing us to lose orders to competitors.

Furthermore, as we expand our production capacity at our Changzhou facility to meet growing demand from battery manufacturers and new energy vehicle companies, the consequences of any production disruption could be correspondingly more severe. Although we maintain insurance coverage for certain operational risks, such coverage may not be sufficient to fully compensate for all losses. Any significant production disruption could materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

We operate in the highly competitive lithium-ion battery intelligent equipment and machine vision inspection solution markets and we may not be able to effectively compete with existing and new competitors.

The markets for machine vision inspection solutions and lithium-ion battery intelligent equipment are highly competitive and rapidly evolving. We face competition from a broad range of domestic and international players, including established global automation and machine vision companies, specialized domestic intelligent equipment manufacturers, and emerging technology companies that are increasingly directing their resources toward the lithium-ion battery and new energy equipment sectors.

Competition in our markets is principally based on product performance and precision, the breadth and sophistication of solution offerings, pricing, after-sales service and technical support capabilities, speed of delivery and customization, and the ability to meet increasingly stringent quality and safety requirements of battery manufacturers and new energy vehicle companies. As our customers operate in capital-intensive industries where production efficiency and quality control are critical, they demand continuously improving performance and reliability from their equipment suppliers. If we are unable to keep pace with evolving customer requirements or technological advancements, our competitive position may be eroded.

The lithium-ion battery intelligent equipment market has in recent years experienced significant capacity expansion driven by the global growth in electric vehicles and energy storage systems. This has attracted considerable new investment and new entrants into the market, intensifying pricing pressure and potentially compressing our profit margins. Certain of our competitors may be willing to offer products at lower prices or on more favorable commercial terms in order to gain market share, which could force us to reduce our prices or increase our sales and marketing expenditures in order to remain competitive, thereby adversely affecting our profitability.

Furthermore, some of our large battery manufacturer customers possess significant financial and technical resources and may seek to develop in-house intelligent equipment or machine vision inspection capabilities, either independently or in partnership with third parties, which could reduce their reliance on external suppliers such as us. The emergence of disruptive technologies, including artificial intelligence-driven inspection systems, advanced robotics, and next-generation battery manufacturing processes, may also render our existing products and solutions less competitive or obsolete if we fail to innovate and adapt in a timely manner.

If we are unable to compete effectively against existing and new competitors, retain our existing customers, or attract new customers on favorable terms, our market share, revenue, and profitability may be materially and adversely affected, which could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to risks associated with the overseas expansion of our business.

As part of our strategic growth initiatives, we are actively expanding our operations into overseas markets. For example, we are planning to provide lithium-ion battery intelligent equipment and machine vision inspection solutions to a major international electronics and smart manufacturing conglomerate with large-scale production facilities in the region. While this expansion is intended to broaden our customer base and diversify our revenue streams, it exposes us to a range of risks and uncertainties that are distinct from those we encounter in our domestic operations.

Operating in overseas markets requires us to navigate unfamiliar legal, regulatory, and business environments. Local laws governing equipment import and customs clearance, labor practices, environmental compliance, foreign investment, and technology transfer may differ materially from those in China and may change with limited notice. Any failure to comply with local regulatory requirements could result in penalties, operational disruptions, or restrictions on our ability to conduct business in those markets.

RISK FACTORS

Our overseas operations are also exposed to geopolitical risks, including trade tensions, diplomatic disputes, and changes in bilateral relations between China and the countries in which we operate. Any deterioration in the political or trade environment, or broader regional geopolitical instability, could adversely affect our ability to execute on our expansion plans, deliver equipment, or collect receivables from overseas customers.

Currency exchange rate risks are further heightened in the context of our overseas expansion, as revenue from international contracts may be denominated in foreign currencies while a significant portion of our costs remains denominated in Renminbi. Adverse movements in exchange rates could compress our profit margins on overseas business.

Furthermore, managing overseas operations requires significant investment in local talent, management infrastructure, and after-sales service capabilities. We may face challenges in recruiting qualified local personnel, providing timely on-site technical support, and managing cultural and language differences in customer relationships. If we are unable to successfully establish and scale our overseas operations or fulfill our contractual obligations to international customers, our business, reputation, financial condition, and results of operations could be materially and adversely affected.

We cannot guarantee that our business development strategies will be successfully implemented or bring about the outcomes as we expect.

We are executing a variety of strategies to drive business expansion. See “Business — Our Business Strategies” and “Future Plans and [REDACTED]” in this document. However, business expansion inherently entails risks and uncertainties, and our new initiatives, which span areas including the development of next-generation lithium-ion battery intelligent equipment, the advancement of our machine vision inspection capabilities, and the expansion of our overseas operations, are at varying stages of development, some of which may ultimately prove unsuccessful.

It may take longer than anticipated for us to develop the requisite technologies, establish market awareness and acceptance of our products and solutions among our potential customers, or accumulate sufficient operational experience to execute these initiatives effectively. The markets in which we operate are characterized by rapid technological evolution and intensifying competition, and there can be no assurance that our new business initiatives will achieve the expected level of market acceptance or deliver the desired financial returns.

Our growth strategies require substantial investments in research and development, production capacity, talent acquisition, and sales and marketing, the returns on which are inherently uncertain. If our efforts to implement these strategies fail to enhance our monetization capabilities, do not result in sustainable revenue growth, or do not generate sufficient returns to justify the associated investment costs, we may be unable to maintain or increase our revenues or recover such costs. Any failure to successfully execute our growth strategies could materially and adversely affect our business, financial condition, and results of operations.

We may need additional capital for business growth, product development and technology R&D programs and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts.

We may require additional capital beyond that generated by our operating activities from time to time to fund our research and development in lithium-ion battery intelligent equipment and machine vision inspection technologies, expand our production capacity, and better serve our customers. Accordingly, we may need to issue additional equity or debt securities or obtain credit facilities to meet such funding requirements.

RISK FACTORS

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 subject us to operating and financing covenants that restrict our operations or our ability to pay dividends to our shareholders.

Our ability to obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors beyond our control, including general capital market conditions, investor sentiment toward the intelligent manufacturing and new energy equipment sectors, and broader economic, political, and regulatory conditions in China, Hong Kong, and globally. Volatility in capital markets or a deterioration in the business environment for our industry could limit our access to external financing or significantly increase its cost.

If we are unable to obtain adequate financing on satisfactory terms when required, our ability to sustain our research and development programs and support our business growth could be materially impaired, which could adversely affect our business, financial condition, and prospects.

We may be unable to identify, capture or execute expansion opportunities or strategic alliances for new businesses, and acquired businesses and strategic alliances may have unknown or contingent liabilities, which may affect our business, results of operations, financial condition and prospects.

As part of our growth strategy, we intend to pursue strategic investments and acquisitions targeting companies that are highly synergistic with our existing capabilities, with a focus on opportunities that can enhance our optics and algorithm capabilities, improve key components, optimize our core process solutions, and expand our overseas service capabilities. We may also explore opportunities to expand our industry application scenarios and platform capabilities. As of the Latest Practicable Date, we had not identified any potential targets.

There is no assurance that we will identify suitable targets, negotiate commercially acceptable terms, or successfully integrate acquired businesses. Even where suitable targets are identified, execution can be difficult, time-consuming, and costly, and necessary financing may not be available on acceptable terms. Acquired businesses may not deliver the expected financial or operational results and could involve substantial cash expenditures, dilutive equity issuances, goodwill impairment, or exposure to undisclosed liabilities. We may additionally suffer reputational and financial harm from product quality issues that occurred at targets prior to acquisition. Furthermore, our expansion efforts would require significant management attention and could divert resources from our existing operations. If we are unable to execute our expansion strategy successfully, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

In addition, we may from time to time enter into strategic alliances or other forms of cooperation with third parties to complement our capabilities in machine vision inspection and lithium-ion battery intelligent equipment, or to expand into new markets and application scenarios. Such arrangements may expose us to risks including potential leakage of proprietary algorithms, optical technologies, or other confidential information, non-performance by counterparties, and increased costs in establishing or maintaining these relationships. As we may have limited ability to monitor or control our strategic partners, any reputational harm suffered by them could adversely affect our own brand and customer relationships.

Our due diligence may fail to identify existing problems relating to intellectual property, product quality, regulatory compliance, or customer relations. We may also face integration challenges including employee retention, cultural alignment, and operational consistency. If we fail to identify, execute, or integrate strategic alliances or acquisitions effectively, our business, financial condition, and results of operations could be materially and adversely affected.

RISK FACTORS

We may be unable to maintain our quality assurance systems effectively and any failure to maintain our quality standards may affect our market reputation and results of operations.

The reliability and precision of our machine vision inspection solutions and lithium-ion battery intelligent equipment are fundamental to our business, as our customers operate in industries where product quality and manufacturing consistency are critical to safety, performance, and regulatory compliance. Our customers, which include leading battery manufacturers and new energy vehicle companies, impose stringent quality requirements on the equipment and solutions we supply, and any failure to meet such standards could result in production line disruptions, product recalls, or safety incidents at their facilities.

Maintaining effective quality assurance systems across our research and development, component procurement, manufacturing, and after-sales service functions requires continuous investment in personnel, testing infrastructure, and process controls. As we scale our production capacity at our new Changzhou manufacturing facility and expand our overseas operations, the complexity of maintaining consistent quality standards across our operations increases correspondingly. Any lapses in quality control, whether arising from defective components sourced from third-party suppliers, manufacturing process deviations, or software and algorithm errors in our machine vision systems, could result in equipment malfunctions, inaccurate inspection results, or substandard battery production outcomes for our customers.

Such quality failures could damage our reputation, result in contractual disputes, warranty claims, or litigation, and lead to the loss of key customer relationships. If we are unable to maintain our quality assurance standards effectively, our business, market reputation, financial condition, and results of operations could be materially and adversely affected.

Our failure to meet contractual commitments could harm the results of our operations.

We enter into contracts with our customers for the design, manufacture, delivery, installation, and commissioning of customized intelligent equipment and machine vision inspection solutions. These contracts typically specify detailed technical specifications, delivery schedules, installation milestones, and acceptance criteria, and may include provisions for liquidated damages or penalties in the event of our failure to meet agreed commitments. Given the highly customized and technically complex nature of our products, fulfilling these contractual obligations requires precise coordination across our research and development, procurement, manufacturing, and after-sales service functions.

Our ability to meet contractual commitments may be adversely affected by a variety of factors, including delays in the procurement of key components such as precision optical elements and specialized electronic parts, unforeseen technical challenges during the development or customization of equipment, production capacity constraints, or difficulties in on-site installation and commissioning, particularly for our overseas projects. Any failure to deliver equipment on schedule or to meet the agreed technical specifications and performance standards could trigger contractual penalties, require us to incur additional rectification costs, or result in the rejection of delivered equipment by customers. Repeated or significant failures to honor our contractual commitments could damage our reputation, undermine customer confidence, and jeopardize our long-term customer relationships. If we are unable to consistently fulfill our contractual obligations, our business, results of operations, and financial condition could be materially and adversely affected.

We are exposed to risks in relation to work safety and occurrence of accidents, as well as other operational, transportation and occupational-related risks.

We operate in an industry that involves complex manufacturing environments, high-voltage equipment, precision machinery, and on-site installation and servicing activities, which expose us to risks related to work safety and the occurrence of accidents. Our lithium-ion battery intelligent equipment and machine vision inspection solutions are deployed in battery production lines that handle flammable and potentially hazardous materials. Malfunctions, improper operation,

RISK FACTORS

equipment failure, software errors, or integration issues may lead to production disruptions, fires, explosions, electrical hazards, or other safety incidents. Such events could result in personal injury, loss of life, property damage, environmental harm, regulatory investigations, and significant financial liabilities.

Our employees and contractors may be exposed to occupational hazards, including electrical risks, mechanical injuries, high-temperature environments, chemical exposure, and risks associated with working at heights or in confined spaces. Although we implement safety protocols and training programs, we cannot eliminate the possibility of human error, negligence, or non-compliance with safety procedures. Any significant workplace accident could damage our reputation, lead to increased insurance costs, trigger penalties or suspension of operations, and adversely affect employee morale and retention.

In addition, our operations involve the transportation, installation, and commissioning of large, high-value equipment, often across different jurisdictions. Accidents during transportation or on-site assembly may cause delays, equipment damage, cost overruns, or contractual disputes. We may also face product liability or indemnification claims if our equipment or inspection systems are alleged to have contributed to defective battery products or safety incidents at customer facilities.

From 2023 to 2025 and up to the Latest Practicable Date, we had not experienced any material work safety accidents, significant occupational injury incidents, or major transportation or operational accidents. However, there can be no assurance that such incidents will not occur in the future. Furthermore, evolving workplace safety, environmental, and occupational health regulations may increase our compliance costs or expose us to additional liabilities. Any failure to maintain a strong safety record could materially and adversely affect our business, financial condition, and results of operations.

If we are unable to protect or promote our brand and reputation or if we are associated with any negative publicity, our business, financial condition and results of operations could be materially and adversely affected.

Maintaining and enhancing our brand identity is essential to sustaining our market position in the industry. The successful promotion of our brand depends on our ability to achieve widespread recognition of our capabilities, retain existing customers, attract new ones, and effectively differentiate our products and solutions from those of our competitors. These efforts require substantial and ongoing expenditures, which are expected to increase as competition in our markets intensifies and as we expand into new application scenarios and overseas markets. There is no assurance that such investments in brand promotion will generate commensurate revenue growth.

Negative publicity relating to performance issues, delivery delays, or quality incidents involving our products and solutions, whether or not justified, could damage our brand and reduce demand for our offerings. If we are unable to effectively manage or contain such negative publicity, our business, financial condition, and results of operations could be materially and adversely affected.

Furthermore, where our products are integrated with third-party components, substitution of incompatible or lower-quality parts may cause performance failures. While we have implemented contractual requirements and technical standards to mitigate these risks, there can be no assurance that our suppliers will consistently comply with our requirements, and our brand and reputation may be adversely affected by such defective components.

As we engage third-party logistics providers for certain delivery arrangements, any delays, mishandling or service deficiencies on their part could adversely affect our business, financial condition and operating results.

The delivery of our lithium-ion battery intelligent equipment to customers requires careful handling and precise logistical coordination, given the substantial size, weight, and technical sensitivity of our products. Precision optical components, sophisticated electronic assemblies, and

RISK FACTORS

customized mechanical structures are particularly vulnerable to damage arising from improper packaging, exposure to unsuitable temperature or humidity conditions, vibration during transit, or inadequate handling procedures. We engage third-party logistics providers for certain delivery arrangements, and accordingly rely on their operational competence, reliability, and adherence to our handling specifications to ensure our products arrive at customer sites in good condition and on schedule.

Any delays, mishandling, or service deficiencies on the part of our logistics providers could result in damaged or non-conforming equipment upon arrival, delayed project commissioning, and failure to meet contractual delivery milestones, potentially exposing us to liquidated damages or contractual penalties. In such circumstances, customers may attribute delivery failures or equipment damage to us rather than our logistics providers, which could give rise to warranty claims, customer disputes, and reputational harm. Furthermore, as we expand our overseas operations, our reliance on third-party logistics providers increases, and the risks associated with cross-border transportation, customs clearance delays, and varying standards of logistics service quality become correspondingly more significant. If our logistics providers fail to perform to the required standard, our business, financial condition, and operating results could be materially and adversely affected.

We face risks related to natural disasters, public health emergencies, geopolitical conflicts and other events and circumstances beyond our control.

Our business operations, supply chain, and customer relationships may be materially disrupted by natural disasters, extreme weather events, public health emergencies, geopolitical conflicts, or other force majeure events beyond our control. Our principal operations and manufacturing facilities are located in China, and any natural disasters, floods, earthquakes, or other catastrophic events affecting our production bases in Yixing and Changzhou or our other operating locations could significantly impair our ability to manufacture and deliver our lithium-ion battery intelligent equipment and machine vision inspection systems on schedule. Similarly, any recurrence of large-scale public health emergencies could disrupt our workforce availability, interrupt our supply chain for precision optical components and specialized electronic parts, and delay customer project timelines.

Our business is also exposed to risks arising from geopolitical tensions, trade disputes, and sanctions, particularly given our expanding international presence and our reliance on globally sourced components and technologies. Escalating geopolitical conflicts or trade restrictions could result in increased tariffs, export control limitations, supply chain disruptions, or reduced customer capital expenditure in the new energy and battery manufacturing sectors, all of which could adversely affect our revenue and profitability. Furthermore, as a significant portion of our customers operate in the new energy vehicle and lithium-ion battery industries, any macroeconomic deterioration or policy changes arising from such events could reduce demand for our products and solutions. If any such events materialize, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

The insurance coverage we have may not adequately protect us against all operating risks.

Our business is subject to a variety of operational risks, including production disruptions caused by equipment failures, power outages, or operational errors, as well as environmental or industrial accidents such as fires, explosions, floods, earthquakes, or other natural disasters. Given the technically sophisticated nature of our lithium-ion battery intelligent equipment and machine vision inspection solutions, and the precision-dependent production processes at our manufacturing facilities in Yixing and Changzhou, the occurrence of any such events could result in significant damage to or destruction of our production facilities, personal injury, environmental damage, monetary loss, or legal liability. As we continue to expand our operations in overseas markets, we are also increasingly exposed to risks related to geopolitical tensions, policy changes, and intellectual property protection, any of which could give rise to additional operational and financial liabilities.

RISK FACTORS

We maintain statutory social insurance as required by applicable laws, and our assets, including fixed assets, vehicles, and overseas investments, as well as employee safety, cargo transportation, and other applicable items, are covered by commercial insurance following risk assessment and management team approval. Notwithstanding these measures, we may not maintain adequate or full coverage for business liability, business interruption, or litigation arising from our operations in China and overseas. In particular, our insurance policies may not cover all categories of losses relevant to our business, may be subject to coverage limits, exclusions, or deductibles, or may not be renewed on commercially reasonable terms. If we incur material losses or liabilities that are not adequately covered by our existing insurance, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

We may incur additional costs to address ESG-related risks, which may materially and adversely affect our financial performance.

While the nature of our business in lithium-ion battery intelligent equipment and machine vision inspection solutions does not generate significant emissions or heavy pollution, we nonetheless actively monitor environmental and climate-related risks that may influence our operations, strategies, and financial performance across short-, medium-, and long-term horizons. We track a range of indicators to manage risks arising from our manufacturing and service operations and remain committed to fostering a responsible and sustainable corporate culture. However, meeting these commitments, including investments in energy efficiency, waste reduction, responsible sourcing, and employee welfare initiatives, may entail substantial additional expenditures that could weigh on our profitability. For further details on our ESG initiatives, see “Business — Environmental, Social and Governance” in this document.

In addition, tightening ESG-related regulatory requirements, including evolving ESG disclosure obligations in the jurisdictions where we operate, may lead to higher compliance and operating costs. Failure to adapt to new regulatory regimes or to meet increasing industry and stakeholder expectations could result in reputational harm or cause customers to shift their preference to competitors’ products, which may materially and adversely affect our business, results of operations and financial condition.

We procure certain components manufactured by foreign suppliers, which exposes us to uncertainties in supply reliability, pricing and logistics, potentially affecting our operations.

A portion of the components and parts used in our lithium-ion battery intelligent equipment and machine vision inspection systems are manufactured by foreign suppliers, including precision optical lenses, high-performance industrial cameras, specialized sensors, servo drives, and other sophisticated electronic and mechanical parts. While we endeavor to source from multiple qualified suppliers where possible, certain components are only available from a limited number of overseas manufacturers with the requisite technical capabilities and quality standards to meet the stringent performance requirements of our products.

In certain cases, our customers, particularly large-scale battery manufacturers and new energy vehicle producers, specify in their procurement contracts that designated brands or models of components must be incorporated into the equipment we supply. This may require us to procure specific foreign-branded parts regardless of market conditions, pricing fluctuations, or supply availability at the time of procurement. Such requirements significantly limit our ability to substitute alternative suppliers even where comparable components may be available at lower cost or with shorter lead times, thereby exposing us to concentrated supply risk and reduced procurement flexibility. Any shortage, discontinuation, or delayed delivery of these designated components could directly impede our ability to fulfill customer orders on schedule.

Furthermore, our reliance on foreign suppliers exposes us to a range of additional uncertainties, including fluctuations in foreign exchange rates that may increase our procurement costs, extended and unpredictable international shipping lead times, customs clearance delays, evolving export control regulations, and the potential imposition of trade restrictions or sanctions

RISK FACTORS

affecting the availability of key components. Geopolitical tensions between China and certain supplier countries could further exacerbate these risks, potentially resulting in supply interruptions that are difficult to remedy in the short term. While we seek to mitigate these risks through advance procurement planning, strategic inventory buffering, and ongoing supplier relationship management, there can be no assurance that such measures will be sufficient to prevent supply disruptions or cost increases from materially and adversely affecting our business, financial condition, and results of operations.

The development of regulations, policies and regulatory requirements in the PRC and overseas regarding lithium-ion battery intelligent equipment and new energy vehicles and the industries in which our customers operate may affect our business operations and prospects.

Our intelligent equipment and machine vision inspection solutions are primarily deployed in the production of lithium-ion batteries, which serve as critical components in new energy vehicles, energy storage systems, and 3C electronic products. As a result, our business performance is closely linked to the health and growth trajectory of these downstream industries, which are in turn significantly shaped by government policies, regulatory frameworks, and macroeconomic conditions in the PRC and key overseas markets. Any adverse development in the regulatory environment governing these downstream industries could reduce capital expenditure by battery manufacturers and new energy vehicle producers, thereby diminishing demand for our equipment and solutions.

Government subsidies supporting the adoption of new energy vehicles and the development of the lithium-ion battery industry in China and major overseas markets have been progressively scaled back in recent years, and further reductions could slow downstream market growth and dampen investment in production capacity expansion. Moreover, overcapacity conditions that have emerged in the lithium-ion battery production and new energy vehicle sectors have led to consolidation pressures and reduced industry investment, further constraining the procurement appetite of our customer base for new intelligent manufacturing equipment and machine vision inspection systems.

The international trade environment presents additional regulatory uncertainty for our business. A number of major economies have introduced policies and incentive programs that promote the adoption of new energy vehicles and battery technologies while incorporating local content requirements or other provisions that limit participation by Chinese manufacturers and their supply chains. These include various subsidy schemes, tax incentive programs, and procurement policies adopted by governments in Europe and North America that restrict eligibility to domestically produced vehicles and batteries. More recently, tariff measures imposed on Chinese-made batteries and new energy vehicles in markets such as the United States and the European Union have introduced further uncertainty, potentially affecting the export prospects and investment plans of our downstream customers, which could in turn reduce demand for our equipment.

Furthermore, a series of executive and legislative actions in major economies aimed at reorienting energy policy toward conventional energy sources introduces additional uncertainty regarding the long-term trajectory of global new energy vehicle adoption, which underpins the growth outlook for the lithium-ion battery manufacturing industry and, by extension, the demand for our intelligent equipment and machine vision solutions. There can be no assurance that current favorable industry policies in the PRC will continue, or that new unfavorable policies or regulatory requirements will not be enacted in the future. We may need to adapt our business focus in response to evolving regulatory requirements affecting the end markets of our products, but we may not be able to do so in a timely or cost-effective manner. Any failure to adapt, or any adverse shift in the regulatory landscape, could materially and adversely affect our business, financial condition, results of operations, and future prospects.

RISK FACTORS

Our historical performance during the Track Record Period may not be indicative of our future prospects.

During the Track Record Period, we recorded revenue from continuing operations of RMB294.0 million, RMB393.9 million, and RMB552.1 million for the years ended December 31, 2023, 2024, and 2025, respectively. However, our historical performance may not be indicative of our future prospects, and we may not be able to achieve similar performance in the future. Our revenue growth may decline for a variety of reasons, including but not limited to intensifying competition in the lithium-ion battery intelligent equipment and machine vision markets, technological advancements rendering our solutions less competitive, and fluctuations in capital expenditure by downstream battery manufacturers and new energy vehicle companies.

Our performance may be affected by a number of factors, most of which are beyond our control. Such factors include (i) failure to maintain business relationships with key customers in the lithium-ion battery and new energy industries, retain existing customers, and attract new customers; (ii) changes to China’s economic and social conditions in general; (iii) changes in procurement strategies, capital expenditure cycles, and production expansion plans of battery manufacturers and new energy vehicle companies; (iv) evolvement in China’s policies and regulations, especially in respect of the new energy vehicle and energy storage industries, as well as industrial automation and intelligent manufacturing initiatives; and (v) changes in the macro-economic environment and global supply chain conditions affecting demand for lithium-ion battery production equipment and machine vision solutions. As a result, we cannot assure you that we will be able to continue to grow steadily or avoid making losses.

We experience seasonal fluctuations in our sales.

Our lithium-ion battery intelligent equipment and machine vision inspection solutions typically involve relatively long design, manufacturing, delivery, installation, commissioning, and acceptance cycles. Our customers, who are primarily lithium-ion battery manufacturers, generally finalize their supply contracts toward the end of each year. Following the conclusion of such supply contracts, our customers then proceed to formulate their production plans and initiate tendering and procurement processes for the equipment required, meaning that equipment installation and commissioning activities typically commence in the first half of the following year, with customer acceptance often extending into the second half. This pattern results in a concentration of recognized revenue in the latter part of the financial year, giving rise to uneven cash flows and period-to-period variability in our operating results. If we fail to effectively plan production and delivery schedules or manage working capital during non-peak seasons, our business, financial condition, and results of operations could be adversely affected.

We face risks associated with customer order cancellations that may adversely affect our financial performance.

Our business is exposed to risks arising from customer order cancellations. These cancellations primarily reflect the growing challenges in our operating environment, including intensifying competition in the lithium-ion battery manufacturing sector, evolving capital expenditure priorities among battery manufacturers and new energy vehicle producers, and broader macroeconomic pressures affecting customer investment decisions.

Our lithium-ion battery intelligent equipment and machine vision inspection systems are highly customized and engineered to meet specific customer production line requirements, which significantly limits the extent to which cancelled equipment can be readily redirected to alternative customers without modification. While we may attempt to adjust cancelled equipment for resale, such repurposing typically involves additional engineering costs, potential component write-downs, and extended resale timelines, which could result in inventory impairment losses. Customer order cancellations also create broader operational challenges, including working capital pressures arising from costs already incurred in production, underutilization of our manufacturing capacity, and disruption to our production scheduling.

RISK FACTORS

Our exposure to cancellation risks is particularly pronounced given our customer concentration in the battery manufacturing and new energy vehicle industries, which are inherently cyclical and sensitive to shifts in downstream demand, government policy, and raw material cost dynamics. If order cancellations continue at elevated levels, our business, financial condition, and results of operations could be materially and adversely affected.

Our customers typically make purchases from us on an order-by-order basis and there is no commitment to making future purchases.

Although we have entered into framework procurement agreements with a number of our key customers in the battery manufacturing and new energy vehicle industries, these agreements are principally intended to establish general terms and conditions governing future transactions, such as pricing mechanisms, quality standards, and delivery arrangements, rather than to commit customers to any minimum purchase volume or guaranteed order value. Actual purchases remain subject to individual purchase orders placed at each customer’s discretion, reflecting their prevailing capital expenditure plans, production capacity requirements, and technology upgrade schedules at the relevant time. Each order is independently negotiated and awarded, reflecting the highly customized nature of our lithium-ion battery intelligent equipment and machine vision inspection systems, which are designed to meet the specific production line configurations and inspection requirements of individual customers, resulting in inherently limited revenue visibility beyond our existing confirmed order book. Customer purchasing decisions are further influenced by factors beyond our control, including fluctuations in capital expenditure budgets, changes in production capacity expansion plans, evolving machine vision and quality inspection requirements, and competitive offerings from alternative suppliers. If a significant number of our customers fail to place orders under their respective framework agreements, or if we are unable to continuously secure new orders or maintain recurring business from our existing customer base, our revenue, financial condition, and results of operations could be materially and adversely affected.

Non-compliance with applicable laws and regulations by any third party with which we conduct business could disrupt our business operations, damage our reputation and materially and adversely affect our financial condition and results of operations.

Our business operations involve collaboration with third parties, including component suppliers, subcontractors, system integrators, and after-sales service partners, whose conduct and regulatory compliance are beyond our direct control. These third parties are subject to a broad range of applicable laws and regulations, including those governing product quality and safety standards, environmental protection, export controls, data security, and anti-corruption requirements. Any failure by these third parties to comply with applicable laws and regulations could result in disruptions to our supply chain, delays in project delivery, or the imposition of regulatory sanctions that indirectly affect our operations.

Furthermore, as our equipment is deployed in the production facilities of lithium-ion battery manufacturers, any regulatory non-compliance by our customers or business partners that is associated with our products or services could expose us to reputational damage, customer claims, or heightened regulatory scrutiny. Regulators and customers may hold us to account for the conduct of our business partners, and any adverse findings or publicized violations involving parties with whom we are associated could undermine customer confidence in our brand and solutions, thereby materially and adversely affecting our business, financial condition, and results of operations.

We may not be able to respond effectively to technological developments, and such changes may necessitate costly upgrades or replacements of our equipment, potentially adversely affecting our operations.

The markets for lithium-ion battery intelligent equipment and machine vision solutions are highly competitive and rapidly evolving, driven by continuous advancements in battery cell manufacturing technologies, quality inspection methodologies, and automation capabilities. As battery manufacturers and new energy vehicle producers increasingly demand higher precision,

RISK FACTORS

greater throughput, and more sophisticated defect detection capabilities, our existing products may lose market share, experience slower growth, or deliver lower profit margins if we fail to keep pace with technological developments and shifting customer requirements. Our success therefore depends on our ability to anticipate industry trends and develop innovative, advanced equipment and machine vision solutions that meet the evolving demands of our customers in a timely and cost-effective manner.

Our research and development efforts may not always yield commercially viable products, and we may experience delays or setbacks at various stages of the product development process, including engineering design, prototype manufacturing, system integration, and performance testing. Product development in the lithium-ion battery intelligent equipment and machine vision sector is resource-intensive, technically complex, and inherently uncertain in outcome, and there can be no assurance that our development initiatives will be completed on schedule, within budget, or result in products that achieve meaningful market acceptance. We may also face difficulties in obtaining the necessary certifications, licenses, or regulatory approvals required for new products in a timely manner, particularly given the highly customized nature of our solutions.

Even upon successful product launch, new products may not generate anticipated returns sufficient to recoup our investment, as market acceptance typically takes time to materialize. Our competitors may develop more advanced or cost-competitive products ahead of us, compelling us to reduce prices or risk losing customers. If we are unable to properly identify market demand, develop and launch new products in a timely manner, price our solutions competitively, or effectively promote adoption among our target customers, our business, financial condition, and results of operations could be materially and adversely affected.

We may be unable to protect our intellectual property rights and may be subject to infringement claims from third parties, either of which could reduce the value of our brands and harm our business and competitive market position.

Our intellectual property assets, including patents, trade secrets, proprietary know-how, trademarks, and copyrights, are fundamental to our competitive positioning in the industry. Our ability to maintain technological differentiation depends on our continued capacity to develop, protect, and commercialize innovations in areas such as precision automation engineering, machine vision algorithms, defect detection methodologies, and battery cell manufacturing process integration. However, the protections afforded by our existing and pending intellectual property rights may prove inadequate. Pending patent applications may not be granted, or if granted, may lack sufficient scope to prevent competitors from developing technically similar equipment or inspection solutions. Trade secrets and proprietary know-how embedded in our equipment designs and machine vision software may be misappropriated through employee attrition, unauthorized disclosure, or third-party reverse engineering, any of which could erode our technological advantages and dilute our competitive position in the market.

We are also exposed to the risk of third-party intellectual property claims arising in the ordinary course of developing and commercializing our lithium-ion battery intelligent equipment and machine vision solutions. Our products incorporate complex combinations of mechanical, optical, electronic, and software technologies, increasing the likelihood that certain elements of our equipment may be alleged to infringe upon patents or other intellectual property rights held by competitors or other third parties. Suppliers of optical components, sensor systems, and proprietary software modules that are incorporated into our machine vision inspection systems may themselves be subject to infringement allegations, which could impair our ability to rely on such technologies and disrupt our supply chain.

Defending against intellectual property claims, whether meritorious or not, can be protracted, costly, and distracting to our technical and management teams, diverting resources that would otherwise be deployed toward research and development and customer engagement. An adverse determination in any such proceedings could compel us to pay damages, redesign affected

RISK FACTORS

equipment, or obtain licenses on commercially unfavorable terms, any of which could compress our profit margins and cause customers to defer or cancel procurement of our solutions, thereby materially and adversely affecting our business, financial condition, and results of operations.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that we, or our employees or our business partners have wrongly used or disclosed trade secrets allegedly owned by others.

Our trade secrets and proprietary know-how, encompassing areas such as machine vision algorithms, optical inspection methodologies, precision automation engineering designs, battery cell formation and testing equipment configurations, and customized software architectures, represent critical competitive assets that underpin our ability to deliver differentiated intelligent equipment and machine vision inspection solutions to our customers. To safeguard these assets, we require all research and development personnel to execute non-disclosure agreements as a condition of their engagement, and we implement data encryption protocols to restrict the circulation of sensitive technical materials, including equipment drawings, algorithmic source code, and process parameters, within the organization. To date, we have not experienced any confirmed incident of research and development confidential information leakage. However, the measures we have implemented may not provide absolute protection against all forms of unauthorized disclosure or misappropriation, and there can be no assurance that our trade secrets will not be compromised in the future.

The risk of trade secret leakage may arise through various channels, including the departure of key research and development personnel to competitors, inadvertent disclosure during customer collaboration or joint development engagements, unauthorized access to our internal systems by external parties, or the actions of subcontractors and third-party technology partners who are exposed to our proprietary technical information in the course of project execution. In the lithium-ion battery intelligent equipment and machine vision sectors, where technological differentiation is a key driver of competitive advantage, the unauthorized disclosure or misappropriation of our proprietary algorithms, inspection models, or equipment designs could enable competitors to replicate our solutions, erode our market positioning, and diminish the value of our intellectual property portfolio. Additionally, we may face claims that our employees or business partners have misappropriated or misused trade secrets belonging to former employers or other third parties, which could expose us to costly litigation and reputational damage regardless of the merits of such claims. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, and prospects.

We use third-party IT systems for certain key functions, and any failures, interruptions or security issues affecting these systems could adversely affect our business, financial condition and results of operations.

Our business operations rely on a range of third-party information technology systems to support critical organizational functions, including financial management system for accounting, budgeting, and financial reporting, OA system for internal communications and document management, and ERP system for procurement, inventory management, production scheduling, and order tracking. In the context of our lithium-ion battery intelligent equipment and machine vision inspection solution business, where project execution requires complex coordination across engineering, procurement, manufacturing, and after-sales service functions, the reliable and uninterrupted operation of these systems is essential to maintaining operational efficiency and fulfilling customer delivery commitments. Any system failure, unplanned downtime, or data corruption affecting these platforms could disrupt internal workflows, delay project execution, and impair our financial reporting accuracy.

As we process and store commercially sensitive information through these third-party systems, including customer order specifications, equipment design parameters, machine vision algorithm configurations, and financial data, we are exposed to cybersecurity risks that are partially outside

RISK FACTORS

our direct control. Third-party vendors may be targeted by cyberattacks, ransomware, or data breaches that could result in the leakage of our confidential business information, potentially exposing us to regulatory liability, customer claims, and reputational harm.

Furthermore, our operational continuity is subject to the ongoing availability and commercial viability of these third-party providers. Any discontinuation of product support, material changes to licensing terms, or insolvency of a provider could necessitate a disruptive and costly system migration, diverting management attention and technical resources from our core business activities. Any of the foregoing risks could materially and adversely affect our business, financial condition, and results of operations.

We may face labor shortages, rising labor costs, or other factors impacting our workforce.

Our ability to design, develop, and deliver advanced lithium-ion battery intelligent equipment and machine vision inspection solutions depends critically on the expertise and continuity of our skilled workforce, particularly our research and development engineers, machine vision algorithm specialists, precision automation engineers, software developers, and experienced project management personnel. The market for such specialized technical talent in the intelligent manufacturing and machine vision sectors is highly competitive, and we have observed that competitors have actively sought to recruit our experienced employees by offering materially higher compensation packages. The loss of key technical personnel to competitors not only deprives us of accumulated institutional knowledge, proprietary expertise, and customer relationship experience, but may also risk the inadvertent transfer of our operational know-how, despite the non-disclosure agreements and data protection measures we have in place. Replacing such personnel is time-consuming and costly, and any prolonged vacancy in critical technical roles could delay ongoing equipment development projects, impair product quality, and disrupt customer delivery commitments.

Beyond talent attrition, we may also face broader workforce challenges arising from rising labor costs driven by market competition for qualified technical personnel, increasingly stringent labor regulations, and the general escalation of compensation expectations in the intelligent manufacturing sector in China. Any significant increase in our labor costs could compress our profit margins, particularly in the context of competitive pricing pressures in the lithium-ion battery equipment market. Furthermore, shortages of qualified engineers and technicians with relevant experience in battery manufacturing process integration or machine vision system deployment could constrain our capacity to scale operations, pursue new customer engagements, and execute our research and development roadmap in a timely manner, thereby materially and adversely affecting our business, financial condition, and results of operations.

We depend on the continued services and contributions of our management and other key employees, including experienced R&D personnel and skilled engineers.

Our success depends, and will continue to depend, to a significant extent on our ability to attract, retain, and motivate key members of our management team, including Mr. Wang Gang and Mr. Zhang Quan, among others, who are our executive Directors and senior management. Our continued success also depends on our ability to ensure that each of these key individuals remains actively involved in our management and strategic decision-making. Our future performance will further rely on their ongoing contributions in formulating and executing our business plans and in identifying and pursuing new market opportunities in the lithium-ion battery intelligent equipment and machine vision inspection solution sectors. The loss of service of any of these individuals, or ineffective management of leadership succession or transitions, could significantly disrupt our operations and delay or prevent the achievement of our development and strategic objectives, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

RISK FACTORS

Our future success also depends on our ability to attract, retain, and motivate other key employees, including experienced research and development personnel, machine vision algorithm specialists, precision automation engineers, and other highly skilled technical professionals, while preserving our unique corporate culture. Developing and advancing proprietary machine vision algorithms, intelligent automation controls, battery manufacturing process integration capabilities, and integrated hardware-software inspection solutions require deep technical expertise and cross-disciplinary engineering capabilities that are difficult to cultivate and replace. These key employees possess specialized knowledge and industry experience that are critical to our product development, technological innovation, and long-term competitiveness in the intelligent equipment market.

We intend to hire additional qualified employees to support our operations and planned expansion. The lithium-ion battery intelligent equipment and machine vision industries are characterized by strong demand and fierce competition for technical and managerial talent, and there can be no assurance that we will be able to attract or retain sufficient qualified personnel to meet our strategic and operational requirements. Rising labor costs, driven by intensifying market competition, global labor shortages, and inflationary pressures, may further increase our operating expenses and compress our profit margins. Furthermore, our ability to train and integrate new employees efficiently may not keep pace with our business expansion, which could impair workforce productivity and delay project execution for our customers. Any of these factors could adversely affect our ability to achieve our strategic objectives and may materially and adversely affect our business, financial condition, and results of operations.

We have adopted a [REDACTED] Share Option Scheme, which may materially impact our future results of operations and dilute the ownership interests of our Shareholders.

We have adopted a [REDACTED] Share Option Scheme by the Shareholders at the extraordinary general meeting held on May 25, 2026. We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based payment to employees in the future.

As such, any share-based payments under such scheme will decrease our net profit and the additional Shares issued upon exercise will dilute the ownership interests of our Shareholders.

Our business requires a number of approvals, licenses, permits and certificates, and we may not be able to obtain or renew these approvals, licenses, permits and certificates in a timely manner.

The development, manufacturing, and commercialization of our lithium-ion battery intelligent equipment and machine vision inspection systems are subject to various regulatory requirements, and we are required to obtain and maintain a range of approvals, licenses, permits, and certifications from relevant governmental and industry authorities in order to operate our business and market our products. These include, among others, business operation licenses, product quality certifications, high-technology enterprise certifications, and other industry-specific approvals that are prerequisite to our participation in certain customer procurement processes or the execution of large-scale equipment supply contracts. In addition, certain of our products are highly customized to meet the specific production line requirements of battery manufacturers and new energy vehicle producers, which may necessitate the procurement of additional product-specific certifications or customer-mandated compliance approvals prior to installation and commissioning.

The application and renewal processes for such approvals and certifications can be time-consuming, administratively complex, and subject to regulatory changes that may introduce new or more stringent requirements. Any failure or delay in obtaining, maintaining, or renewing the necessary approvals, licenses, permits, or certifications could restrict our ability to manufacture and deliver our equipment, impair our eligibility to pursue certain customer contracts, and materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

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

During the Track Record Period and as of the Latest Practicable Date, neither we nor our Directors had been a party to any material legal, arbitral, or administrative proceedings that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, or results of operations. However, as we continue to expand our lithium-ion battery intelligent equipment and machine vision inspection systems business, we, our Directors, management, employees, shareholders, and their respective affiliates may in the future become subject to or involved in lawsuits, contract disputes, employment-related controversies, product liability claims, or regulatory investigations arising from our business operations or commercial relationships. Such proceedings can be costly, time-consuming, and operationally disruptive, involving substantial expenditures related to investigation, litigation, settlement, penalties, or regulatory fines, while simultaneously diverting management attention and technical resources away from our core business activities. Regardless of outcome, any litigation or related adverse publicity could undermine customer confidence in our products and solutions and damage relationships with key battery manufacturers and new energy vehicle producers. Any legal or regulatory proceedings involving our Directors, management, employees, shareholders, or their affiliates could further expose us to indirect reputational harm and financial liability, which could materially and adversely affect our business, financial condition, results of operations, and liquidity.

We are or may become subject to a variety of privacy and data security laws, policies and contractual obligations, and our failure or failure of our third-party vendors or contractors to comply with them could harm our business.

In the course of operating our lithium-ion battery intelligent equipment and machine vision inspection systems business, we collect, process, store, and transmit relevant data, including limited, equipment performance data, machine vision inspection outputs, employee personal information, and other ordinary business information. Our operations are subject to an increasingly complex and evolving framework of privacy and data security laws and regulations, including the Cybersecurity Law of the People’s Republic of China, the Personal Information Protection Law, the Data Security Law, and other applicable national and local regulations governing the collection, storage, processing, and cross-border transfer of data. Compliance with these regulatory requirements demands continuous investment in data governance infrastructure, internal policies, and staff training, and the regulatory landscape continues to evolve in ways that may impose additional compliance obligations or operational restrictions on our business.

Beyond our internal operations, we rely on third-party vendors and contractors, including providers of financial management systems, office automation platforms, and enterprise resource planning systems, who process or have access to certain categories of our business and customer data in the course of delivering their services. Any failure by these third parties to implement and maintain adequate data security measures, or any data breach, unauthorized access, or misuse of data occurring within their systems, could result in the leakage of customer data for which we may bear legal or contractual responsibility. In the context of our machine vision inspection business, where customers may provide us with production quality-related data, any such incident could severely damage customer relationships and erode confidence in our data handling practices.

Any failure by us or our third-party vendors to comply with applicable privacy and data security laws, contractual data protection obligations, or customer-imposed security requirements could expose us to regulatory investigations, administrative penalties, civil litigation, and reputational harm, any of which could materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

Failure by us or our stakeholders to comply with applicable laws and regulations, including anti-money laundering, anti-terrorism, anti-corruption, anti-bribery, export control and economic and trade sanctions laws and regulations, could result in significant penalties and reputational harm, and could thus materially and adversely affect our business, financial condition and results of operations.

We, together with our employees, customers, suppliers, and business partners, are subject to a broad range of applicable laws and regulations across the jurisdictions in which we operate, and any failure to comply with these requirements could result in significant penalties and reputational harm, and could materially and adversely affect our business, financial condition, and results of operations.

In particular, we and our stakeholders are subject to anti-money laundering (“AML”), anti-terrorism, anti-bribery, export control, and economic and trade sanctions laws and regulations that prohibit, among other things, dealing in proceeds derived from criminal activities, engaging in bribery or corrupt practices, and conducting unauthorized imports or exports of controlled products, services, or technologies. Ensuring effective compliance with this complex and evolving regulatory framework requires us and our stakeholders to establish and maintain robust internal controls, governance policies, and operational procedures that specifically address these areas of regulatory exposure. Developing, implementing, and continuously monitoring such compliance programs demands considerable management attention, dedicated resources, and ongoing expenditures. Notwithstanding these efforts, there can be no assurance that our compliance programs, or those of our stakeholders, will be fully effective in preventing violations or the misuse of our products, solutions, or business operations for money laundering, terrorist financing, bribery, corruption, or other unlawful purposes.

Any failure by us or our stakeholders to comply with applicable AML, anti-terrorism, anti-bribery, export control, or sanctions regulations could expose us to substantial fines, regulatory enforcement actions, suspension of business licenses, heightened regulatory scrutiny, or other penalties. Any instance of fraudulent, corrupt, or otherwise unlawful conduct by us or our stakeholders could equally give rise to similar regulatory consequences and inflict lasting reputational damage, which could undermine customer and investor confidence and materially and adversely affect our business operations, financial condition, and results of operations.

Failure to make adequate contributions to various employee benefits plans according to the procedures under the relevant PRC laws and regulations and the laws and regulations of other jurisdictions in which we operate may subject us to penalties or other consequences.

Under applicable PRC laws and regulations, employers are required to make full contributions to social insurance and housing provident funds on behalf of their employees based on their actual salaries. During the Track Record Period, our PRC subsidiaries had not made full contributions to social insurance and housing provident funds for certain employees in strict accordance with their actual remuneration levels. In addition, during the Track Record Period and up to the Latest Practicable Date, the social insurance and housing provident fund contributions for two employees were remitted through a third-party agency arrangement rather than directly by us as the employing entity. As a result, we may be subject to orders requiring retroactive payment of outstanding contributions, together with late payment surcharges or administrative penalties imposed by the relevant regulatory authorities.

Our PRC Legal Advisors have advised that, in the absence of any material changes to the prevailing laws and regulations governing social insurance and housing provident fund contributions, and provided that no material employee complaints, reporting, or related litigation or arbitration proceedings arise, the risk of our PRC subsidiaries being subject to concentrated retroactive recovery actions or significant administrative penalties by the competent authorities in respect of the above-mentioned contribution shortfalls during the Track Record Period is relatively low. Nevertheless, there can be no assurance that regulatory enforcement practices will not change

RISK FACTORS

or that affected employees will not raise formal complaints, and any such development could expose us to financial liability and reputational harm that may materially and adversely affect our business, financial condition, and results of operations.

The adjustment of rental fees, the termination of lease contracts or other relevant disputes relating to our leased properties could have an adverse impact on our business operations.

With the exception of our newly-built Changzhou manufacturing facility, which we own, substantially all of our other operational properties, including our research and development centers, production facilities, sales offices, and after-sales service bases, are held under lease arrangements with third-party landlords. The continued availability and affordability of these leased premises are therefore critical to the uninterrupted operation of our lithium-ion battery intelligent equipment and machine vision inspection systems business. Upon the expiration of our existing lease agreements, landlords may decline to renew leases on commercially acceptable terms, seek to impose material increases in rental fees, or elect not to renew at all, which could compel us to relocate operational facilities at significant cost and disruption. Any forced relocation of our research and development facilities or production workshops could disrupt ongoing equipment development projects, interrupt manufacturing workflows, and delay customer delivery schedules, thereby damaging our relationships with key battery manufacturers and new energy vehicle producers.

Furthermore, disputes arising from lease terms, property conditions, or landlord-initiated early terminations could result in unexpected operational disruptions and legal costs. The need to identify, fit out, and commission replacement facilities that meet the technical and spatial requirements of our intelligent equipment manufacturing and machine vision system integration operations could be time-consuming and costly, particularly in locations with limited availability of suitable industrial premises. Any of the foregoing could materially and adversely affect our business operations, financial condition, and results of operations.

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

Changes in China’s economic, political and social conditions, as well as government policies, could have a material adverse effect on our business and prospects.

Our business, prospects, financial condition, and results of operations are, to a material extent, subject to economic, political, and legal developments in the jurisdictions where we operate. Factors that may affect us include economic slowdowns in the places where we operate, inaccurate assessments of market conditions of the markets where we operate, government-led economic policies and initiatives, changes in prevailing market interest rates, higher rates of bankruptcy, and changes to applicable laws, regulations and other regulatory policies. In addition, government regulations on capital investments or changes in tax regulations.

Any slowdown in the economic growth of the jurisdictions where we operate may reduce the demand for the products we promote and sell and could materially and adversely affect our business, financial condition, results of operations and prospects.

The CSRC or other PRC governmental authorities carry out regulations in connection with overseas [REDACTED] and future capital raisings activities, which we must abide by.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境内企业境外发行证券和上市管理试行办法》) and five supporting guidelines (the “**Overseas Offering and Listing Trial Measures**”), which came into effect on March 31, 2023. The Overseas Offering and Listing Trial Measures comprehensively reformed the regulatory regime for overseas securities [REDACTED] and [REDACTED] by China-based companies, conducted either in direct or indirect manners, by adopting a filing-based regulatory mechanism. See “Regulatory Overview — Regulatory Provisions — Laws and Regulations Relating to Overseas Issuance and Listing” in this

RISK FACTORS

document for details. According to the Overseas Offering and Listing Trial Measures, this [REDACTED] shall be deemed as an indirect [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED]. The CSRC confirmed completion of such filings on [•]. Furthermore, the filing procedure with the CSRC under the Overseas Offering and Listing Trial Measures may be required for any future [REDACTED], [REDACTED] or any other capital raising activities. It is uncertain whether we could complete the procedure in relation to any further capital raising activities in a timely manner, or at all. Any failure to complete the filing procedure in a timely manner may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business, results of operations and financial conditions. Furthermore, on February 24, 2023, the CSRC and other relevant government departments released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. The Provisions aims to expand the applicable scope of the regulation to indirect overseas [REDACTED] and [REDACTED] by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas [REDACTED] and [REDACTED].

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the Shares we are [REDACTED] hereby. Consequently, if you engage in market [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Offering and Listing Trial Measures for this [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and [REDACTED] of the Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the RMB against the Hong Kong dollar, US dollars and other currencies fluctuates and depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar or other currencies in the future.

In addition, the [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency.

There might be uncertainties in effecting services of legal process, enforcing foreign judgments or arbitration awards against us or our Directors and senior management personnel in the PRC.

We are a joint stock limited company incorporated in Chinese Mainland and almost all of our assets are located in China and most of our operations are conducted in China as well. In addition, a majority of our Directors and officers are nationals and residents of China and substantially all of the assets of these persons are located in China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgment obtained from foreign countries, it may be difficult for you to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC.

RISK FACTORS

On July 14, 2006, the PRC and Hong Kong 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, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. It is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the Arrangement.

On January 18, 2019, the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《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**”). The New Arrangement broadens the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with certain rules without the parties’ agreement. The New Arrangement came into effect on January 29, 2024 and replaced the Arrangement.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our Directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, there is no assurance that a judgment rendered by a court outside the PRC would be recognized and enforced in a PRC court.

The M&A Rules and certain other regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth opportunities through acquisitions in China.

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM and other government authorities jointly issued the Rules on Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was effective as of September 8, 2006 and amended on June 22, 2009 (the “**M&A Rules**”). The M&A Rules and other regulations and rules concerning mergers and acquisitions established procedures and requirements that could make merger and acquisition activities by foreign investors time consuming and complex. For example, the M&A Rules requires MOFCOM be notified in advance of any change-of control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned; (ii) such transaction involves factors that have or may have 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. Moreover, the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC which became effective in 2008 and recently amended in 2022 requires that transactions which are deemed concentrations and involve parties with specified share of the market must be cleared by the SAMR before they can be completed. In addition, the Notice of the General Office of the State Council on the Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), effective in March 2011, and Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective in January 2021, require acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security be subject to security review before the consummation of such acquisition.

RISK FACTORS

The permit, filing or other requirements of relevant government authorities in relation to our proposed [REDACTED] or further capital raising activities may be required under PRC laws.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. The MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of the PRC and the General Office of the State Council jointly issued the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which emphasized the need to strengthen the administration over illegal [REDACTED], and the supervision over overseas [REDACTED] by domestic companies. Stringent measures aimed at establishing a robust regulatory system are expected to be taken to deal with the risks associated with overseas [REDACTED] companies based in or having significant operations in China, and to tackle any related cybersecurity and data security, cross-border data transmission, and confidential information management, among other matters.

Further, on February 17, 2023, the CSRC released the Trial Administrative Measures of the 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》) and five ancillary interpretive guidelines (collectively, the “**Overseas Listing Trial Measures**”), which apply to overseas [REDACTED] and [REDACTED] by domestic companies of equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities, and came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, overseas [REDACTED] and [REDACTED] by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity and data security and duly fulfill their obligations to protect national security, and the domestic companies may be required to rectify, make certain commitment, divest business or assets, or take any other measures as per the competent authorities’ requirements, so as to eliminate or avert any impact of national security resulting from such overseas [REDACTED] and [REDACTED]. No overseas [REDACTED] and [REDACTED] shall be made under any of the following circumstances: (i) such securities [REDACTED] and [REDACTED] is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities [REDACTED] and [REDACTED] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law, among other scenarios. The Overseas Listing Trial Measures provide that if an [REDACTED] meets both of the following conditions, the overseas securities [REDACTED] and [REDACTED] conducted by such [REDACTED] will be determined as an indirect overseas [REDACTED] and [REDACTED] subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the [REDACTED]’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements over the same period for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the [REDACTED]’s business activities are conducted in Mainland China, or its main places of business are located in Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in Mainland China. For an [REDACTED] and [REDACTED] in an overseas market, the [REDACTED] shall designate a major domestic operating entity to file with the CSRC within 3 working days after the relevant application is submitted overseas. For details, see “Regulatory Overview — Regulatory Provisions — Laws and Regulations Relating to Overseas Issuance and Listing” in this document.

Pursuant to these regulations, the [REDACTED] is subject to the filing requirement with the CSRC as advised by our PRC Legal Advisor. We received the filing notice issued by the CSRC dated [•] indicating that we have completed the filing application. Nonetheless, in the event of any future

RISK FACTORS

events that are material to us or failure to complete overseas securities [REDACTED] and [REDACTED] within 12 months from the date of the filing notice, we are under the obligation to report such events to or update the filing application with the CSRC.

In addition, our future capital raising activities such as follow-on equity or debt offerings, [REDACTED] on other stock exchanges and going private transactions, may also be subject to the filing requirement with the CSRC. Failure to complete such filing procedures as required under the Overseas Listing Trial Measures, or a rescission of any such filings completed by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in Mainland China, and other forms of sanctions that may materially and adversely affect our business, financial conditions and results of operations.

Holders of H Shares may be subject to PRC taxation.

Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from China and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion between China and the jurisdiction where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. Considering that the applicable tax rate on dividends is usually 10% according to tax treaties or tax agreements and that the number of stockholders is large for a [REDACTED] company, to simplify the tax administration, generally a domestic non-foreign-investment enterprise with shares [REDACTED] in Hong Kong can withhold dividend income tax at a rate of 10%. There remains uncertainty as to whether gains realized by non-PRC resident individuals on disposition of H Shares are subject to PRC individual income tax.

Pursuant to the PRC Enterprise Income Tax Law and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise domiciles.

The interpretation and implementation of the PRC Enterprise Income Tax Law and other applicable PRC tax rules and regulations by the PRC tax authorities are evolving, including whether and how non-PRC resident H shareholders are subject to personal income tax or enterprise income tax on gains realized upon the sale or other dispositions of their H shares. In addition, the value of your investment in our H Shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

RISKS RELATING TO THE [REDACTED]

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

Prior to the completion of the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of the [REDACTED]. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED].

RISK FACTORS

The price at which our H Shares will [REDACTED] after the [REDACTED] will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts’ estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- changes in laws and regulations in the PRC;
- our inability to compete effectively in the market; and
- political, economic, financial and social developments in China and worldwide.

In addition, the Stock Exchange has, from time to time, experienced significant price and volume fluctuations that have affected the [REDACTED] for the securities of companies quoted on the Stock Exchange. As a result, [REDACTED] in our H Shares may experience volatility in the [REDACTED] of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Furthermore, if additional funds are raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the H Shares.

Any possible [REDACTED] of our [REDACTED] Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

Subject to the approval of the State Council securities regulatory authority, all of our [REDACTED] Shares may be [REDACTED] into H Shares, and such [REDACTED] Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange. Any [REDACTED] or [REDACTED] of the [REDACTED] Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. However, the PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of that company which are issued prior to the [REDACTED] shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, our [REDACTED] Shares may be [REDACTED], after the [REDACTED], in the form of H Shares on the Stock Exchange after one year of the [REDACTED], which could further increase the supply of our H Shares in the market and could negatively impact the [REDACTED] of our H Shares.

The sale, or even the perception of potential sales, of a substantial number of our H Shares in the public market in the future could materially and adversely affect the [REDACTED] of our H Shares and hinder our ability to raise additional capital in the future.

A decline in the [REDACTED] of our H Shares may occur if significant volumes of H Shares or related securities are [REDACTED] [REDACTED], or if new shares or share-linked securities are issued. Even the expectation of such transactions could negatively impact investor confidence. Furthermore, any future [REDACTED] or anticipated [REDACTED] of a large number of our

RISK FACTORS

securities could make it more difficult for us to raise capital at a specific time or on favorable terms. Issuing additional shares or share-linked securities may also result in dilution of existing shareholders’ interests. Such newly issued securities could carry rights and privileges that rank ahead of those attached to our H Shares, which may further disadvantage current holders.

Pre-[REDACTED] Investors will incur immediate dilution and may experience further dilution in the future.

As the [REDACTED] is higher than the net tangible asset value per Share of our Shares immediately prior to the [REDACTED], investors of our Shares in the [REDACTED] will experience an immediate dilution. In addition, we may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by our [REDACTED].

There can be no assurance that the H Shares will remain [REDACTED] on the Stock Exchange.

Although it is currently intended that the H Shares will remain [REDACTED] on the Stock Exchange, there is no guarantee of the continued [REDACTED] of the H Shares. Among other factors, our Company may not continue to satisfy the [REDACTED] requirements of the Stock Exchange. Holders of H Shares would not be able to sell their H Shares through [REDACTED] on the Stock Exchange if the H Shares were no longer [REDACTED] on the Stock Exchange.

The interest of Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.

Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme), our Controlling Shareholders will own [REDACTED]% of the total issued share capital of our Company and become the single largest group of Shareholders by virtue of the acting-in-concert arrangement. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale of our Company or may reduce the [REDACTED] of our H Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased H Shares in the [REDACTED]. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to certain information obtained from the Frost & Sullivan Report contained in this document.

Certain facts and statistics in this document, including but not limited to information and statistics relating to the bioprocess solutions and laboratory products and services industries, are extracted from the Frost & Sullivan Report or are derived from various official government publications and other publicly available publications, which our Directors believe to be reliable.

We cannot, however, guarantee the quality or reliability of such facts and statistics. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced from such publications and the Frost & Sullivan Report, they have not been independently verified by us, the Joint Sponsors, [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of

RISK FACTORS

such facts and statistics which may not be consistent with other information compiled by other sources and prospective [REDACTED] should not place undue reliance on any facts and statistics derived from public sources or the Frost & Sullivan Report contained in this document.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the [REDACTED] from the [REDACTED] to, among others, (i) upgrade and expand our East China headquarters (Changzhou) manufacturing base; (ii) construct our R&D center and the R&D of intelligent equipment for next-generation battery technologies; (iii) expand our sales and delivery networks; (iv) pursue acquisitions and equity investments that are complementary to our business and strategies; and (v) contribute to our daily business operation. See “Future Plans and [REDACTED] — [REDACTED]” in this document for more information. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED].

Prior dividend distributions are not an indication of our future dividend policy.

Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the PRC laws, including (where required) the approvals from our Shareholders and our Directors. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiary. As a result of the above, we cannot assure you that we will make any dividend payments on our H Shares in the future with reference to our historical dividends. For further details of the dividend policy of our Company, see “Financial Information — Dividends” in this document.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after considering our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our Shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Waivers [have been granted] from compliance with certain requirements of the Listing Rules by the Stock Exchange. Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for[, and the Stock Exchange has granted to us], a number of waivers from strict compliance with the Listing Rules. See “Waivers from Strict Compliance with the Listing Rules” in this document for further details. There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to

RISK FACTORS

additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

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

There may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which contained, among others, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or other media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, [REDACTED] should not rely on any such information, reports or publications in making their decisions as to whether to [REDACTED] in the [REDACTED]. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE

Rules 8.12 and 19A.15 of the Listing Rules requires that a new applicant applying for a primary [REDACTED] on the Stock Exchange must have a sufficient management presence in Hong Kong unless a waiver from such requirement is obtained from the Stock Exchange. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

Our management, principal business operations and assets are primarily based outside Hong Kong. The headquarters and senior management of our Group are primarily based in the PRC, where our Group’s management is best able to attend its functions. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement 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], a waiver from strict compliance with the requirements pursuant to Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we will put in place the following measures:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Tu Zhiwen, an executive Director, a deputy president, the chief financial officer, the secretary of the Board and a joint company secretary of the Company, and Ms. Yeung Lai Shan, a joint company secretary of our Company (together, the “**Authorized Representatives**”). The Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by home, office, mobile and other telephone numbers, email address and correspondence address (if the authorized representative is not based at the registered office), and any other contact details prescribed by the Stock Exchange from time to time. The Authorized Representatives have been duly authorized to communicate on our behalf with the Stock Exchange. They either have confirmed that they possess valid travel documents to Hong Kong or ordinarily reside in Hong Kong, and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) our Authorized Representatives have all necessary means to contact the Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the Authorized Representatives and our Directors, our Company has implemented a policy whereby (i) each Director will provide his/her office phone number, mobile phone number, residential phone number and email address to the Authorized Representatives; and (ii) each Director will provide valid phone numbers or means of communication to the Authorized Representatives when he or she travels;
- (c) each Director who is not ordinarily resident in Hong Kong has confirmed that he or she has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Altus Capital Limited as its compliance advisor, who will act as an additional channel of communication with the Stock Exchange. The compliance advisor will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the [REDACTED] until at least the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company’s financial results for the first full financial year after the [REDACTED];
- (e) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company’s compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Company’s Authorized Representatives and compliance advisor; and
- (f) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his or her telephone number, mobile phone number, email address, residential address and correspondence address, where available, to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of 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 Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

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

Our Company has appointed Mr. Tu Zhiwen, an executive Director, a deputy president, the chief financial officer and the secretary of the Board, as one of our joint company secretaries, considering his past working experiences and his thorough understanding of our internal administration, business operations and corporate culture. Our Company’s principal business activities are outside Hong Kong and it would be burdensome to recruit suitable candidate who possesses day-to-day knowledge of our Company’s affairs while also having the academic and professional qualifications as required as our company secretary. As such, although Mr. Tu Zhiwen does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Mr. Tu Zhiwen is capable of discharging the functions of a joint company secretary with the assistance of Ms. Yeung Lai Shan, who meets the requirements under Rule 3.28 of

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

the Listing Rules and has been appointed to act as the other joint company secretary of the Company and to assist Mr. Tu Zhiwen in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for an initial period of three years from the [REDACTED]. Over such period, we will implement the following measures to assist Mr. Tu Zhiwen to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Yeung Lai Shan will assist Mr. Tu Zhiwen so as to enable him to discharge his duties and responsibilities as a joint company secretary of our Company. Given Ms. Yeung Lai Shan's relevant experiences, she will be able to advise both Mr. Tu Zhiwen and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Mr. Tu Zhiwen will be assisted by Ms. Yeung Lai Shan for an initial period of three years commencing from the [REDACTED], which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Mr. Tu Zhiwen has access to the relevant trainings and support to enable him to familiarise himself with the Listing Rules and the duties required of a company secretary of an issuer, and Mr. Tu Zhiwen has undertaken to attend such trainings;
- (d) Ms. Yeung Lai Shan will communicate with Mr. Tu Zhiwen on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Yeung Lai Shan will work closely with, and provide assistance to Mr. Tu Zhiwen with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organising the Board meetings and the Shareholders' meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Mr. Tu Zhiwen and Ms. Yeung Lai Shan will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarise themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Mr. Tu Zhiwen and Ms. Yeung Lai Shan will be advised by our legal advisors as to Hong Kong law and our compliance advisors as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED] (the “**Waiver Period**”). Pursuant to paragraph 13 under Chapter 3.10 of the Guide, the waiver [is granted] on the conditions: (i) Mr. Tu Zhiwen must be assisted by Ms. Yeung Lai Shan, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Tu Zhiwen to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to the Stock Exchange and seek its confirmation that Mr. Tu Zhiwen, having had the benefit of Ms. Yeung Lai Shan's assistance for three-year period, has acquired the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For more details about the qualifications and experience of Mr. Tu Zhiwen and Ms. Yeung Lai Shan, see “Directors and Senior Management” in this document.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Wang Gang (王剛)	Room 204, Unit 3, Building 4 Xingyuan Nancun Town Panyu District Guangzhou Guangdong Province PRC	Chinese
Mr. Zhang Quan (張權)	Room 302, Unit 130 Jingfeng Flange Valley 3888 Hongjing Avenue Jiangning District Nanjing Jiangsu Province PRC	Chinese
Mr. Xiao Shengduan (肖聖端)	Room 504, Unit 8, Shanyongxuan 163 Xingnan Avenue Panyu District Guangzhou Guangdong Province PRC	Chinese
Mr. Tu Zhiwen (涂志文)	Room 2101, No. 5 Lane 100 Jingning Road Shanghai PRC	Chinese
Mr. Liang Ren'an (梁仁安)	Unit 1501, Building 21 No. 98 Lixin 12th Road Xintang Town Zengcheng District Guangzhou Guangdong Province PRC	Chinese
<i>Non-executive Director</i>		
Mr. Xie Fangyu (解方宇)	Unit 18E, Building 1 Huangting Caiyuan Futian Street Futian District Shenzhen PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
<i>Independent non-executive Directors</i>		
Mr. Mao Junxiang (茅駿翔)	3rd Floor, Unit 4C Wang Fung Terrace Wan Chai District Hong Kong	Chinese
Mr. Jin Yi (金一)	Unit 1701, No. 21 Jiayu Bay Lane 1888 Songhu Road Yangpu District Shanghai PRC	Chinese
Ms. Wu Kin Yi (胡健兒)	Flat D, 1st Floor, Block 4 Tsui Ning Garden Tuen Mun New Territories Hong Kong	Chinese

For further information regarding our Directors, see “Directors and Senior Management” in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen’s Road Central Hong Kong Orient Capital (Hong Kong) Limited 28/F–29/F 100 Queen’s Road Central Central Hong Kong
[REDACTED]	[REDACTED]
Legal advisors to our Company	<i>As to Hong Kong law:</i> Morgan, Lewis & Bockius 19/F, Edinburgh Tower The Landmark 15 Queen’s Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	<i>As to PRC law:</i> Jia Yuan Law Offices 32F Building S1 The Bund Finance Center No. 600, Zhongshan No.2 Road (E) Huangpu District Shanghai PRC
Legal advisors to the Joint Sponsors and the [REDACTED]	<i>As to Hong Kong law:</i> Jun He Law Offices 7/F AIA Central 1 Connaught Road Central Hong Kong <i>As to PRC law:</i> JunHe LLP Suite 2&3, 8/F Xinghui Fortune International Business Center 8 Caifu East Road Liangjiang New Area Chongqing PRC
Independent auditor and reporting accountants	Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance</i> 27th Floor Tower 1 Taikoo Place 979 King’s Road Quarry Bay Hong Kong
Independent industry consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. Room 2504 Huidefeng International Plaza 1717 West Nanjing Road Jing’an District Shanghai PRC
[REDACTED]	[REDACTED]
Compliance advisor	Altus Capital Limited 21 Wing Wo Street Central Hong Kong

CORPORATE INFORMATION

Registered office and head office in the PRC	Unit 101–301 Building 3 No. 9 Shinan 2nd Road Huijiang Dashi Street Panyu District Guangzhou Guangdong Province PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	[•]
Company’s website	<u>www.gzeholly.com</u> <i>(information contained in this website does not form part of this document)</i>
Joint company secretaries	Mr. Tu Zhiwen (涂志文) Room 2101, No. 5 Lane 100 Jingning Road Shanghai PRC Ms. Yeung Lai Shan (楊麗珊) <i>(ACG, HKACG)</i> Room 1918, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized representatives	Mr. Tu Zhiwen (涂志文) Room 2101, No. 5 Lane 100 Jingning Road Shanghai PRC Ms. Yeung Lai Shan (楊麗珊) Room 1918, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Ms. Wu Kin Yi (胡健兒) <i>(Chair)</i> Mr. Mao Junxiang (茅駿翔) Mr. Jin Yi (金一)
Remuneration and Appraisal Committee	Mr. Jin Yi (金一) <i>(Chair)</i> Mr. Zhang Quan (張權) Ms. Wu Kin Yi (胡健兒)

CORPORATE INFORMATION

Nomination Committee

Mr. Wang Gang (王剛) (*Chair*)
Mr. Mao Junxiang (茅駿翔)
Ms. Wu Kin Yi (胡健兒)

Strategy Committee

Mr. Wang Gang (王剛) (*Chair*)
Mr. Zhang Quan (張權)
Mr. Tu Zhiwen (涂志文)

[REDACTED]

[REDACTED]

Principal banks

Agricultural Bank of China Co., Ltd.
Changzhou Jintan Sub-branch
No. 172 Dongmen Street, Jincheng Town
Jintan District, Changzhou
Jiangsu Province
China

China Merchants Bank Guangzhou Branch
Business Department
China Merchants Bank Tower, No. 5 Huasui Road
Zhujiang New Town, Guangzhou
Guangdong Province
China

INDUSTRY OVERVIEW

The information and statistics set forth in this section and other chapters of this document have been extracted from Frost & Sullivan reports commissioned by us, as well as various official government publications and other publicly available publications. We have engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report for the [REDACTED]. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the joint sponsor, [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy.

OVERVIEW OF THE GLOBAL MACHINE VISION INDUSTRY

Definition and Application Scenarios of Machine Vision

Machine vision is a method that utilizes computer vision and image processing technologies to achieve automated inspection, automatic positioning, identification, and measurement. It captures product images via high-resolution industrial cameras and then extracts product features using image processing algorithms to conduct quality assessments. Machine vision inspection represents the core application area of machine vision and has extensively permeated various fields, such as lithium-ion battery manufacturing, automotive manufacturing, and electronics production. Machine vision inspection can accurately detect flaws, dimensional deviations, and other defects within an extremely short timeframe, significantly improving product yield rates, safety, and consistency. Compared to application scenarios in general manufacturing, machine vision inspection for lithium-ion batteries imposes extremely high requirements on overall system data algorithms and computing power. Furthermore, since lithium-ion battery defects directly correlate with safety, the industry urgently needs to minimize the rate of missed detections.

Evolution of the Machine Vision Industry

Compared to the global machine vision market, the early machine vision industry in China primarily relied on imported software algorithms and integrated systems. In recent years, Chinese machine vision enterprises have gradually accumulated underlying technologies and deeply cultivated high-precision manufacturing industries, entering an evolutionary stage of closed-loop software-hardware integration. In the future, they aim to achieve a global layout of AI platforms across all manufacturing processes. Notably, leading Chinese enterprises in the lithium-ion battery machine vision inspection sector focus on embedding machine vision systems into lithium-ion battery intelligent equipment, entering a growth cycle of rapid penetration. The core development milestones of the lithium-ion battery machine vision inspection industry are outlined below:

- Inception period from manual replacement to basic inspection (2015 and earlier): Lithium-ion battery inspection production lines primarily relied on manual visual inspection, which was highly inefficient. With the initial introduction of 2D vision technology, machine vision was mainly applied to dimensional measurement and simple positioning correction in front-end processes, such as electrode width measurement and tab cutting alignment;
- Domestic enterprise penetration in the lithium-ion battery supply chain (2015 to 2019): As safety requirements for power batteries escalated, lithium-ion battery machine vision inspection rapidly penetrated the battery production lines of leading enterprises. Relying on deep learning models, machine vision inspection gradually expanded from simple contour measurements to complex surface defect detection capabilities, establishing a trend of continuous software iteration;

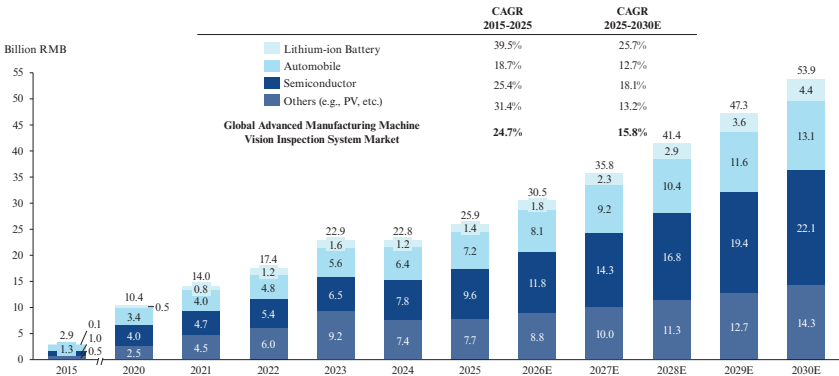
INDUSTRY OVERVIEW

- Embedding machine vision into lithium-ion battery intelligent equipment (2020 to 2023): With the rapid expansion of lithium-ion battery production capacity, stand-alone lithium-ion battery intelligent equipment hit its limits regarding efficiency and yield rate. This triggered an urgent need for the deep integration of machine vision and lithium-ion battery intelligent equipment to eliminate process errors during the front-stage and mid-stage of manufacturing;
- AI algorithms constructing process control platforms to ensure ultimate yield requirements (2024 to Present): Following the rapid global expansion of power and energy storage battery capacities, the lithium-ion battery industry is transitioning from a stage of extensive scale growth into a refined manufacturing phase centered on safety, product consistency, process stability, and yield improvement. Faced with increasingly complex battery processes and stringent yield goals, stand-alone equipment can only support single-point defect interception, hitting an efficiency ceiling. Empowered by deep AI algorithms, machine vision is driving a comprehensive upgrade of the industry’s core capabilities toward cross-process data closed-loops and full-process control. This marks a leap from passively finding defects to actively optimizing processes, constructing an end-to-end intelligent manufacturing system. As national policies place greater emphasis on lithium-ion battery safety, the future popularization of AI algorithms will effectively optimize yield rates and false alarm rates, creating a complete closed loop of manufacturing and inspection.

Market Size Analysis of the Machine Vision Industry

Against the backdrop of accelerated industrial transformation toward automation and digitalization, machine vision, as a key technology for achieving high-precision and high-efficiency quality inspection, is continuously penetrating various advanced manufacturing scenarios. Driven by this, the market size of global advanced manufacturing machine vision inspection solution grew rapidly from RMB2.9 billion in 2015 to RMB25.9 billion in 2025, representing a CAGR of 24.7%. As the intelligent upgrading of manufacturing continues to progress, the market size is projected to further expand to RMB53.9 billion by 2030, with a CAGR of 15.8% between 2025 and 2030. For the downstream application, the importance of machine vision inspection in the field of lithium-ion battery manufacturing is rising rapidly. Its share of applications within advanced manufacturing machine vision inspection solutions is expected to increase from 5.4% in 2025 to 8.2% in 2030, with a CAGR exceeding 25% during this period, making it one of the fastest-growing segments among all application fields.

Market Size of the Global Advanced Manufacturing Machine Vision Inspection Solution, by Application Scenarios, 2015–2030E



Sources: China Machine Vision Industry Union (CMVU), European Machine Vision Association (EMVA), Frost & Sullivan

Note: Integrated machine vision software and hardware components constitute machine vision inspection solutions.

INDUSTRY OVERVIEW

Market Drivers and Development Trends of the Machine Vision Industry

Technology-Intensive Transformation and Upgrading of Manufacturing

As global manufacturing advances toward intelligent manufacturing, traditional modes can no longer satisfy the speed and precision requirements of modern production lines. Machine vision has become a critical link for replacing manual labor and achieving automated production lines. Enterprises need to introduce machine vision systems to boost production efficiency, enhance yield rates, and achieve 24/7, large-scale continuous operations, ensuring the production line transitions toward a technology-intensive model.

Substantial Incremental Growth from Downstream Emerging Scenarios

Explosive demand from high-growth industries such as lithium-ion batteries, new energy, eVTOL (electric vertical takeoff and landing), and robotics serves as the core engine driving machine vision market expansion. In the field of lithium-ion battery manufacturing, due to exponential increases in safety and consistency demands, machine vision has penetrated the entire process, ranging from electrode coating, calendering, slitting, and winding to module assembly.

Evolution of Machine Vision into Full-Process Control Platforms

Machine vision is undergoing a transition from a single, passive defect detection tool to a core driver of active process control. Relying on the deep synergy of massive data and algorithms, stand-alone equipment is gradually being reshaped into closed-loop empowering platforms capable of real-time feedback and process optimization. This signifies that the entire machine vision industry, spearheaded by lithium-ion batteries, is fully evolving into the digital center and brain driving intelligent production lines.

Deep Integration of Machine Vision and AI Algorithms

Machine vision is evolving from 2D image analysis to 3D perception and AI cognition. The introduction of AI algorithms resolves the pain point of handling non-standard, irregular defects during inspection. Continuous optimization of inspection models significantly lowers the barrier to entry for system debugging and reduces false positive rates.

OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY INTELLIGENT EQUIPMENT INDUSTRY

Analysis of Lithium-ion Battery Production Process

The production process of lithium-ion batteries is typically divided into three stages: the front-end electrode manufacturing stage, the mid-end cell assembly stage, and the back-end module/PACK process stage. Following raw material mixing to generate slurry, the main steps of the front-stage cover coating, drying, calendering, slitting, and notching. The front-end electrode manufacturing stage serves as the foundation of lithium-ion battery manufacturing; its processes dictate the battery’s overall consistency, safety, energy density, and cycle life. The mid-end cell assembly stage mainly includes winding/stacking, welding and assembly, electrolyte filling and sealing, formation and capacity grading, etc., which affect battery safety, consistency, and fast-charging performance. The back-end module/PACK process stage primarily encompasses assembly, dimensional inspection, and appearance inspection to guarantee final lithium-ion battery quality requirements.

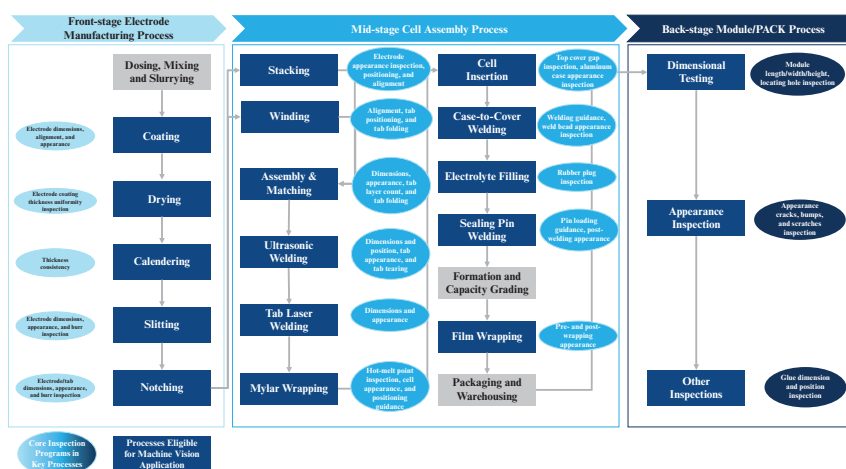
INDUSTRY OVERVIEW

Definition of Lithium-ion Battery Intelligent Equipment and Analysis of Machine Vision Applications

Lithium-ion battery intelligent equipment primarily refers to automated equipment and systems applied across the front-end electrode manufacturing stage, mid-end cell assembly stage, and back-end module/PACK process stage. Regarding to its high precision and high efficiency, lithium-ion battery machine vision inspection can now be applied to over 80% of the processes in lithium-ion battery production. As the industry transitions from a scale expansion phase to a high-quality development phase, the core competitiveness of lithium-ion battery manufacturing is shifting from capacity scale to high safety, product consistency, process stability, and yield rate improvement. Competition in lithium-ion battery intelligent equipment is shifting from equipment performance to ultimate control over entire-line yield and consistency. Faced with quality transmission and defect amplification effects that become prominent between front-stage, mid-stage, and back-stage processes, traditional single-point inspections and stand-alone equipment can no longer fulfill current lean manufacturing demands. This drives the industry to accelerate its upgrade toward cross-process data closed-loops and global process control. Consequently, machine vision has jumped from a passive defect inspection tool to a core process control capability that drives production line optimization and empowers lifecycle management. Participants who can deeply embed this platform capability into core processes and support full-line quality closed-loops are becoming the primary engines leading the high-quality leap in lithium-ion battery manufacturing.

Electrode manufacturing is the underlying foundation determining cell yield and consistency: Regarding the application of lithium-ion battery machine vision inspection across different production stages, the front-end electrode manufacturing stage requires strict precision. The front-end stage establishes the physical foundation for the battery’s electrochemical performance and safety boundaries. Furthermore, defects generated during the front-stage generally cannot be repaired in subsequent mid-stage and back-stage. Defects such as surface flaws, electrode decarburization, scratches, cracks, splicing tape issues, bubbles, electrode damage, pinholes, exposed metal, and particle protrusions will be amplified by mid-stage and back-stage processes, ultimately triggering internal short circuits or severe performance degradation. In addition, changes in electrode microstructure caused by defects drastically affect the battery’s electrochemical performance, including battery capacity, internal resistance, and cycle life. Therefore, to prevent occurrences like micro-short circuits, the front-stage is typically the core scenario for lithium-ion battery inspection.

Lithium-ion Battery Manufacturing Process and Core Inspection Programs in Key Processes



Sources: CMVU, Frost & Sullivan

INDUSTRY OVERVIEW

As lithium-ion battery manufacturing upgrades to safety, consistency, ultimate yield, and full-line collaborative optimization, downstream customer demand is shifting from single-point inspection equipment to all-process quality management systems. It is upgrading from traditional decentralized system integration modes to equipment integration and platform solutions that are more deeply embedded in production lines. Inspection capabilities have evolved from local functional modules into the core of full-line yield control and data closed-loops for lithium-ion battery equipment. The cross-process stacking effect of technical thresholds further strengthens the advantages of enterprises with full-process layout capabilities, leading to increased industry concentration.

Consequently, very few leading enterprises possess machine vision inspection capabilities across all processes of lithium-ion battery manufacturing. The core reason lies in the extremely high composite technical barriers spanning the entire chain. For instance, high-speed, micron-level defect detection for front-stage electrodes and 3D topography measurement for complex cell structures in the mid-to-back stages exhibit a stark technical chasm in underlying algorithms across different processes. At the same time, constructing full-process capabilities faces two major barriers: first, the accumulation of massive defect data requires continuous supplementation and closed-loop iteration from massive, real production line data; second, the high system integration complexity heavily couples optical, mechanical, electrical, and software elements. This not only demands that suppliers possess a full-stack, self-developed technical foundation but also deep cross-process understanding. This comprehensive barrier, characterized by an exceptionally high degree of non-standard customization and immense trial-and-error costs, ultimately results in most lithium-ion battery machine vision manufacturers focusing only on single-point system applications for specific processes.

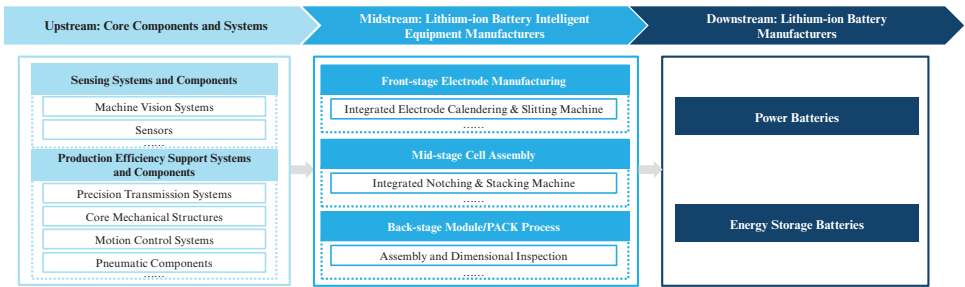
Value Chain Analysis of the Lithium-ion Battery Intelligent Equipment Industry

The upstream segment mainly includes sensing systems and components, such as machine vision systems and sensors, as well as production efficiency support systems and components, such as precision transmission systems, core mechanical structures, motion control systems and pneumatic components, which provide fundamental support for safety, consistency, ultimate yield and automation levels in equipment production. The midstream segment mainly consists of lithium-ion battery intelligent equipment manufacturers. Core equipment includes integrated electrode calendaring & slitting machines, integrated laser notching & winding machines, etc. Through the deep integration of mechanical equipment, control systems and industrial software, such equipment can realize real-time data collection, process parameter adjustment and equipment status monitoring, thereby improving production efficiency and product yield. The downstream segment mainly comprises lithium-ion battery manufacturers, including power battery and energy storage battery manufacturers. By application scenarios, driven by the increasing penetration rate of new energy vehicles and the technological upgrades towards higher energy density and fast charging, power batteries are accelerating their evolution towards larger capacity and higher consistency, imposing significantly higher requirements on cell defect control and batch stability. Energy storage batteries, driven by surging demand for power system peak shaving and renewable energy grid integration globally, place greater emphasis on long cycle life and large-scale delivery capabilities, thereby imposing systematic requirements on overall production line yield and stability.

As the requirements for battery cell safety and consistency continue to increase across various application scenarios, particularly as the power battery and energy storage battery sectors move towards parts per billion (PPB) level or more stringent defect control standards, downstream manufacturers are imposing higher requirements on the accuracy, response speed and full-process coverage capabilities of machine vision inspection. This trend drives the accelerated upgrading of upstream machine vision applications from single-point deployment to full-line penetration.

INDUSTRY OVERVIEW

Value Chain of the Lithium-ion Battery Intelligent Equipment Industry



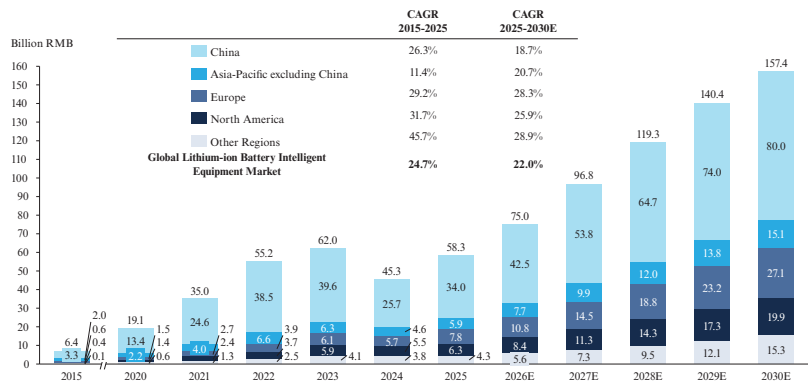
Sources: China Battery Industry Association, Frost & Sullivan

Market Size Analysis of the Lithium-ion Battery Intelligent Equipment Industry

From 2015 to 2025, the market size of global lithium-ion battery intelligent equipment surged from RMB6.4 billion in 2015 to RMB58.3 billion in 2025, representing a CAGR of 24.7%. In 2024, the market size experienced slight fluctuations due to the phased destocking of the battery industry chain and the slowdown in certain capacity investment plans. With the continuous growth of global lithium-ion battery demand, industry capacity utilization recovered significantly in 2025. In 2025, the capacity utilization rate of the top three lithium-ion battery manufacturers in China by shipment volume approached 90%, while the largest lithium-ion battery manufacturer in China experienced a capacity shortage. As equipment investment demand recovers, the market is expected to maintain growth in the future.

China remains the largest lithium-ion battery intelligent equipment market globally, with its market size expected to increase from RMB34.0 billion in 2025 to RMB80.0 billion by 2030. Meanwhile, the European and North American markets are expected to record more significant growth, maintaining CAGRs of approximately 28.3% and 25.9% from 2025 to 2030, respectively. This growth is mainly driven by the localization of the battery value chain and the expansion of demand from NEVs, energy storage and other downstream applications, providing important market opportunities for Chinese lithium-ion battery intelligent equipment enterprises in overseas production line supporting services and project implementation.

Market Size of the Global Lithium-ion Battery Intelligent Equipment Industry by Revenue, Classified by Regions, 2015–2030E



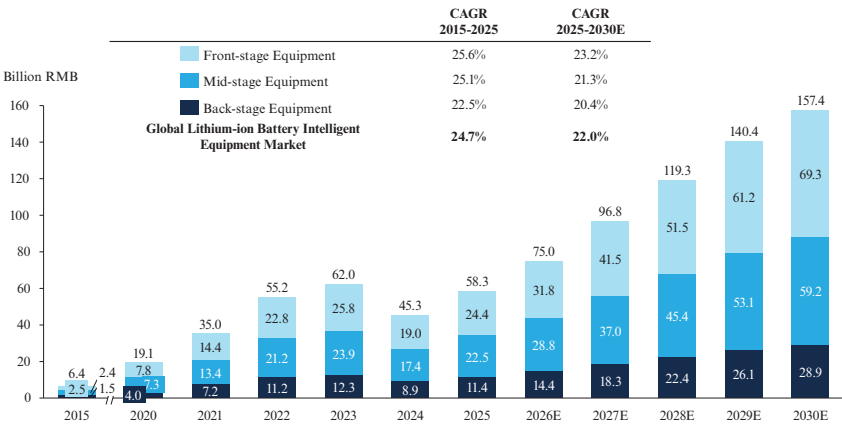
Sources: China Battery Industry Association, Frost & Sullivan

Note: Lithium-ion batteries only include power batteries and energy storage batteries.

INDUSTRY OVERVIEW

By equipment types, in 2025, the market sizes of front-stage equipment, mid-stage equipment and back-stage equipment in the global lithium-ion battery intelligent equipment market reached RMB24.4 billion, RMB22.5 billion and RMB11.4 billion, respectively. Front-stage and mid-stage equipment together accounted for more than 80% of the market, reflecting the high dependence of the front-stage and mid-stage processes of battery production on high-precision and highly automated equipment. Front-stage equipment plays a key role in controlling electrode coating uniformity, thickness and calendering precision, ensuring process consistency, and improving cell performance and yield. The global front-stage equipment market is expected to grow to RMB69.3 billion by 2030, representing a CAGR of 23.2% from 2025 to 2030.

Market Size of the Global Lithium-ion Battery Intelligent Equipment Industry by Revenue, Classified by Front-stage, Mid-stage and Back-stage Equipment, 2015–2030E

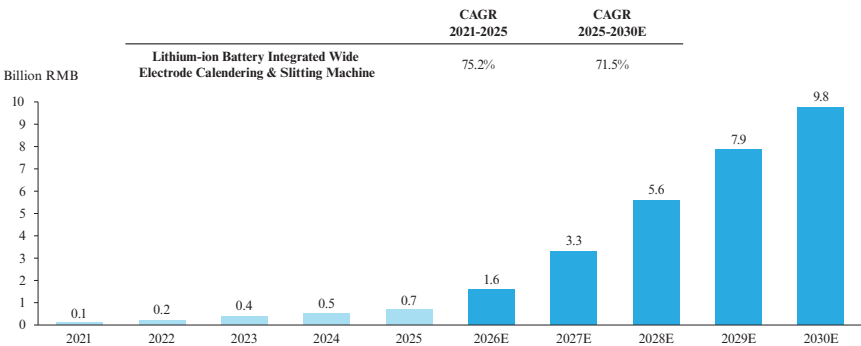


Sources: China Battery Industry Association, Frost & Sullivan

Front-stage equipment covers key processes such as calendering and slitting. With the increasing demand for production line integration and process optimization, calendering and slitting integration has become a key trend. As core process equipment for controlling the consistency of electrode thickness and density, integrated electrode calendering & slitting machines play a critical role in ensuring cell performance and safety. Against the backdrop of power batteries and energy storage batteries entering the large-scale TWh era, a wider roller width enables the electrode area processed through calendering and slitting per unit of time to increase proportionally, thereby improving production efficiency. Therefore, the evolution towards wide-width equipment has become an inevitable trend for the technological iteration of integrated electrode calendering & slitting machines and the improvement of single-line output. Based on the value of newly signed orders by integrated electrode calendering & slitting machine manufacturers in 2025, more than 70% of orders were for integrated wide electrode calendering & slitting machines, covering product deliveries over the next several years. The global lithium-ion battery integrated wide electrode calendering & slitting machine market by revenue based on deliveries is expected to grow rapidly from RMB0.7 billion in 2025 to RMB9.8 billion by 2030, representing a CAGR of 71.5% during the period. Going forward, lithium-ion battery integrated wide electrode calendering & slitting machines are expected to become the mainstream application in lithium-ion battery calendering and slitting processes.

INDUSTRY OVERVIEW

Market Size of the Global Lithium-ion Battery Integrated Wide Electrode Calendering & Slitting Machine Market by Revenue Based on Deliveries, 2021–2030E



Sources: GGII, Frost & Sullivan

Notes: 1. Lithium-ion batteries only include power batteries and energy storage batteries; 2. integrated wide electrode calendering & slitting machines refer to integrated electrode calendering & slitting machines with roller width of 1,200 mm or above; 3. Integrated electrode calendering & slitting machines do not include integrated coating, calendering & slitting machine series.

Market Drivers Analysis of the Lithium-ion Battery Intelligent Equipment Industry

Lithium-ion battery safety policies driving the development of intelligent equipment and lean manufacturing processes

As China’s lithium-ion battery safety regulatory system continues to evolve towards mandatory national standards and system-level thermal runaway management, such as the implementation in August 2025 of the first “Secondary lithium cells and batteries used in electrical energy storage systems — Safety requirements” in the energy storage sector, which strictly defines the safety bottom line for thermal abuse, the industrial tolerance for manufacturing defects is narrowing rapidly. Coupled with the mandatory process indicators set out in the latest “Specifications for the Lithium-ion Battery Industry” issued by the Ministry of Industry and Information Technology (MIIT), compliance pressure is driving lithium-ion battery manufacturing to evolve from pure capacity expansion towards highly refined lean manufacturing processes. To meet mandatory policy requirements for extremely high cell consistency and full-lifecycle safety, downstream battery manufacturers are accelerating the adoption of lithium-ion battery intelligent equipment with AI-based cognitive capabilities and full closed-loop control, enabling micron-level precise screening and dynamic correction of core microscopic processes such as electrode calendering & slitting, and stacking alignment. Stringent safety regulation is therefore becoming a core driver for the intelligent upgrading of entire production lines.

Continuous expansion of downstream terminal applications

The growth of the global lithium-ion battery intelligent equipment industry benefits from the continued expansion and penetration of downstream application scenarios. In the power battery sector, the global NEV market continues to expand, leading automakers are increasing their presence in the battery sector, and high-performance battery technologies such as ultra-fast charging and long driving range continue to develop. Global power battery shipments are expected to exceed 3,700 GWh by 2030. In the energy storage battery sector, the rapid growth of global renewable energy installed capacity, together with rising power demand from data centers driven by the development of the artificial intelligence industry, has significantly increased demand for large-capacity and highly safe energy storage batteries. Global energy storage battery shipments are expected to exceed 2,500 GWh by 2030, while lithium-ion battery shipments for data centers are expected to reach approximately 300 GWh. Together with the diversified growth of emerging segments such as electric vessels, power tools, eVTOLs and robots, global lithium-ion battery shipments are expected to exceed 6,500 GWh by 2030. Multi-layered market demand is imposing

INDUSTRY OVERVIEW

production requirements on production line equipment in terms of extreme capacity delivery efficiency, high product consistency and flexible manufacturing capability compatible with multiple specifications, thereby driving a new round of technological iteration and market expansion for highly automated, digitalized and intelligent lithium-ion battery manufacturing equipment with lithium-ion battery machine vision inspection capabilities from the demand side.

Capacity expansion by lithium-ion battery manufacturers accelerating the demand for lean manufacturing

The surge in terminal demand is driving lithium-ion battery companies into a capacity expansion cycle, thereby supporting the expansion of the machine vision inspection market. In 2025, the capacity utilization rate of the top three lithium-ion battery manufacturers in China by shipment volume approached 90%, while order schedules of certain companies have extended to 2027. In the same year, overall capital expenditure in China’s lithium-ion battery industry increased by nearly 30% year-on-year, indicating a significant acceleration in capacity expansion. Against the backdrop of lithium-ion battery manufacturing entering a stage of large-scale and lean production, newly built production lines generally adopt online full inspection and AI vision systems as standard configurations, while existing production lines continue to unlock quality and efficiency potential through intelligent upgrades and the installation of inspection systems, thereby creating both incremental and replacement opportunities for the machine vision inspection market.

Development Trend Analysis of the Lithium-ion Battery Intelligent Equipment Industry

Wide electrode calendering and slitting integration becoming standard configuration for front-stage lithium-ion battery processes in the TWh era

Driven by the accelerated transition of the global lithium-ion battery industry towards TWh-scale mass production, the evolution of front-stage core calendering and slitting processes is showing clear characteristics of technological integration and scale-up. Calendering and slitting integration has become a mature and inevitable development path for optimizing production line layout, as it significantly reduces electrode transfer between different processes and the frequency of unwinding and rewinding, while lowering the risks of physical damage and dust contamination. Meanwhile, the wide-width development of integrated electrode calendering & slitting machines can effectively break through the capacity bottleneck of traditional stand-alone equipment, multiply electrode output throughput at the same line speed, and significantly dilute unit manufacturing costs through economies of scale. Based on the value of newly signed orders by integrated electrode calendering & slitting machine manufacturers in 2025, more than 70% of orders were for integrated wide electrode calendering & slitting machines, covering product deliveries over the next several years. These two major trends jointly provide a solid foundation for battery manufacturers to address large-scale delivery demand and stringent cost control requirements.

Increasing demand for lithium-ion battery safety and consistency

Modern electric vehicles typically contain thousands of battery cells. Even when the yield rate of individual cells reaches the parts per million (PPM) level, the battery pack failure may still exist after cells are assembled into packs. During long-term charge-discharge cycles, vibration and temperature changes in vehicles, minor defects may gradually lead to issues such as micro-short circuits, eventually causing thermal runaway and vehicle fires. Therefore, parts per billion (PPB)-level or higher standards are required to ensure the safety of mass-produced vehicles at scale. Only by combining high-precision industrial cameras with AI algorithms can micron-level defects be accurately intercepted and identified on high-speed production lines, thereby ensuring the safety and consistency of lithium-ion battery delivery.

INDUSTRY OVERVIEW

Lithium-ion battery technology iteration and AI algorithms driving the upgrading of intelligent equipment and machine vision inspection

As lithium-ion battery technology rapidly evolves towards higher energy density, enhanced safety and new packaging forms, the complexity of manufacturing processes has increased significantly, imposing micron-level or even higher-precision inspection standards on core processes such as electrode coating uniformity, stacking alignment and tab welding quality. Against the backdrop of production line speed increases and capacity expansion, the application of core intelligent equipment, such as integrated electrode calendaring & slitting machines, is accelerating towards wide-width processing, ultra-high-speed operation, full closed-loop control and high integration across multiple processes, supporting high-pressure electrode densification to improve volumetric energy density and enabling continuous and precise cutting to the required width. To ensure the yield rate of lithium-ion battery products, machine vision systems need to achieve 100% full inspection during high-speed electrode transfer, and accurately identify minor foil exposure, dark spots, roller marks and scratches generated after compaction, while the introduction of AI algorithms supports the upgrading needs of production lines and intelligent equipment. Meanwhile, across front-stage, mid-stage and back-stage lithium-ion battery production lines, AI algorithms enable generalized adaptation and agile deployment across multi-process scenarios, building a next-generation intelligent production line quality inspection system with adaptive perception and self-optimization capabilities, and providing solid computing power support for manufacturing quality in the TWh era.

Globalization and compliance jointly driving high-standard overseas expansion of intelligent equipment

As leading downstream battery companies accelerate the construction of overseas gigafactories, the localized demand for rapid cross-regional replication of mature capacity is driving lithium-ion battery intelligent equipment companies to expand overseas alongside full production lines. At the same time, global compliance regulation represented by the European Battery Regulation is further reshaping barriers to overseas expansion. In particular, full-lifecycle traceability systems such as battery passports are being transformed into core competitive advantages for enterprises. By embedding underlying data recording and quality traceability systems at the equipment construction stage, leading companies can seamlessly assist customers in addressing overseas regulatory risks. Under the dual drivers of capacity localization and compliance upgrading, the capability to integrate physical processes with digital compliance enables leading companies to build overseas competitive barriers through standardized global delivery and full-lifecycle services.

Entry Barriers Analysis of the Lithium-ion Battery Intelligent Equipment Industry

The lithium-ion battery intelligent equipment industry faces comprehensive barriers built on AI algorithms, technological accumulation, product performance, global customer resources, as well as capital strength and delivery capabilities. First, as battery manufacturing involves complex material optical properties and process changes, general-purpose algorithms are highly prone to failure, while the core capability of AI models depends on massive real-defect data sample libraries. Mature companies, leveraging large-scale data assets accumulated through years of service to major customers, are able to train highly adaptive specialized models, whereas new entrants often struggle to achieve accurate judgment and stable delivery within millisecond-level intervals. Second, in high-speed continuous production environments, systems must have extremely high repeated positioning accuracy and speed adaptability. Mature manufacturers can continue to achieve breakthroughs in technology and product performance under such high standards, while new entrants, due to the lack of technological accumulation and multi-scenario validation in the short term, find it difficult to meet the stringent acceptance standards of leading battery manufacturers for final yield and safety. In addition, leading battery manufacturers have long certification cycles and stringent access requirements. Once cooperation is established between such manufacturers and qualified suppliers, they will frequently and closely collaborate on R&D efforts to ensure ongoing supply stability. Existing mature and well-known suppliers, supported by long-term process know-how and comprehensive global networks, can obtain capacity expansion orders on a priority

INDUSTRY OVERVIEW

basis and collaborate with their customers as they expand into new areas, forming solid customer barriers. Finally, amid the centralized delivery characteristics brought by rapid capacity expansion, new entrants often lack the management capabilities required to complete large-scale parallel installation, commissioning and ramp-up of entire production lines within a very short period, making it difficult for them to scale.

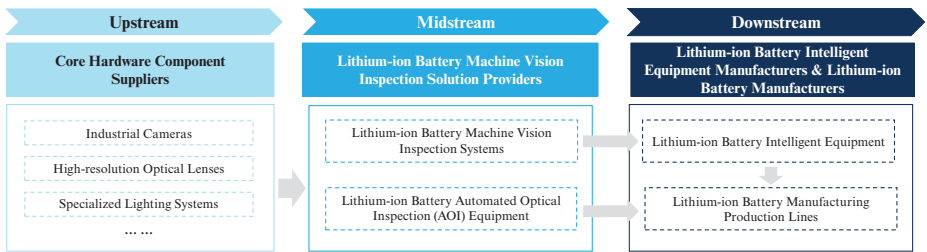
OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY MACHINE VISION INSPECTION SOLUTION INDUSTRY

Definition and Value Chain Analysis of Lithium-ion Battery Machine Vision Inspection Solutions

Lithium-ion battery machine vision inspection solutions refer to intelligent quality control and process optimization systems that cover the full process of lithium-ion battery manufacturing. The core product categories include lithium-ion battery machine vision inspection systems and lithium-ion battery automated optical inspection (AOI) equipment. Among them, machine vision inspection systems usually integrate software, algorithms and hardware to enable multi-process collaborative inspection and data linkage. AOI equipment mainly refers to standardized inspection units, which are typically deployed at specific processes or key nodes to achieve high-speed and highly stable online defect identification. On this basis, the overall solutions deeply integrate advanced optical imaging, image processing, AI algorithms and automation control technologies. Through micron-level online full inspection and data closed-loop management, they systematically improve the precision and consistency of various processes, from electrode coating, electrode calendaring and slitting to battery cell assembly, thereby supporting the large-scale mass production of high-safety lithium-ion batteries.

The value chain of lithium-ion battery machine vision inspection solutions consists of upstream core hardware components, midstream lithium-ion battery machine vision inspection systems and AOI equipment, and downstream application scenarios. Upstream hardware components mainly include industrial cameras, high-resolution optical lenses and specialized lighting systems, which form the foundation of visual inspection capabilities. The midstream segment is the core of the industry. Lithium-ion battery machine vision inspection systems emphasize multi-process data linkage and overall quality control. By contrast, AOI equipment usually exists in the form of standardized stand-alone machines, focusing on a single process or key inspection processes. Downstream application pathways show differentiated characteristics. AOI equipment is mainly deployed directly for lithium-ion battery manufacturers’ production lines. Machine vision inspection systems can directly serve the full-line quality management systems of battery manufacturers, or be embedded as functional modules into the production equipment of lithium-ion battery intelligent equipment manufacturers and delivered together with the full production line to lithium-ion battery manufacturers.

Value Chain Analysis of Lithium-ion Battery Machine Vision Inspection Solutions Industry



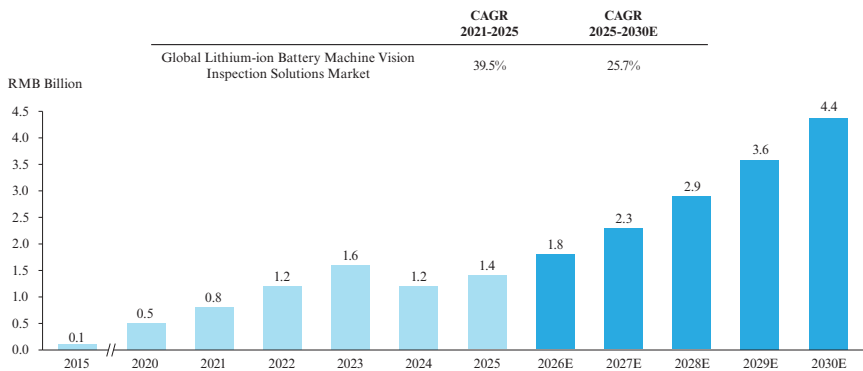
Sources: Machine Vision Industry Alliance, Frost & Sullivan

INDUSTRY OVERVIEW

Market Size Analysis of the Global Lithium-ion Battery Machine Vision Inspection Solutions Industry

The global lithium-ion battery machine vision inspection solutions market increased rapidly from RMB0.1 billion in 2015 to RMB1.4 billion in 2025. Looking ahead, driven by the recovery of global lithium-ion battery capacity utilization, the continued growth in demand for high-precision online inspection across all manufacturing processes, and the deep integration of machine vision with AI algorithms and automation control technologies, the global lithium-ion battery machine vision inspection solutions market is expected to reach RMB4.4 billion by 2030, representing a CAGR of 25.7% from 2025 to 2030.

Market Size of Global Lithium-ion Battery Machine Vision Inspection Solutions, by Revenue, 2015–2030E



Sources: Machine Vision Industry Alliance, GGII, Frost & Sullivan

Competitive Landscape Analysis of the Global Lithium-ion Battery Intelligent Equipment and Machine Vision Inspection Solutions Industry

In 2025, the global lithium-ion battery integrated electrode calendering & slitting machine market reached RMB1,320 million in total. The global top five lithium-ion battery integrated electrode calendering & slitting machine manufacturers together accounted for 92.4% of the market, indicating a concentrated market structure. Among them, the Company ranked third globally in the corresponding business segment in 2025, with a market share of 21.1%.

As lithium-ion battery manufacturing accelerates into the TWh era, integrated wide electrode calendering & slitting machines have become a core pathway for optimizing manufacturing efficiency and significantly increasing single-line production capacity. Meanwhile, most new orders for integrated electrode calendering & slitting machines are wide-width products, confirming the development direction of advanced processes in front-stage lithium-ion battery manufacturing. In 2025, the global lithium-ion battery integrated wide electrode calendering & slitting machine market reached RMB660 million in total. Due to the high-precision process requirements and relatively long customer validation cycles, the global top three lithium-ion battery integrated wide electrode calendering & slitting machine manufacturers together accounted for 95.1% of the market, indicating a highly concentrated market structure. Among them, the Company ranked first globally in the corresponding business segment in 2025, with a market share of 42.1%.

INDUSTRY OVERVIEW

Global Top 5 Lithium-ion Battery Integrated Electrode Calendering & Slitting Machine Manufacturers, by Revenue, 2025

Ranking	Company	2025 Revenue (RMB Million)	Market Share (%)
1	Company A ²	380	28.8%
2	Company B ³	310	23.5%
3	The Company	278	21.1%
4	Company C ⁴	150	11.4%
5	Company D ⁵	100	7.6%
Top 5		1,218	92.4%
Total		1,320	

Global Top 3 Lithium-ion Battery Integrated Wide Electrode Calendering & Slitting Machine Manufacturers, by Revenue, 2025¹

Ranking	Company	2025 Revenue (RMB Million)	Market Share (%)
1	The Company	278	42.1%
2	Company A	200	30.3%
3	Company B	150	22.7%
Top 3		628	95.1%
Total		660	

Sources: Annual reports of listed companies, Frost & Sullivan

Notes:

1. The market share of global integrated wide electrode calendering & slitting machine manufacturers is mainly concentrated among the top three players;
2. Company A was established in 2006 and is headquartered in Guangdong, China. The company is listed on the Shenzhen Stock Exchange, with core business covering integrated lithium-ion battery intelligent equipment solutions and E-vapor;
3. Company B was established in 2000 and is headquartered in Hebei, China. The company is listed on the Beijing Stock Exchange, with core business covering calendering machine and integrated electrode calendering & slitting machine;
4. Company C was established in 2002 and is headquartered in Jiangsu, China. The company is listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, with core business covering integrated lithium-ion battery intelligent equipment solutions, photovoltaic (PV) intelligent equipment, 3C intelligent equipment, etc.;
5. Company D was established in 2016 and is headquartered in Guangdong, China, with core business covering calendering machine and integrated electrode calendering & slitting machine.

In 2025, the market size of lithium-ion battery machine vision inspection solutions in China reached approximately RMB1,400 million. Among them, the global top five lithium-ion battery machine vision inspection solution providers generated combined revenue of approximately RMB436 million, representing an aggregate market share of 31.2%, indicating a relatively fragmented market structure. Among them, the Company recorded revenue of over RMB71 million from lithium-ion battery machine vision inspection solutions in 2025, ranking second with a market share of 5.1%.

Top 5 Lithium-ion Battery Machine Vision Inspection Solution Providers in China¹, by Revenue, 2025

Ranking	Company	2025 Revenue (RMB Million)	Market Share (%)
1	Company E ²	180	12.9%
2	The Company	71	5.1%
3	Company F ³	70	5.0%
4	Company G ⁴	65	4.6%
5	Company H ⁵	50	3.6%
Top 5		436	31.2%
Total		1,400	

INDUSTRY OVERVIEW

Sources: Annual reports of listed companies, Frost & Sullivan

Notes:

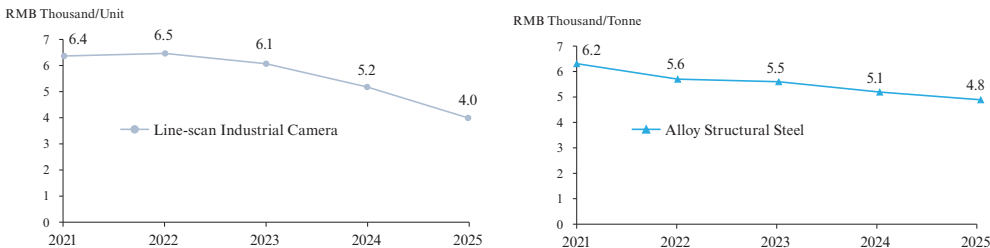
1. Lithium-ion battery machine vision inspection solution providers only include revenue generated by independent third-party lithium-ion battery machine vision inspection enterprises;
2. Company E was established in 2020 and is headquartered in Fujian, China, with core business covering lithium-ion battery machine vision inspection solutions, industrial information software, and industrial big data and artificial intelligence applications;
3. Company F was established in 2006 and is headquartered in Guangdong, China. The company is listed on the Shanghai Stock Exchange, with core business covering machine vision software and hardware products, industrial cameras, lenses, light sources, vision systems, 3D sensors, and industrial AI solutions;
4. Company G was established in 2015 and is headquartered in Guangdong, China, with core business covering machine vision algorithms, 2D and 3D vision systems, industrial AI inspection systems, and integrated machine vision solutions;
5. Company H was established in 2011 and is headquartered in Fujian, China, with core business covering AOI equipment, intelligent equipment, AI image platforms, and 2D/3D vision algorithm software platforms.

Raw Material Price Analysis

Line-scan industrial cameras are one of the core components of machine vision inspection systems. They are mainly used for high-precision imaging and defect identification, and play a key role in the inspection of lithium-ion battery electrodes, separators and battery cells. From 2021 to 2022, affected by tight supply of upstream image sensors and core chips, the average price of line-scan industrial cameras in China increased slightly. Starting from 2023, with the gradual recovery of the semiconductor supply chain, the acceleration of domestic substitution, and a temporary slowdown in downstream demand, product prices gradually declined. In 2025, the average price of line-scan industrial cameras decreased to approximately RMB4.0 thousand per unit.

Alloy structural steel is widely used in key load-bearing and transmission components of lithium-ion battery intelligent equipment, such as rollers, shafts and high-strength structural parts, and has an important impact on the strength, wear resistance and service life of the equipment. From 2021 to 2022, driven by rising prices of iron ore and alloy materials, the average price of alloy structural steel in China remained at a relatively high level. Starting from 2022, with the decline in upstream raw material prices and the recovery of the overall supply chain, the price of alloy structural steel gradually decreased. In 2025, the average price of alloy structural steel declined to approximately RMB4.8 thousand per tonne.

Average Prices of Line-scan Industrial Cameras and Alloy Structural Steel in China, 2021–2025



Sources: China Optics and Optoelectronics Manufacturers Association, Shanghai Futures Exchange, Frost & Sullivan

Notes:

1. Line-scan industrial cameras refer specifically to 8K line-scan cameras, which are mainly used in high-precision machine vision inspection processes;
2. Alloy structural steel mainly refers to molybdenum steel, which is widely used in key load-bearing and transmission components of lithium-ion battery intelligent equipment.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global machine vision, global lithium-ion battery intelligent equipment and global lithium-ion battery machine vision inspection solution industry to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in New York in 1961, providing industry research and market strategies. We have entered into an agreement to pay Frost & Sullivan RMB550,000 for the preparation of the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed research, including discussions with several leading industry participants regarding industry conditions and interviews with relevant individuals. Frost & Sullivan also conducted secondary research, including reviewing company reports, independent research reports, and data from its own research database. Frost & Sullivan derived the estimated statistics of total market size based on historical data analysis incorporating macroeconomic data, taking into account the aforementioned main industry drivers. Its market engineering forecast methodology combines multiple forecasting techniques with a system based on market engineering measurements and relies on the expertise of the analyst team to integrate the key market elements investigated during the project research phase. Such elements primarily include expert opinion forecasting methods, integration of market drivers and constraints, integration of market challenges, integration of market engineering measurement trends, and integration of econometric variables.

The Frost & Sullivan Report was prepared based on the following assumptions: (i) the social, economic, and political environments globally and in Chinese mainland are likely to remain stable during the forecast period; and (ii) the key relevant industry drivers may drive the market during the forecast period.

This section and other chapters of this document excerpt portions of information from the Frost & Sullivan Report, aiming to provide [REDACTED] with a more comprehensive introduction to the industry in which we operate. The Directors confirm that, to the best of their knowledge and after making reasonable enquiries, there have been no material adverse changes in overall market information since the date of the release of the Frost & Sullivan Report which are sufficient to make material corrections, contradict or have an impact on such information.

REGULATORY OVERVIEW

The business operations of the Company are primarily conducted in the PRC and are subject to the supervision and regulation of the PRC government. This section sets forth (i) an introduction to the major PRC government authorities with jurisdiction over our business operations; and (ii) a summary of the principal laws, regulations, and policies to which we are subject.

I. REGULATORY AUTHORITIES

Ministry of Industry and Information Technology

The Ministry of Industry and Information Technology of the PRC (the “MIIT”) is the primary regulatory authority for industrial sectors and information management in China. It is responsible for formulating and implementing industry plans, industrial policies, and standards; facilitating the strategic adjustment, optimization, and upgrading of industrial structures; and promoting the development of major technical equipment and independent innovation. The MIIT leads the formulation of relevant industrial standards in fields such as intelligent manufacturing, lithium-ion battery equipment, and machine vision. Through the issuance of policy documents such as the Development Plan for Intelligent Manufacturing (《智能製造發展規劃》) and the “Fourteenth Five-Year” Development Plan for Intelligent Manufacturing (《「十四五」智能製造發展規劃》), the MIIT provides policy guidance and support for the lithium-ion battery intelligent equipment and machine vision inspection sectors in which the Company operates.

National Development and Reform Commission

The National Development and Reform Commission of the PRC (the “NDRC”) is responsible for formulating and organizing the implementation of national economic and social development strategies, medium- to long-term plans, and annual plans, as well as researching and formulating industrial policies. The NDRC periodically compiles and issues the Guidance Catalog for Industrial Structure Adjustment (《產業結構調整指導目錄》), which classifies lithium-ion battery intelligent equipment and photovoltaic intelligent equipment as encouraged industries. It is also responsible for the administration of verification, approval, and filing for overseas investment projects undertaken by enterprises.

State Administration for Market Regulation

The State Administration for Market Regulation of the PRC (the “SAMR”) is responsible for the supervision and administration of product quality and safety, the unified management of standardization work, and the formulation and implementation of the strategy of strengthening the nation through quality. Matters including quality certification, metrological verification, and compulsory product certification for the lithium-ion battery intelligent equipment and machine vision inspection equipment produced by the Company are subject to the relevant regulations of the SAMR.

Ministry of Commerce

The Ministry of Commerce of the PRC is responsible for formulating and implementing foreign trade policies, laws, and regulations; implementing licensing management for the import and export of goods and technologies; and overall coordination of policies related to export controls. As the Company’s products involve export business, our operations are subject to the MOFCOM’s regulations regarding the administration of the import and export of goods.

General Administration of Customs

The General Administration of Customs of the PRC is responsible for nationwide customs work and performs supervision, taxation, and inspection of inbound and outbound goods and means of transport in accordance with the law. Matters such as customs declaration, tax payment, and inspection for the export of the Company’s products and the import of raw materials must comply with the relevant regulations of the GAC.

REGULATORY OVERVIEW

State Administration of Foreign Exchange

The State Administration of Foreign Exchange of the PRC (the “SAFE”) is responsible for regulating the foreign exchange market; collecting, monitoring, and analyzing the balance of payments; supervising and administering the foreign exchange receipts and payments as well as the foreign exchange business activities of domestic institutions and individuals; and managing relevant approval and filing matters for overseas [REDACTED] and capital account foreign exchange.

II. REGULATORY PROVISIONS

Laws and Regulations Relating to the Company

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 (the “SCNPC”) on December 29, 1993, and most recently amended on December 29, 2023 (effective from July 1, 2024), stipulates that companies are generally classified into two categories: limited liability companies and joint stock limited companies. The law sets forth comprehensive provisions regarding the establishment and exit mechanisms of companies, their organizational structures, capital systems, and the responsibilities of controlling shareholders and management. It further specifies that foreign-invested enterprises are also subject to its provisions.

Laws and Regulations Relating to Intelligent Manufacturing Equipment and Product Quality

Product Quality Law of the PRC

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, stipulates that producers must ensure that the products they manufacture comply with mandatory national or industrial standards for the protection of personal and property safety. Furthermore, labels on products and their packaging must comply with relevant requirements, and sellers are required to establish and implement a system for the inspection and acceptance of incoming goods.

Standardization Law of the PRC

The Standardization Law of the PRC (《中華人民共和國標準化法》), as amended by the SCNPC on November 4, 2017, and effective from January 1, 2018, stipulates that the state establishes a standard system that combines mandatory standards with recommended standards. Technical requirements concerning the protection of human health as well as the safety of life and property must be formulated as mandatory national standards, and no entity or individual may operate below the requirements set by such mandatory standards. Key technical standards applicable to the fields of lithium batteries and intelligent manufacturing equipment include the Comprehensive Standardization Technical System for Lithium-ion Batteries (《鋰離子電池綜合標準化技術體系》) and a series of standards pertaining to the machinery industry and electrical installations.

Principal Industrial Policies of the Industry

Guidance Catalog for Industrial Structure Adjustment (2024 Edition)

The Guidance Catalog for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》), implemented by the NDRC with effect from February 1, 2024, classifies lithium-ion battery intelligent equipment and photovoltaic intelligent equipment as “encouraged” industries. This classification entitles relevant enterprises to policy support in areas such as investment and financing, taxation, and land use.

REGULATORY OVERVIEW

“Fourteenth Five-Year” Development Plan for Intelligent Manufacturing

The “Fourteenth Five-Year” Development Plan for Intelligent Manufacturing (《「十四五」智能製造發展規劃》), issued by the MIIT in December 2021, sets a target that by 2025, manufacturing enterprises above a designated size shall basically achieve digitalization, while backbone enterprises in key industries shall initially realize intelligent transformation. The plan calls for accelerated breakthroughs in key technologies such as novel sensing, control, inspection, communication, and human-machine interaction, and emphasizes support for the R&D and application of intelligent manufacturing equipment, industrial software, and system solutions.

Development Plan for the New Energy Vehicle Industry (2021–2035)

The Development Plan for the New Energy Vehicle Industry (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》), implemented by the State Council with effect from October 20, 2020, proposes that by 2025, the sales volume of new energy vehicles shall reach approximately 20% of total new vehicle sales, and by 2035, battery electric vehicles shall become the mainstream of new vehicles sold. By prioritizing power batteries as a key direction for technical breakthroughs, this plan has effectively driven the demand for high-precision vision inspection equipment and automated intelligent equipment in the production of lithium-ion battery cells.

Announcement on the Extension and Optimization of the NEV Purchase Tax Exemption Policy

The Announcement jointly issued by the Ministry of Finance, the State Taxation Administration, and the MIIT on June 19, 2023, stipulates that NEVs purchased between January 1, 2024 and December 31, 2025, are exempt from vehicle purchase tax, while those purchased between January 1, 2026, and December 31, 2027, will receive a 50% tax reduction. This policy provides sustained support for NEV market demand, thereby driving the continuous demand for lithium-ion battery intelligent equipment as power battery production capacity expands.

Action Plan for Carbon Peaking Before 2030

The Action Plan for Carbon Peaking Before 2030 (《2030年前碳達峰行動方案》), issued by the State Council in October 2021, explicitly proposes to accelerate the development of new energy storage and clean energy industries and promote the large-scale application of power batteries and energy storage batteries. This plan further provides policy momentum for the expansion of downstream battery manufacturing.

Laws and Regulations Relating to Work Safety

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), as amended by the SCNPC on June 10, 2021, and effective from September 1, 2021, stipulates that production and business entities must establish and improve a work safety responsibility system for all employees along with internal rules and regulations. Enterprises are required to increase investment in safety-related funds, materials, technology, and personnel, and to build a dual prevention mechanism consisting of the hierarchical control of safety risks and the identification and rectification of hidden dangers. The primary person in charge of a production or business entity is designated as the person of first responsibility for work safety and is fully accountable for the entity’s safety operations. Violations of this law may result in fines, administrative penalties, and orders to cease production; in serious cases, criminal liability shall be pursued in accordance with the law.

REGULATORY OVERVIEW

Laws and Regulations Relating to Import/Export Management and Export Control

Foreign Trade Law of the PRC

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), promulgated by the SCNPC on May 12, 1994, and most recently amended on December 27, 2025, stipulates that the state shall permit the free import and export of goods and technologies, save as otherwise provided by laws or administrative regulations. The state may, however, prohibit or restrict the import or export of relevant goods and technologies for reasons such as maintaining national security or public interests. Management of goods subject to such restrictions is implemented through mechanisms including quotas and licensing.

Customs Law of the PRC

The Customs Law of the PRC (《中華人民共和國海關法》), promulgated by the SCNPC on January 22, 1987, and most recently amended on April 29, 2021, stipulates that all import and export goods must be declared to the Customs, which shall then conduct inspections of the goods and their means of transport in accordance with the law. Pursuant to this law, consignees of imported goods, consignors of exported goods, and customs declaration enterprises are required to complete filing procedures with the Customs. Furthermore, while imported goods are subject to the payment of import duties and value-added tax as required by law, exported goods may, in accordance with relevant regulations, apply for a refund of the VAT previously paid.

Export Control Law of the PRC

The Export Control Law of the PRC (《中華人民共和國出口管制法》), promulgated by the SCNPC on October 17, 2020, and effective from December 1, 2020, implements export controls on dual-use items, military products, nuclear items, and other goods, technologies, or services related to maintaining national security and interests, or fulfilling international obligations such as non-proliferation. The MOFCOM, in conjunction with other relevant departments, is responsible for formulating, adjusting, and publishing export control lists and implementing classified management of export operators. A license must be obtained to export controlled items; any unauthorized export without a valid license shall result in legal liability.

Regulations of the PRC on the Administration of the Import and Export of Goods

The Regulations of the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), promulgated by the State Council on December 10, 2001, and most recently amended on March 10, 2024, stipulate that the state implements a uniform management system for the import and export of goods. For restricted imports subject to quantity limits, quota management shall be implemented; for other restricted imports, licensing management shall be implemented. For restricted exports subject to quantity limits, quota management shall be implemented; for other restricted exports, licensing management shall be implemented. Any person or entity that, in violation of the provisions of these Regulations, imports or exports restricted goods without authorization and without a permit shall bear corresponding legal liability in accordance with the law.

Laws and Regulations Relating to Foreign Investment

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), promulgated by the National People’s Congress on March 15, 2019, and effective from January 1, 2020, stipulates that China has adopted a management system combining pre-establishment national treatment with a negative list. Foreign investment outside the negative list is granted national treatment. In line with this, 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)》),

REGULATORY OVERVIEW

jointly issued by the NDRC and the MOFCOM on September 6, 2024, specifies the sectors where foreign investment is prohibited or restricted. Sectors not included in the negative list are generally deemed permitted for foreign investment.

Regulations Relating to Overseas Investment

According to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), implemented by the NDRC with effect from March 1, 2018, an investor undertaking an overseas investment project must fulfill procedures such as project verification, approval, or filing, report relevant information, and cooperate with supervision and inspection. Overseas investment projects are managed through either filing or verification/approval, depending on whether they involve sensitive industries, the catalog of which is published by the NDRC.

Laws and Regulations Relating to Overseas Issuance and Listing

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》) and its five supporting guidelines, promulgated by the China Securities Regulatory Commission (the “CSRC”) on February 17, 2023, and effective from March 31, 2023, stipulate that domestic enterprises that directly or indirectly issue securities and list overseas shall fulfill reporting procedures with the CSRC in accordance with the law. These measures explicitly specify that an enterprise shall not proceed with an overseas issuance and listing under any of the following circumstances: where listing and financing are expressly prohibited by laws and regulations; where the overseas issuance and listing may endanger national security; where the controlling shareholder or actual controller has been convicted of relevant crimes within the past three years; where the enterprise is under investigation for suspected crimes or major violations of laws and regulations and no definitive conclusion has been reached; or where there is a major ownership dispute over the equity held by the controlling shareholder. Following an overseas issuance and listing, the issuer is also required to report to the CSRC regarding significant events, such as a change in control or being subject to investigations or penalties by overseas regulatory authorities, in accordance with relevant regulations.

Furthermore, the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), jointly issued by the CSRC and other departments on February 24, 2023, set out the approval procedures for domestic enterprises providing documents involving state secrets to overseas institutions, as well as the requirements for the domestic retention of working papers by intermediaries such as domestic lawyers and auditors.

Laws and Regulations Relating to Environmental Protection

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), as amended by the SCNPC on April 24, 2014, and effective from January 1, 2015, establishes the polluter pays principle and sets forth comprehensive environmental protection obligations for enterprises.

Construction Projects

The Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), as most recently amended by the SCNPC on December 29, 2018, stipulates that a construction entity shall, based on the degree of environmental impact caused, prepare an environmental impact report, an environmental impact report form, or fill out an environmental impact registration form. The Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), most

REGULATORY OVERVIEW

recently amended by the State Council on July 16, 2017, stipulate that for a construction project with environmental impact, an environmental impact report or an environmental impact report form shall be prepared, or an environmental impact registration form shall be filled out in accordance with the law; upon completion of the project, supporting pollution prevention and control facilities must be constructed and undergo an acceptance inspection; and no project that has not undergone an acceptance inspection or has failed to pass the inspection shall be put into production or use.

Pollutant Discharge Permits

The Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), issued by the State Council on January 24, 2021, and effective from March 1, 2021, stipulate that enterprises, public institutions, and other producers or operators subject to pollutant discharge permit management must comply with the terms of their permits. They are required to operate and maintain pollution prevention and control facilities, establish environmental management systems, and strictly control the discharge of pollutants in accordance with ecological and environmental management requirements.

Solid Waste Disposal

Under 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》), issued by the SCNPC on April 29, 2020, and effective from September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes, or disposes of solid waste must take measures to prevent or reduce environmental pollution and shall bear legal liability for any environmental pollution caused thereby.

Laws and Regulations Relating to Intellectual Property

Patents

The Patent Law of the PRC (《中華人民共和國專利法》), as amended by the SCNPC on October 17, 2020, and effective from June 1, 2021, stipulates that the duration of an invention patent is twenty years, the duration of a utility model patent is ten years, and the duration of a design patent is fifteen years, all calculated from the date of application. No entity or individual may implement a patented technical solution for production or business purposes without the explicit authorization of the patentee.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), as amended by the SCNPC on April 23, 2019, and effective from November 1, 2019, a registered trademark remains valid for ten years, commencing from the date of approval for registration. Upon expiration, the holder may apply for a renewal, with each renewal granting an additional ten-year period of validity.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), as amended by the SCNPC on November 11, 2020, and effective from June 1, 2021, protects original intellectual achievements in the fields of literature, art, and science, specifically including computer software. Furthermore, the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), as amended by the State Council in 2013, provide detailed rules for the registration and protection of software copyrights, with the National Copyright Administration designating the Copyright Protection Center of China (CPCC) as the official software registration authority.

REGULATORY OVERVIEW

Domain Names

The Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017, and effective from November 1, 2017, stipulate that domain name registrations must be processed through registration service agencies licensed by telecommunications regulatory authorities. An applicant becomes the official domain name holder upon successful registration.

Trade Secrets

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), as amended by the SCNPC on June 27, 2025, and effective from October 15, 2025, trade secrets refer to technical, business, or other commercial information that is not known to the public, possesses commercial value, and for which the right holder has taken corresponding confidentiality measures. Any act of infringing upon another’s trade secrets through theft, fraud, coercion, or other improper means is strictly prohibited by law.

Laws and Regulations Relating to Data Compliance

The Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the SCNPC on June 10, 2021, and effective from September 1, 2021, requires data processors to establish and improve a comprehensive data security management system covering the entire data lifecycle, implement classification and hierarchical management of data, and adopt necessary technical measures to ensure data security. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), promulgated by the SCNPC on August 20, 2021, and effective from November 1, 2021, sets forth comprehensive provisions for processing activities such as the collection, storage, use, transmission, and deletion of personal information, while clarifying the notification obligations and compliance requirements for personal information processors. Furthermore, the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), as amended by the SCNPC on October 28, 2025, and effective from January 1, 2026, mandates that network operators adopt technical measures to fulfill their cyber security protection obligations and significantly strengthens the legal liabilities for non-compliance. The Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024, and effective from January 1, 2025, provide further detailed rules on the security management obligations of network data processors and the rules governing cross-border data flows.

Laws and Regulations Relating to Foreign Exchange Management

The Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (State Council Order No. 532), promulgated by the State Council on January 29, 1996, and amended on August 1, 2008, serves as the fundamental administrative regulation for foreign exchange management in China. It stipulates that the state shall not impose restrictions on current international payments and transfers; however, domestic institutions and individuals seeking to conduct direct overseas investment or engage in the issuance or trading of overseas securities must complete registration in accordance with the regulations of the state foreign exchange authority. Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Settlement of Foreign Exchange under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), effective from June 9, 2016, foreign exchange receipts under capital accounts — including foreign exchange capital, external debt funds, and funds repatriated from overseas listings — may be settled at banks based on the actual business needs of the domestic institution. Such funds, however, may not be used, directly or indirectly, for expenditures outside the entity’s business scope or for purposes prohibited by laws and regulations. Additionally, according to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) (effective from 2014), funds raised by domestic companies through overseas listings may be repatriated to

REGULATORY OVERVIEW

China or deposited abroad, provided that the use of such funds is consistent with the public disclosures in this document and other documents. Domestic companies must complete overseas listing registration within 15 working days following the completion of the overseas issuance.

Laws and Regulations Relating to Labor Protection

Pursuant to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, and subsequently amended on December 28, 2012 (effective from July 1, 2013), a labor relationship is established between an employer and a worker as of the date the worker commences work. Employers are required to enter into written labor contracts, provide lawful working conditions and protection, and pay labor remuneration in full and on time. 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 amended on December 29, 2018, stipulates that employers must contribute to basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance for their employees. Furthermore, the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999, and amended on March 24, 2019, mandate that employers deposit housing provident fund contributions for their employees on a timely basis.

Laws and Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the SCNPC on March 16, 2007, and most recently amended on December 29, 2018, along with its implementation rules, resident enterprises established in China are subject to a statutory enterprise income tax rate of 25% on their worldwide income. Qualified “High and New Technology Enterprises” are entitled to a preferential tax rate of 15%. Non-resident enterprises deriving passive income from sources within China are subject to a reduced tax rate of 10%.

Value-Added Tax

The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on December 25, 2024, and effective from January 1, 2026, together with its implementation rules, stipulates that entities and individuals engaged in the sale of goods, services, intangible assets, or immovable property within the PRC, as well as those importing goods, are taxpayers of value-added tax and shall pay VAT accordingly. Specifically, a VAT rate of 13% applies to the sale of goods, tangible movable property leasing services, and the import of goods; a rate of 9% applies to the sale of construction services and immovable property leasing services; and a rate of 6% applies to the sale of other services and intangible assets.

HISTORY AND CORPORATE STRUCTURE

OUR HISTORY

Overview

We are a leading provider in the PRC of intelligent equipment and solutions to lithium-ion battery manufacturers, enabled by our machine vision and AI algorithms technologies. Our history can be traced back to 2014, when our Company was established in the PRC. Each of Mr. Wang Gang and Mr. Zhang Quan, our Controlling Shareholders, has more than 20 years of experience in the automation equipment and machine vision industry. See “Directors and Senior Management” in this document for the details of experience and qualifications of Mr. Wang Gang and Mr. Zhang Quan.

Since our founding, we have been accumulating underlying vision algorithms and precision transmission control technology capabilities. Through years of development, we have become one of the few solution providers in the industry that can deeply embed machine vision technology into core process equipment and realize the integration of optics, mechanics, electronics, algorithms and software in controlling the manufacturing process. According to Frost & Sullivan, in terms of revenue in 2025, we ranked second in the Chinese domestic market of lithium-ion battery machine vision inspection solutions and ranked first in the global market of wide electrode calendering & slitting integrated machine.

OUR MILESTONES

The following table summarizes key milestones in our business development:

Time	Events
2014	Our Company was incorporated, engaged in the research and development of underlying vision algorithms and precision transmission control technology capabilities, and launched our first electrode inspection machine.
2015 to 2018	- Developed and launched several vision inspection systems to cover the entire front-end electrode manufacturing process. - Entered into the supply chains of CATL. - Participated in the formulation of standards for the lithium-ion battery vision inspection industry. - Received the Series A Financing from Ferry Venture Capital.
2019 to 2023	- Provided full process solutions for all the production lines of lithium-ion battery to an overseas subsidiary of CATL. - Launched integrated calendering & slitting machine and integrated laser notching & winding machine enabled by machine vision technologies. - Launched 1,500 mm wide electrode integrated calendering & slitting machine. - Received Series B to Series D+ Financing from, among others, Xiamen C&D Group, Jingwei Jiangchuang, Beijing New Motive and Zhuhai Hidden Hill.

HISTORY AND CORPORATE STRUCTURE

Time	Events
2024 to present	- Delivered our first full-process turnkey solutions for a polymer solid-state battery pilot production line of Pure Lithium New Energy. - Extended our customer reach to European and North American electric vehicle OEMs and a leading South Korean lithium-ion battery manufacturer. - Awarded the title of Key Specialized, Refined, Differential, and Innovative “Little Giant” Enterprises (專精特新重點「小巨人」企業) by the MIIT. - Established our East China headquarter (Changzhou) manufacturing base.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following subsidiaries of our Company made a material contribution to our results of operations during the Track Record Period or are of strategic importance to us:

Name of Subsidiaries	Date of Establishment and Commencement of Business	Shareholding Controlled by Our Company	Principal Business Activities
EHolly Yixing	June 23, 2021	100.00%	Manufacturing, R&D and sales of lithium-ion battery intelligent equipment
Guangzhou Dingfeng	May 10, 2004	100.00%	Development and sales of machine vision software
EHolly Changzhou	July 25, 2023	100.00%	Manufacturing, R&D and sales of lithium-ion battery intelligent equipment
Changzhou Yizhong	September 13, 2023	55.00%	Manufacturing, R&D and sales of lithium-ion battery intelligent equipment

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment of the Company

Our Company was established as a limited liability company under the laws of the PRC under the name of Guangzhou EHolly Machinery Manufacturing Co., Ltd. (廣州市易鴻機械製造有限公司) on April 11, 2014, with an initial registered capital of RMB2,000,000, of which RMB800,000 was contributed by Mr. Wang Gang (王剛), RMB600,000 was contributed by Mr. Zhang Quan (張權) and RMB600,000 was contributed by Xu Zhuofu (許卓夫), who was our employee back then and an Independent Third Party as of the Latest Practicable Date. As of the date of establishment, our Company was owned as to 40% by Mr. Wang Gang and 30% by each of Mr. Zhang Quan and Xu Zhuofu, respectively.

HISTORY AND CORPORATE STRUCTURE

Major Shareholding Changes Prior to Joint Stock Conversion

Our Company has undergone a number of major shareholding changes since its establishment and prior to conversion into a joint stock company as described below. For the shareholding structure upon completion of each transaction, see “— Shareholding Structure of Our Company” in this section.

Equity transfers in December 2014

Pursuant to the equity transfer agreement dated December 1, 2014, Yu Haiqiang (庾海強), who was our employee back then and an Independent Third Party as of the Latest Practicable Date, acquired 2.00% equity interest in the Company from Mr. Zhang Quan and 8.00% equity interest in the Company from Xu Zhuofu at a consideration of RMB40,000 and nil, respectively. In addition, Liang Yanbin (梁燕彬), who was our employee back then and an Independent Third Party as of the Latest Practicable Date, acquired 10.00% equity interest in the Company from Xu Zhuofu at nil consideration. In connection with such transfers of equity interests, Yu Haiqiang and Liang Yanbin assumed the payment obligation in respect of the unpaid registered capital of the Company attributable to the equity interests acquired by them. Such considerations were determined after arm’s length negotiations between parties with reference to the then paid up registered capital of the Company.

Equity transfers in February 2015

Pursuant to the equity transfer agreement dated February 1, 2015, Chen Shihua (陳世華) acquired 13.20%, 9.24%, 3.96%, 3.30% and 3.30% equity interests in the Company from (i) Mr. Wang Gang at nil consideration; and (ii) Xu Zhuofu, Liang Yanbin and Yu Haiqiang at a consideration of RMB184,800, RMB79,200, RMB66,000 and RMB66,000, respectively. In connection with such transfers of equity interests, Chen Shihua assumed the payment obligation in respect of the unpaid registered capital of the Company attributable to the equity interests acquired by her. Such considerations were determined after arm’s length negotiations between parties with reference to the then paid up registered capital of the Company.

Capital injection by existing shareholders in March 2015

On March 13, 2015, the registered capital of the Company was increased from RMB2,000,000 to RMB6,000,000. The additional registered capital was contributed by the then Shareholders according to their respective equity interest in the Company.

Equity transfers in September 2015

Pursuant to the equity transfer agreement dated September 7, 2015, Mr. Zhang Quan acquired 18.24% equity interest in the Company from Chen Shihua at a consideration of RMB1,094,400 plus an annual interest rate of 7.50%. Mr. Wang Gang acquired 14.76%, 3.04%, 1.70%, 6.70% equity interests in the Company from Chen Shihua, Xu Zhuofu, Liang Yanbin and Yu Haiqiang at a consideration of RMB885,600 plus an annual interest rate of 7.50%, RMB40,000, nil and RMB200,000, respectively. In connection with such transfers of equity interests, Mr. Wang Gang assumed the payment obligation in respect of the unpaid registered capital of the Company attributable to the equity interests acquired by him. Such considerations were determined after arm’s length negotiations between parties with reference to, among others, the then paid-up registered capital of the Company.

HISTORY AND CORPORATE STRUCTURE

Equity transfer in December 2016

Pursuant to the equity transfer agreement dated December 12, 2016, Mr. Wang Gang acquired 5.00% equity interest in the Company from Xu Zhuofu at a consideration of RMB200,000. Such consideration was determined after arm’s length negotiations between parties with reference to the then paid-up registered capital of the Company.

Equity transfers in April 2018

Pursuant to the equity transfer agreement dated March 28, 2018, Mr. Zhao Zhe (趙哲), our employee, acquired 1.07% equity interest in the Company from Mr. Wang Gang, 0.52% equity interest in the Company from Mr. Zhang Quan and 5.00% equity interest in the Company from Liang Yanbin at a consideration of RMB64,200, RMB31,200 and RMB300,000, respectively. Mr. Xiao Shengduan (肖聖端) acquired 6.59% equity interest in the Company from Mr. Zhang Quan at a consideration of RMB395,400. Shanghai Zhiqi acquired 10.53% equity interest in the Company from Mr. Wang Gang at a consideration of RMB631,800. Such considerations were determined after arm’s length negotiations.

Shanghai Zhiqi was held by Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan and Mr. Zhao Zhe, where Mr. Zhang Quan held partial partnership interests on behalf of Mr. Wang Gang, and all the partnership interests on behalf of Mr. Xiao Shengduan and Mr. Zhao Zhe, when it acquired the 10.53% equity interest in the Company in April 2018. When Shanghai Zhiqi acquired such equity interest and became a Shareholder, it was held as to 5.00% by Mr. Wang Gang as general partner, and 95.00% by Mr. Zhang Quan as limited partner, respectively.

In January 2019, Shi Weikun (石維堃), an Independent Third Party, acquired 88.89% partnership interest in Shanghai Zhiqi from Mr. Zhang Quan at a total consideration of RMB6.0 million. In January 2021, (i) Shi Zhengping (石正平), an Independent Third Party, acquired 0.11% and 10.00% partnership interest in Shanghai Zhiqi from Mr. Zhang Quan and Mr. Wang Gang, respectively; and (ii) Fuzhou Boyan Investment Co., Ltd. (福州博衍投資有限公司) (“**Fuzhou Boyan**”), an Independent Third Party controlled by Shi Zhengping, acquired 1.00% partnership interest in Shanghai Zhiqi from Mr. Zhang Quan, at a total consideration of RMB4.5 million. As a result, since January 2021 and up to the Latest Practicable Date, Shanghai Zhiqi is an Independent Third Party. For further details, see “— [REDACTED] Investments” in this section. As Shanghai Zhiqi had no operations other than holding the interests in our Company at the time of such transfers of partnership interests in 2019 and 2021, the considerations were determined after arm’s length negotiations taking into consideration the registered share capital of our Company, the timing of the investments, the development of our business and its the overall prospects and risks associated with our Group at the then stage at the relevant time.

Series Angel Financing

Pursuant to the capital increase agreement dated May 10, 2017, Shanghai Miya subscribed for an increased registered capital of the Company in the amount of RMB315,800 at a consideration of RMB2,000,000. Accordingly, the registered capital of the Company was increased from RMB6,000,000 to RMB6,315,800. See “— [REDACTED] Investments” in this section for further details.

Series A Financing

Pursuant to the investment agreement dated June 13, 2018, Hainan Ferry Phase III subscribed for an increased registered capital of the Company in the amount of RMB701,800 at a consideration of RMB15,000,000. Accordingly, the registered capital of the Company was increased from RMB6,315,800 to RMB7,017,600. See “— [REDACTED] Investments” in this section for further details.

HISTORY AND CORPORATE STRUCTURE

Series B Financing

Pursuant to the capital increase agreement dated July 5, 2019, Pingtan Jianfa No.2 subscribed for an increased registered capital of the Company in the amount of RMB701,760 at a consideration of RMB30,000,000. Hainan Ferry Phase III subscribed for an increased registered capital of the Company in the amount of RMB77,929 at a consideration of RMB3,331,433. Accordingly, the registered capital of the Company was increased from RMB7,017,600 to RMB7,797,289. See “[REDACTED] Investments” in this section for further details.

Series C Financing

Equity transfers in February 2021

Pursuant to the investment agreement dated January 19, 2021, Jin Yong (金勇) acquired 1.42% equity interest in the Company from Mr. Wang Gang, 1.00% equity interest in the Company from Shanghai Zhiqi and 0.02% equity interest in the Company from Mr. Zhang Quan at a consideration of RMB7,100,000, RMB5,000,000 and RMB100,000, respectively. Renjun Yunyan acquired 1.17% equity interest in the Company from Mr. Wang Gang, 0.37% equity interest in the Company from Mr. Zhao Zhe, 0.37% equity interest in the Company from Mr. Xiao Shengduan and 1.00% equity interest in the Company from Shanghai Zhiqi at a consideration of RMB5,850,000, RMB1,850,000, RMB1,850,000 and RMB5,000,000, respectively. Baika Tianqian, Tianjin Ferry and Beijing Yuanhui Ruize acquired 0.81%, 1.14% and 0.51% equity interests in the Company from Mr. Zhang Quan at a consideration of RMB4,050,000, RMB5,700,000 and RMB2,550,000, respectively.

Capital injection in February 2021

Pursuant to the same investment agreement, Renjun Yunyan subscribed for an increased registered capital of the Company in the amount of RMB330,735 at a consideration of RMB25,450,000. Tianjin Ferry subscribed for an increased registered capital of the Company in the amount of RMB237,817 at a consideration of RMB18,300,000. Jin Yong subscribed for an increased registered capital of the Company in the amount of RMB233,919 at a consideration of RMB18,000,000. Beijing Yuanhui Ruize subscribed for an increased registered capital of the Company in the amount of RMB107,213 at a consideration of RMB8,250,000. Haifu Growth subscribed for an increased registered capital of the Company in the amount of RMB363,874 at a consideration of RMB28,000,000. China-Belgium Fund subscribed for an increased registered capital of the Company in the amount of RMB181,937 at a consideration of RMB14,000,000. Ruixin Venture Capital subscribed for an increased registered capital of the Company in the amount of RMB64,977 at a consideration of RMB5,000,000. Panyu Qinglan subscribed for an increased registered capital of the Company in the amount of RMB64,977 at a consideration of RMB5,000,000. Accordingly, the registered capital of the Company was increased from RMB7,797,289 to RMB9,382,738.

Series D Financing

Equity transfers in June 2022

Pursuant to the investment agreement dated May 30, 2022, Nanjing Jingqian No.2 acquired 1.537% equity interest in the Company from Pingtan Jianfa No.2, 0.8642% equity interest in the Company from China-Belgium Fund, 0.4444% equity interest in the Company from Haifu Growth, 0.9259% equity interest in the Company from Shanghai Miyi and 0.6173% equity interest in the Company from Ruixin Venture Capital at a consideration of RMB24,900,000, RMB14,000,000, RMB7,200,000, RMB15,000,000 and RMB10,000,000, respectively. Beijing New Motive acquired 0.9182% equity interest in the Company from Haifu Growth, 0.5756% equity interest in the Company from Renjun Yunyan and 1.9198% equity interest in the Company from Jin Yong at a consideration of RMB14,875,000, RMB9,325,000 and RMB31,100,000, respectively. Zhuhai Hidden Hill acquired 0.2497% equity interest in the Company from Shanghai Miyi, 0.0752% equity interest in the Company from Ruixin Venture Capital and 2.6010% equity interest in the Company from Jin

HISTORY AND CORPORATE STRUCTURE

Yong at a consideration of RMB4,044,540, RMB1,218,500 and RMB42,136,960, respectively. Sanya Rongquan acquired 1.2191% equity interest in the Company from Pingtan Jianfa No.2 at a consideration of RMB19,750,000. Baika Dikun acquired 0.2438% equity interest in the Company from Pingtan Jianfa No.2 at a consideration of RMB3,950,000. Yuecai Yuanhe acquired 0.3657% equity interest in the Company from Haifu Growth at a consideration of RMB5,925,000. Tianjin Ferry acquired 0.5120% equity interest in the Company from Renjun Yunyan at a consideration of RMB8,295,000. Feitu Xinyuan acquired 0.7315% equity interest in the Company from Renjun Yunyan at a consideration of RMB11,850,000. Gongqingcheng Yunyong acquired 0.3414% equity interest in the Company from Renjun Yunyan at a consideration of RMB5,530,000.

Capital injection in June 2022

Pursuant to the same investment agreement, Nanjing Jingqian No.2 subscribed for an increased registered capital of the Company in the amount of RMB567,656 at a consideration of RMB108,900,000. Beijing New Motive subscribed for an increased registered capital of the Company in the amount of RMB441,510 at a consideration of RMB84,700,000. Zhuhai Hidden Hill subscribed for an increased registered capital of the Company in the amount of RMB378,437 at a consideration of RMB72,600,000. Sanya Rongquan subscribed for an increased registered capital of the Company in the amount of RMB157,682 at a consideration of RMB30,250,000. Feitu Xinyuan subscribed for an increased registered capital of the Company in the amount of RMB94,609 at a consideration of RMB18,150,000. Yuecai Yuanhe subscribed for an increased registered capital of the Company in the amount of RMB47,305 at a consideration of RMB9,075,000. Tianjin Ferry subscribed for an increased registered capital of the Company in the amount of RMB66,226 at a consideration of RMB12,705,000. Gongqingcheng Yunyong subscribed for an increased registered capital of the Company in the amount of RMB44,151 at a consideration of RMB8,470,000. Baika Dikun subscribed for an increased registered capital of the Company in the amount of RMB31,536 at a consideration of RMB6,050,000. Accordingly, the registered capital of the Company was increased from RMB9,382,738 to RMB11,211,850.

Series D+ Financing

Pursuant to the investment agreement dated November 6, 2022 (the “**Series D+ Investment Agreement**”), Beijing Yuanhui Phase I acquired 0.0243% equity interest in the Company from Mr. Wang Gang and 0.9952% equity interest in the Company from Mr. Zhang Quan at a consideration of RMB500,000 and RMB20,500,000, respectively. Wenzhou Jieyan acquired 0.8252% equity interest in the Company from Mr. Zhang Quan and 0.1456% equity interest in the Company from Shanghai Zhiqi at a consideration of RMB17,000,000 and RMB3,000,000, respectively. Wuxi Lixing acquired 0.7282% equity interest in the Company from Mr. Zhao Zhe and 0.7282% equity interest in the Company from Mr. Xiao Shengduan at a consideration of RMB15,000,000 and RMB15,000,000, respectively. Nanjing Jingqian No.2 acquired 1.2621% equity interest in the Company from Mr. Wang Gang at a consideration of RMB26,000,000. Yuanhui Ruize Venture Capital acquired 0.4369% equity interest in the Company from Mr. Wang Gang at a consideration of RMB9,000,000. Fuzhou Chenli acquired 0.9709% equity interest in the Company from Shanghai Zhiqi at a consideration of RMB20,000,000.

Conversion into a Joint Stock Company

On June 12, 2023, the then Shareholders of the Company (i) passed a resolution to convert our Company into a joint stock company with limited liability under the laws of the PRC and to change its name into Guangzhou EHolly Intelligent Equipment Co., Ltd. (廣州市易鴻智能裝備股份有限公司); and (ii) signed a promoter agreement, agreeing to (a) act as the promoters of the joint stock company, (b) convert RMB437,019,077 of the net assets of the Company as of November 30, 2022 as the joint stock company’s capital representing 80,000,000 Shares, and (c) credit the remaining RMB357,019,077 of the net assets of the Company as of November 30, 2022 to the joint stock company’s capital reserve.

HISTORY AND CORPORATE STRUCTURE

On June 27, 2023, our Company held the first general meeting, where the then Shareholders of the Company passed resolutions on matters in relation to the establishment of the Company as a joint stock company, the adoption of the articles of association of the Company, and election of the first Board of Directors, among others. Upon completion of the conversion, the registered capital of our Company was RMB80,000,000 divided into 80,000,000 shares with a nominal value of RMB1.0 each attributable to the then Shareholders in proportion to their respective equity interests in our Company immediately before the conversion.

The conversion was completed on July 12, 2023. For the shareholding structure upon completion of joint stock conversion, see “— Shareholding Structure of Our Company” in this section.

Major Shareholding Changes after Joint Stock Conversion

Equity transfers in September 2024

Pursuant to the equity transfer agreement dated September 9, 2024, Nanjing Jingwei No.1 acquired 7.7889% equity interest in the Company from Nanjing Jingqian No.2 at a consideration of RMB160,483,298 and Nanjing Jingwei No.3 acquired 2.2091% equity interest in the Company from Nanjing Jingqian No.2 at a consideration of RMB45,516,702. Such transfer of equity interests occurred among Nanjing Jingwei No.1, Nanjing Jingqian No.2 and Nanjing Jingwei No.3, which are under common control of Jingwei Jiangchuang as their general partner.

Equity transfers in February 2026

Pursuant to the investment agreements dated February 10, 2026 and February 11, 2026, Sanya Rongquan acquired 1.5179% equity interest in the Company from Haifu Growth, 0.728% equity interest in the Company from Yuecai Yuanhe, 0.5329% equity interest in the Company from Gongqingcheng Yunyong and 0.8995% equity interest in the Company from China-Belgium Fund at a consideration of RMB13,095,899, RMB16,500,000, RMB12,057,562 and RMB7,760,532, respectively. Jiaxing Yuanhui Yihong acquired 0.2811% equity interest in the Company from Haifu Growth and 0.1466% equity interest in the Company from Gongqingcheng Yunyong at a consideration of RMB2,425,166 and RMB3,317,438, respectively. To the best of our knowledge, the relevant investors disposed of their equity interests due to the underlying funds having entered into their respective exit phase or the commercial preference of the investors to realize returns at the relevant times.

Equity transfers in May 2026

Pursuant to the Series D+ Investment Agreement, as amended by a special rights termination agreement dated June 8, 2023 entered into among the same parties of the Series D+ Investment Agreement, each of the Compensation Transferees (as defined below) shall be entitled to require Mr. Wang Gang, Mr. Zhang Quan, Mr. Zhao Zhe and Mr. Xiao Shengduan to purchase all or part of the Shares held by the Compensation Transferees if the Company did not file the listing application for or complete the qualified initial public offering within the agreed timeframe (the “**Relevant Compensation Clause**”).

HISTORY AND CORPORATE STRUCTURE

On May 10, 2026, given that the Relevant Compensation Clause was triggered as the Company did not file the listing application for the qualified initial public offering within the agreed timeframe, the Company entered into a share compensation agreement (the “**Share Compensation Agreement**”) with Guangzhou Dingfeng, EHolly Yixing, Guangzhou Zhicheng and the then Shareholders to amend the requirements under the Relevant Compensation Clause, pursuant to which Mr. Wang Gang, Mr. Zhang Quan, Mr. Zhao Zhe and Mr. Xiao Shengduan agreed to transfer a total of 1,217,830 Shares held by them to the compensation transferees as illustrated below (the “**Compensation Transferees**”) at nil consideration. The details of such transfers of Shares are set forth below:

Compensation Transferees	Number of Shares Transferred				Total
	Mr. Wang Gang	Mr. Zhang Quan	Mr. Xiao Shengduan	Mr. Zhao Zhe	
Baika Dikun	15,964	—	—	—	15,964
Beijing New Motive	—	223,414	—	—	223,414
Yuanhui Ruize Venture Capital	13,959	—	—	—	13,959
Beijing Yuanhui Phase I	—	32,548	—	—	32,548
Fuzhou Chenli	30,962	—	—	—	30,962
Panyu Qinglan	8,683	—	—	—	8,683
Feitu Xinyuan	47,866	—	—	—	47,866
Jiaxing Yuanhui Yihong	5,414	—	—	—	5,414
Beijing Yuanhui Ruize	14,302	—	—	—	14,302
Nanjing Jingwei No.3	72,413	—	—	—	72,413
Nanjing Jingwei No.1	255,315	—	—	—	255,315
Sanya Rongquan	46,623	79,819	—	—	126,442
Hainan Ferry Phase III	36,398	—	—	—	36,398
Tianjin Ferry	65,196	—	—	—	65,196
Wenzhou Jieyan	—	30,985	—	—	30,985
Wuxi Lixing	—	—	23,217	23,218	46,435
Zhuhai Hidden Hill	54,979	23,628	56,464	56,463	191,534

The above transfers of Shares were completed on May 10, 2026.

HISTORY AND CORPORATE STRUCTURE

SHAREHOLDING STRUCTURE OF OUR COMPANY

The following table sets out our shareholding structure upon completion of the relevant transactions at the relevant time.

Shareholder	Equity transfers in December 2014 %	Equity transfers in February 2015 %	Equity transfers in September 2015 %	Equity transfer in December 2016 %	Equity transfers in April 2018 %	Series A Financing %	Series B Financing %	Series C Financing %	Series D Financing %	Series D+ Financing %	Conversion into a Joint Stock Company %	Equity transfers in September 2024 %	Equity transfers in February 2026 %	Equity transfers in May 2026 %
Mr. Wang Gang	40.00	26.80	26.80	58.00	46.40	39.67	35.70	27.52	23.03	21.31	21.31	21.31	21.31	20.47
Mr. Zhang Qian	28.00	18.76	18.76	37.00	29.89	25.56	23.00	17.05	14.27	12.45	12.45	12.45	12.45	11.96
Nanjing Jingwei No.1 Hainan Ferry	—	—	—	—	—	—	—	—	—	—	—	7.79	7.79	8.11
Phase III	—	—	—	—	—	10.00	10.00	8.31	6.95	6.95	6.95	6.95	6.95	7.00
Beijing New Motive	—	—	—	—	—	—	—	—	6.79	6.79	6.79	6.79	6.79	7.07
Sanya Rongquan	—	—	—	—	—	—	—	—	2.43	2.43	2.43	2.43	2.43	6.26
Zhubai Hidden Hill	—	—	—	—	—	—	—	—	5.82	5.82	5.82	5.82	5.82	6.06
Tianjin Ferry	—	—	—	—	—	—	—	3.48	3.93	3.93	3.93	3.93	3.93	4.01
Pingtan Jianta No.2	—	—	—	—	—	—	9.00	7.48	3.75	3.75	3.75	3.17	3.75	3.75
Renjun Yunyan	—	—	—	—	—	—	—	5.94	3.17	3.17	3.17	3.17	3.17	3.17
Shanghai Zhiqi	—	—	—	—	10.53	9.00	8.10	5.07	4.24	3.13	3.13	3.13	3.13	3.13
Mr. Zhao Zhe	—	—	—	—	6.59	5.63	5.07	3.91	3.27	2.54	2.54	2.54	2.54	2.44
Mr. Xiao Shengduan	—	—	—	—	6.59	5.63	5.07	3.91	3.27	2.54	2.54	2.54	2.54	2.44
Nanjing Jingwei No.3	—	—	—	—	—	—	—	—	—	—	—	2.21	2.21	2.30
Shanghai Miyi	—	—	—	—	—	4.50	4.05	3.37	1.83	1.83	1.83	1.83	1.83	1.83
Wuxi Lixing	—	—	—	—	—	—	—	—	1.46	1.46	1.46	1.46	1.46	1.51
Feitu Xinyuan	—	—	—	—	—	—	—	—	1.46	1.46	1.46	1.46	1.46	1.52
Beijing Yuanhui Ruize	—	—	—	—	—	—	—	1.57	1.31	1.31	1.31	1.31	1.31	1.33
Beijing Yuanhui Phase I	—	—	—	—	—	—	—	—	1.02	1.02	1.02	1.02	1.02	1.06
Fuzhou Chenli	—	—	—	—	—	—	—	—	—	0.97	0.97	0.97	0.97	1.01
Wenzhou Jiyeen	—	—	—	—	—	—	—	—	—	0.97	0.97	0.97	0.97	1.01
Panyu Qinglan	—	—	—	—	—	—	—	0.69	0.58	0.58	0.58	0.58	0.58	0.59
Baika Tianqian	—	—	—	—	—	—	—	0.67	0.56	0.56	0.56	0.56	0.56	0.56
Baika Dikun	—	—	—	—	—	—	—	—	0.49	0.49	0.49	0.49	0.49	0.51
Yuanhui Ruize Venture Capital	—	—	—	—	—	—	—	—	—	0.44	0.44	0.44	0.44	0.45
Jiaxing Yuanhui Yihong	—	—	—	—	—	—	—	—	—	—	—	—	—	0.43
Xu Zhuofu	12.00	8.04	8.04	5.00	—	—	—	—	—	—	—	—	—	—
Yu Haiqiang	10.00	6.70	6.70	—	—	—	—	—	—	—	—	—	—	—
Liang Yanbin	10.00	6.70	5.00	5.00	—	—	—	—	—	—	—	—	—	—
Chen Shihua	—	33.00	—	—	—	—	—	—	—	—	—	—	—	—
China-Belgium Fund	—	—	—	—	—	—	—	1.94	0.90	0.90	0.90	0.90	—	—
Haifu Growth	—	—	—	—	—	—	—	3.88	1.80	1.80	1.80	1.80	—	—
Jin Yong	—	—	—	—	—	—	—	4.52	—	—	—	—	—	—
Ruixin Venture Capital	—	—	—	—	—	—	—	0.69	—	—	—	—	—	—
Nanjing Jingqian No.2	—	—	—	—	—	—	—	—	8.74	10.00	10.00	—	—	—
Yuecai Yuanhe	—	—	—	—	—	—	—	—	0.73	0.73	0.73	—	—	—
Gongqingcheng Yunyong	—	—	—	—	—	—	—	—	0.68	0.68	0.68	0.68	—	—
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note:

(1) Certain percentage figures included the table have been subject to rounding adjustments. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

HISTORY AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

Principal Terms of the [REDACTED] Investments

The table below summarizes the principal terms of the [REDACTED] Investments by our [REDACTED] Investors:

	Name or [REDACTED] Investor	Date of transaction agreement	Date of settlement of consideration	Amount of consideration paid (approximately) (RMB)	Number of Shares acquired ⁽⁵⁾	Post-money valuation ⁽²⁾ (approximately) (RMB'000)	Cost per Share ⁽³⁾ RMB	Discount to the [REDACTED] ⁽⁴⁾
Equity transfers in February 2015	Chen Shihua ⁽⁵⁾	February 1, 2015	February 9, 2015	660,000 ⁽⁵⁾	4,709,303	2,000	0.14	[REDACTED]
Capital injection by existing shareholders in March 2015	Chen Shihua ⁽⁶⁾	N/A ⁽⁶⁾	February 11, 2015	1,320,000 ⁽⁶⁾	9,418,606	6,000	0.14	[REDACTED]
Series Angel Financing	Shanghai Miyi	May 10, 2017	April 10, 2018	2,000,000	2,253,374	39,999	0.89	[REDACTED]
Equity transfers in April 2018	Shanghai Zhiqi ⁽⁷⁾	March 28, 2018	June 11, 2018	631,800	4,508,088	N/A ⁽⁷⁾	0.14	[REDACTED]
Series A Financing	Hainan Ferry Phase III	June 13, 2018	June 29, 2018	15,000,000	5,007,553	149,991	3.00	[REDACTED]
Series B Financing	Pingtan Jianfa No.2 Hainan Ferry Phase III	July 5, 2019 July 5, 2019	August 30, 2019 September 3, 2019	30,000,000 3,331,433	5,007,252 556,047	333,331	5.99 5.99	[REDACTED] [REDACTED]
Series C Financing — Equity transfers in February 2021	Jin Yong Renjun Yunyan Baika Tianqian Tianjin Ferry Beijing Yuanhui Ruizhe	January 19, 2021 January 19, 2021 January 19, 2021 January 19, 2021 January 19, 2021	March 3, 2021 February 8, 2021 February 7, 2021 March 2, 2021 February 20, 2021	12,200,000 14,550,000 4,050,000 5,700,000 2,550,000	1,357,521 1,619,010 450,640 634,248 283,737	688,607	8.99 8.99 8.99 8.99 8.99	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Series C Financing — Capital injections in February 2021	Renjun Yunyan Tianjin Ferry Jin Yong	January 19, 2021 January 19, 2021 January 19, 2021	February 8, 2021 March 2, 2021 September 14, 2021	25,450,000 18,300,000 18,000,000	2,359,898 1,696,891 1,669,084		10.78 10.78 10.78	[REDACTED] [REDACTED] [REDACTED]
	Beijing Yuanhui Ruizhe Haifu Growth China-Belgium Fund Ruixin Venture Capital Panyu Qinglan	January 19, 2021 January 19, 2021 January 19, 2021 January 19, 2021 January 19, 2021	February 20, 2021 February 19, 2021 February 19, 2021 February 8, 2021 February 8, 2021	8,250,000 28,000,000 14,000,000 5,000,000 5,000,000	764,983 2,596,317 1,298,158 463,631 463,600		10.78 10.78 10.78 10.78 10.79	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

HISTORY AND CORPORATE STRUCTURE

	Name or [REDACTED] Investor	Date of transaction agreement	Date of settlement of consideration	Amount of consideration paid (approximately) (RMB)	Number of Shares acquired ^(b)	Post-money valuation ^(b) (approximately) (RMB'000)	Cost per Share ^(c) RMB	Discount to the [REDACTED] ^(d)
Series D Financing — Equity transfers in June 2022	Nanjing Jingqian No.2	May 30, 2022	June 6, 2022	71,100,000	2,938,295	2,060,470	24.20	[REDACTED]
	Sanya Rongquan	May 30, 2022	June 7, 2022	19,750,000	816,184		24.20	[REDACTED]
	Baika Dikun	May 30, 2022	June 7, 2022	3,950,000	163,233		24.20	[REDACTED]
	Beijing New Motive	May 30, 2022	June 9, 2022	55,300,000	2,285,356		24.20	[REDACTED]
	Yuecai Yuanhe	May 30, 2022	June 2, 2022	5,925,000	244,855		24.20	[REDACTED]
	Zuhai Hidden Hill	May 30, 2022	June 8, 2022	47,400,000	1,958,864		24.20	[REDACTED]
	Tianjin Ferry	May 30, 2022	June 8, 2022	8,295,000	342,800		24.20	[REDACTED]
	Feitu Xinyuan	May 30, 2022	June 10, 2022	11,850,000	489,725		24.20	[REDACTED]
	Gongqingcheng	May 30, 2022	June 16, 2022	5,530,000	228,550		24.20	[REDACTED]
	Yunyong							
Series D Financing — Capital injection in June 2022	Nanjing Jingqian No.2	May 30, 2022	June 6, 2022	108,900,000	4,050,396		26.89	[REDACTED]
	Beijing New Motive	May 30, 2022	June 9, 2022	84,700,000	3,150,324		26.89	[REDACTED]
	Zuhai Hidden Hill	May 30, 2022	June 8, 2022	72,600,000	2,700,256		26.89	[REDACTED]
	Sanya Rongquan	May 30, 2022	June 7, 2022	30,250,000	1,125,096		26.89	[REDACTED]
	Feitu Xinyuan	May 30, 2022	June 10, 2022	18,150,000	675,075		26.89	[REDACTED]
	Yuecai Yuanhe	May 30, 2022	June 2, 2022	9,075,000	337,541		26.89	[REDACTED]
	Tianjin Ferry	May 30, 2022	June 8, 2022	12,705,000	472,541		26.89	[REDACTED]
	Gongqingcheng	May 30, 2022	June 16, 2022	8,470,000	315,050		26.88	[REDACTED]
	Yunyong							
	Baika Dikun	May 30, 2022	June 7, 2022	6,050,000	225,007		26.89	[REDACTED]
Series D+ Financing	Nanjing Jingqian No.2	November 6, 2022	November 24, 2022	26,000,000	1,009,709	2,059,998	25.75	[REDACTED]
	Yuanhui Ruize Venture Capital	November 6, 2022	November 24, 2022	9,000,000	349,520		25.75	[REDACTED]
	Beijing Yuanhui Phase I	November 6, 2022	November 24, 2022	21,000,000	815,520		25.75	[REDACTED]
	Wenzhou Jieyan	November 6, 2022	November 24, 2022	20,000,000	776,720		25.75	[REDACTED]
	Wuxi Lixing	November 6, 2022	December 6, 2022	30,000,000	1,165,040		25.75	[REDACTED]
	Fuzhou Chenli	November 6, 2022	November 23, 2022	20,000,000	776,720		25.75	[REDACTED]
Equity transfers in September 2024	Nanjing Jingwei No.1	September 9, 2024	September 9, 2024	160,483,298	6,231,114	2,060,412	25.76	[REDACTED]
	Nanjing Jingwei No.3	September 9, 2024	September 9, 2024	45,516,702	1,767,286		25.76	[REDACTED]
Equity transfers in February 2026	Sanya Rongquan	February 10, 2026	February 12, 2026	49,413,993	2,942,633	1,343,317 ⁽⁸⁾	16.79 ⁽⁸⁾	[REDACTED]
	Jiaxing Yuanhui Yihong	February 11, 2026	March 2, 2026	5,742,604	342,167		16.78 ⁽⁸⁾	[REDACTED]

HISTORY AND CORPORATE STRUCTURE

Equity transfers in May 2026	Name or [REDACTED] Investor	Date of transaction agreement	Date of settlement of consideration	Amount of consideration paid (approximately) (RMB)	Number of Shares acquired ^(b)	Post-money valuation ⁽²⁾ (approximately) (RMB'000)	Cost per Share ⁽³⁾ RMB	Discount to the [REDACTED] ⁽⁴⁾
Equity transfers in May 2026	Baika Dikun	May 10, 2026	N/A	Nil	15,964	N/A ⁽⁹⁾	N/A	[REDACTED]
	Beijing New Motive	May 10, 2026	N/A	Nil	223,414		N/A	[REDACTED]
	Yuanhui Ruize Venture Capital	May 10, 2026	N/A	Nil	13,959		N/A	[REDACTED]
	Beijing Yuanhui Phase I	May 10, 2026	N/A	Nil	32,548		N/A	[REDACTED]
	Fuzhou Chenli	May 10, 2026	N/A	Nil	30,962		N/A	[REDACTED]
	Panyu Qinglan	May 10, 2026	N/A	Nil	8,683		N/A	[REDACTED]
	Feitu Xinyuan	May 10, 2026	N/A	Nil	47,866		N/A	[REDACTED]
	Jiaxing Yuanhui Yihong	May 10, 2026	N/A	Nil	5,414		N/A	[REDACTED]
	Beijing Yuanhui Ruize	May 10, 2026	N/A	Nil	14,302		N/A	[REDACTED]
	Nanjing Jingwei No.3	May 10, 2026	N/A	Nil	72,413		N/A	[REDACTED]
	Nanjing Jingwei No.1	May 10, 2026	N/A	Nil	255,315		N/A	[REDACTED]
	Sanya Rongquan	May 10, 2026	N/A	Nil	126,442		N/A	[REDACTED]
	Hainan Ferry Phase III	May 10, 2026	N/A	Nil	36,398		N/A	[REDACTED]
	Tianjin Ferry	May 10, 2026	N/A	Nil	65,196		N/A	[REDACTED]
	Wenzhou Jieyan	May 10, 2026	N/A	Nil	30,985		N/A	[REDACTED]
	Wuxi Lixing	May 10, 2026	N/A	Nil	46,435		N/A	[REDACTED]
	Zhuhai Hidden Hill	May 10, 2026	N/A	Nil	191,534		N/A	[REDACTED]

HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) The number of Shares acquired is adjusted to reflect the conversion of the Company into a joint stock company in July 2023, during which, among others, (i) RMB437,019,077 of the net assets of the Company as of November 30, 2022 were converted as the joint stock company’s capital representing 80,000,000 Shares, and (ii) the remaining RMB357,019,077 of the net assets of the Company as of November 30, 2022 were credited to the joint stock company’s capital reserve (the “2023 Adjustment”). See “— Corporate Development and Major Shareholding Changes — Conversion into a Joint Stock Company” in this section for details.
- (2) The post-money valuation figures equal the total consideration paid by the [REDACTED] Investors in each round divided by the shareholding percentage held by them immediately following their respective round of investment.
- (3) The cost per Share presented in the table is arrived at by dividing the total consideration paid in each round with the total number of Shares acquired by the respective investors as adjusted with reference to the 2023 Adjustment.
- (4) The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per H Share.
- (5) The consideration consists of RMB396,000 in cash and RMB264,000 non-paid-up registered share capital of the Company subscribed by Chen Shihua. See “— Corporate Development and Major Shareholding Changes — Equity transfers in February 2015” in this section for further details.
- (6) The consideration consists of RMB1,320,000 non-paid-up registered share capital of the Company subscribed by Chen Shihua. The then Shareholders did not enter into any agreements for such capital injection.
- (7) Shanghai Zhiqi was held by Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan and Mr. Zhao Zhe until its partnership interests were transferred to Independent Third Parties in 2019 and 2021 (“Shanghai Zhiqi Transfers”). As Shanghai Zhiqi was not an external investor by the time it became our Shareholder in April 2018, the post-money valuation is not applicable. For details of the Shanghai Zhiqi Transfers, including the consideration paid by the transferees, see “— Corporate Development and Major Shareholding Changes — Equity transfers in April 2018” in this section.
- (8) The post-money valuation and the cost per Share in respect of the equity transfers in February 2026 were significantly lower than those of the preceding rounds. To the best of our knowledge, this was primarily because certain investors, whose underlying funds had entered into their respective exit phases, agreed to dispose of their equity interests in the Company at a consideration equivalent to their original investment cost, with a view to achieving a timely and certain exit.
- (9) Such transfer of equity interests was triggered for nil consideration pursuant to the Share Compensation Agreement. Accordingly, the post-money valuation, cost per Share and discount to the [REDACTED] are not applicable. See “— Major Shareholding Changes after Joint Stock Conversion — Equity transfers in May 2026” in this section for further details.

Basis of determination of the valuation and consideration

The basis of determination for the consideration of the [REDACTED] Investments were from an arm’s length negotiation between our Company and the [REDACTED] Investors after taking into consideration the registered share capital of our Company, the timing of the investments, the development of our business and its the overall prospects and risks associated with our Group at the then stage at the relevant time.

Use of Proceeds from the [REDACTED] Investments

We utilized most of the proceeds from the [REDACTED] Investments for the development and operation of our principal business and other general working capital purposes. As of the Latest Practicable Date, we had utilized 100% proceeds from the [REDACTED] Investments.

HISTORY AND CORPORATE STRUCTURE

Strategic Benefits to Our Group

The [REDACTED] Investments from the [REDACTED] Investors, including state-owned enterprises which are ultimately owned by the local governments, professional investment companies or professional fund, can diversify our shareholder base and benefit us in various respects, including, among others, benefit from the capital raised through the [REDACTED] Investments and taking advantage of the [REDACTED] Investors’ knowledge and experience. Our [REDACTED] Investors could provide strategic and professional advice, allowing us to streamline our management structure. Some of them are experienced investors covering, among others, the lithium-ion battery industry, who can contribute their unique perspectives on brand building and market expansion as well as their insights on business strategies and operations and our Group’s corporate governance and internal control. In addition, the [REDACTED] Investments demonstrated the [REDACTED] Investors’ confidence in the operation and development of our Group, and served as endorsements of our performance, strengths and prospects.

Special Rights of the [REDACTED] Investors

Pursuant to the relevant agreements entered into between the Company and the [REDACTED] Investors, the [REDACTED] Investors had been granted certain special rights, including, among others, anti-dilution right, redemption right and liquidation preference right. In anticipation of the [REDACTED], pursuant to the special rights termination agreement dated June 8, 2023, all special rights, including redemption rights, liquidation preference right and anti-dilution right under which the Company bears any obligation, have been irrecoverably terminated and shall be void ab initio. As amended and supplemented by the supplemental agreement dated May 10, 2026, all shareholders’ special rights granted shall be automatically terminated one day prior to the first submission of [REDACTED] to the Stock Exchange.

Lock-up

Pursuant to the applicable PRC laws, within the 12 months following the [REDACTED], the Shares issued by the Company prior to the [REDACTED] (including those held by the [REDACTED] Investors at the time of the [REDACTED]) are restricted from transfer.

Compliance with the Guide

On the basis that (i) the [REDACTED] will take place more than 120 clear days after the completion of the [REDACTED] Investments; and (ii) all special rights granted to the [REDACTED] Investors will not survive [REDACTED], the Joint Sponsors confirm that the [REDACTED] Investments are in compliance with the Pre-IPO Investment Guidance (as defined in Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange).

Information regarding Our [REDACTED] Investors

To the best knowledge of our Directors, save as disclosed below, each of the [REDACTED] Investors, their respective general partners, limited partners and ultimate beneficial owners is an Independent Third Party. Set out below is the description of our [REDACTED] Investors, which consist of reputable international and domestic private equity funds and strategic investment corporations.

HISTORY AND CORPORATE STRUCTURE

Shanghai Miyi

Shanghai Miyi is a limited partnership established in the PRC on May 4, 2017, mainly engaged in corporate management consulting and information consulting. As of the Latest Practicable Date, Shanghai Miyi was owned as to (i) 2.00% by Shen Jianming (沈建明), as its general partner; and (ii) 98.00% by Huang Jianzhong (黃建中) as the sole limited partner.

Shanghai Zhiqi

Shanghai Zhiqi is a limited partnership established in the PRC on May 2, 2017, which was fully controlled by Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan and Mr. Zhao Zhe until its partnership interests were transferred to Shi Weikun, Shi Zhengping and Fuzhou Boyan in 2019 and 2021. See “— Corporate Development and Major Shareholding Changes — Equity transfers in April 2018” in this section for further details. As of the Latest Practicable Date, Shanghai Zhiqi was owned as to (i) approximately 1.36% by Fuzhou Boyan as its general partner, which was ultimately controlled by Shi Zhengping; and (ii) approximately 98.64% by Shi Zhengping as limited partner.

Ferry Entities

Hainan Ferry Phase III is a limited partnership established in the PRC on February 20, 2017, mainly engaged in equity investment and asset management. As of the Latest Practicable Date, Hainan Ferry Phase III was owned as to (i) approximately 2.65% by Wuxi Ferry Weilun Enterprise Management Partnership (Limited Partnership) (無錫源渡偉倫企業管理合夥企業(有限合夥)), “**Wuxi Ferry**”) as its general partner. As of the Latest Practicable Date, Wuxi Ferry was ultimately controlled by Ferry Venture Capital, which was controlled by Wang Xuefeng (王學峰), who served as a Director until April 2026; and (ii) 97.35% by the remaining 13 limited partners, with their respective partnership interests ranging from approximately 0.31% to 15.56%.

Tianjin Ferry is a limited partnership established in the PRC on January 27, 2021, mainly engaged in venture capital, equity investment and asset management. As of the Latest Practicable Date, Tianjin Ferry was owned as to (i) approximately 3.8776% by Wuxi Ferry as its general partner; and (ii) approximately 96.1224% by the remaining 18 limited partners, with their respective partnership interests ranging from approximately 0.7653% to 24.4898%.

As of the Latest Practicable Date, Hainan Ferry Phase III and Tianjin Ferry (collectively as “**Ferry Entities**”) held approximately 7.00% and 4.01% of the total issued share capital of our Company, respectively, and 11.01%, collectively. Each of Ferry Entities was ultimately controlled by Wang Xuefeng.

Pingtian Jianfa No.2

Pingtian Jianfa No.2 is a limited partnership established in the PRC on January 26, 2018, mainly engaged in equity investment and consulting. As of the Latest Practicable Date, Pingtian Jianfa No.2 was owned as to (i) 0.04% by Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) as its general partner; and (ii) 99.96% by Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司), as the sole limited partner. As of the Latest Practicable Date, Xiamen Jianxin Investment Co., Ltd. and Xiamen C&D Emerging Industry Equity Investment Co., Ltd. were ultimately controlled by Xiamen C&D Group, which was wholly owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Xiamen Municipality (廈門市人民政府國有資產監督管理委員會).

Renjun Yunyan

Renjun Yunyan is a limited partnership established in the PRC on August 31, 2020, mainly engaged in venture capital and equity investment. As of the Latest Practicable Date, Renjun Yunyan was owned as to (i) approximately 0.04% by Shenzhen Renjun Capital Management Co., Ltd. (深圳市任君資本管理有限公司), “**Renjun Capital**”) as its general partner. Renjun Capital was ultimately controlled by Lin Guoguo (林國國); (ii) approximately 86.74% by Qingdao Renjun Yunshun

HISTORY AND CORPORATE STRUCTURE

Venture Capital Fund Partnership (Limited Partnership) (青島任君雲舜創業投資基金合夥企業(有限合夥)), 7.02% by Zhuhai Hengqin Renjun Chunjia Equity Investment Fund (Limited Partnership) (珠海橫琴任君淳嘉股權投資基金(有限合夥)) and 6.20% by Qingdao Renjun Fuxin Venture Capital Fund Partnership (Limited Partnership) (青島任君富鑫創業投資基金合夥企業(有限合夥)), as the limited partners, all of which had Renjun Capital as their respective general partner.

Baika Entities

Baika Tianqian is a limited partnership established in the PRC on December 22, 2017, mainly engaged in venture capital and equity investment. As of the Latest Practicable Date, Baika Tianqian was owned as to (i) approximately 0.0005% by Baika (Shanghai) Investment Management Co., Ltd. (百咖(上海)投資管理有限公司, “**Baika Shanghai Investment**”) as its general partner, which was ultimately controlled by He Jintao (何錦濤); (ii) approximately 53.3330% by Jin Yong (金勇); and (iii) approximately 46.6665% by the remaining eight limited partners, with their respective partnership interests ranging from approximately 1.3333% to 13.3333%.

Baika Dikun is a limited partnership established in the PRC on September 29, 2021, mainly engaged in venture capital. As of the Latest Practicable Date, Baika Dikun was owned as to (i) approximately 0.0004% by Baika Shanghai Investment as its general partner; (ii) approximately 45.2828% by Jin Yong, as its limited partner; and (iii) approximately 54.7168% by the remaining 11 limited partners, with their respective partnership interests ranging from approximately 3.7736% to 13.2075%.

Fuzhou Chenli is a limited partnership established in the PRC on July 14, 2021, mainly engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Fuzhou Chenli was owned as to (i) approximately 0.001% by Baika Shanghai Investment as its general partner; and (ii) approximately 49.999% by each of Chen Rui (陳睿) and Xu Chenli (徐晨力) as its limited partners.

As of the Latest Practicable Date, Baika Tianqian, Baika Dikun and Fuzhou Chenli (collectively as “**Baika Entities**”) held approximately 0.56%, 0.51% and 1.01% of the total issued share capital of our Company, respectively, and 2.08%, collectively. Each of Baika Entities was ultimately controlled by He Jintao.

Haifu Growth

Haifu Growth is a limited partnership established in the PRC on August 4, 2016, mainly engaged in equity investment and consulting. As of the Latest Practicable Date, Haifu Growth was owned as to (i) approximately 1.24% by Wuhan Xindaya Investment Management Partnership (Limited Partnership) (武漢欣達亞投資管理合夥企業(有限合夥), “**Xindaya Investment**”) as its general partner; and (ii) approximately 39.57% by National Council for Social Security Fund, PRC (全國社會保障基金理事會). The general partner of Xindaya Investment was Wuhan Huidaya Investment Management Co., Ltd. (武漢薈達亞投資管理有限責任公司), which was held by 19 individuals with respective equity interests ranging from 0.77% to 16.90%.

China-Belgium Fund

China-Belgium Fund is a limited liability company established in the PRC on November 18, 2004, mainly engaged in equity investment and management consulting. As of the Latest Practicable Date, China-Belgium Fund was owned as to (i) 15.00% by each of National Council for Social Security Fund, PRC and China Development Bank Capital Co., Ltd. (國開金融有限責任公司); and (ii) 70.00% by the remaining seven shareholders, with their respective equity interests ranging from approximately 8.50% to 13.00%. As of the Latest Practicable Date, China Development Bank Capital Co., Ltd. was wholly owned by China Development Bank (國家開發銀行).

HISTORY AND CORPORATE STRUCTURE

Ruixin Entities

Panyu Qinglan is a limited partnership established in the PRC on August 31, 2020, mainly engaged in self-owned fund investment. As of the Latest Practicable Date, Panyu Qinglan was owned as to (i) approximately 2.00% by Guangzhou Ruixi Investment Co., Ltd. (廣州睿熙投資有限公司, “**Guangzhou Ruixi**”), as its general partner, which was ultimately controlled by State-owned Assets Supervision and Administration Bureau of the People’s Government of Panyu District, Guangzhou Municipality (廣州市番禺區國有資產監督管理局); (ii) approximately 40.12% by Xizang Haoyun Venture Capital Investment Co., Ltd. (西藏浩雲創業投資有限公司) as its limited partner, which was ultimately controlled by Mao Qingjiang (茅慶江); (iii) approximately 39.92% by Guangzhou Science and Technology Achievements Industrialization Guidance Fund Partnership (Limited Partnership) (廣州科技成果產業化引導基金合夥企業(有限合夥)) as its limited partner, which was ultimately controlled by the People’s Government of Guangzhou Municipality (廣州市人民政府); and (iv) approximately 17.96% by the remaining three limited partners, with their respective partnership interests ranging from approximately 2.00% to 11.98%.

Ruixin Venture Capital is a limited partnership established in the PRC on September 21, 2020, mainly engaged in self-owned fund investment and securities investment consulting. As of the Latest Practicable Date, Ruixin Venture Capital was owned as to (i) 1.18% by Guangzhou Ruixi as its general partner; and (ii) 98.82% by Guangzhou Ruicheng Venture Capital Co., Ltd. (廣州睿誠創業投資有限公司) which was ultimately controlled by the People’s Government of Panyu District, Guangzhou Municipality (廣州市番禺區人民政府), as the sole limited partner.

As of the Latest Practicable Date, Panyu Qinglan and Ruixin Venture Capital (collectively as “**Ruixin Entities**”) held approximately 0.59% and nil of the total issued share capital of our Company, respectively, and 0.59%, collectively. Each of Ruixin Entities was ultimately controlled by the People’s Government of Panyu District, Guangzhou Municipality.

Sanya Rongquan

Sanya Rongquan is a limited partnership established in the PRC on August 10, 2018, mainly engaged in corporate management consulting. As of the Latest Practicable Date, Sanya Rongquan was owned as to (i) 99.00% by Zhou Bin (周斌) as its general partner; and (ii) 1.00% by Dai Mingzhi (戴明志) as its limited partner.

Beijing New Motive

Beijing New Motive is a limited partnership established in the PRC on January 29, 2019, mainly engaged in equity investment and investment management and consulting. As of the Latest Practicable Date, Beijing New Motive was owned as to (i) 1.06% by Beijing Xicheng Jinrui Equity Investment Fund Management Co., Ltd. (北京熙誠金睿股權投資基金管理有限公司, “**Beijing Xicheng Jinrui**”) as its general partner; (ii) 40.00% by Beijing Xicheng Capital Holding Co., Ltd. (北京熙誠資本控股有限公司) as its limited partner, which was ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Xicheng District, Beijing Municipality; and (iii) 58.94% by the remaining seven limited partners, with their respective partnership interests ranging from approximately 2.00% to 28.00%. Beijing Xicheng Jinrui was held as to 40.00% by Beijing Xicheng Capital Holdings Co., Ltd. (北京熙誠資本控股有限公司, “**Beijing Xicheng Capital**”) and 30.00% by Beijing Xicheng Zhengqi Management Consulting Partnership (Limited Partnership) (北京熙誠正奇管理諮詢合夥企業(有限合夥), “**Beijing Xicheng Zhengqi**”), respectively. Beijing Xicheng Capital was wholly owned by Beijing Financial Street Capital Operations Group Co., Ltd. (北京金融街資本運營集團有限公司, “**Beijing Financial Street**”), which was in turn wholly owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Xicheng District, Beijing Municipality (北京市西城區人民政府國有資產監督管理委員會, “**Xicheng SASAC**”). Zhang Jinglai (張敬來), who served as our Director until April 2026, was the general partner of Beijing Xicheng Zhengqi.

HISTORY AND CORPORATE STRUCTURE

Yuecai Yuanhe

Yuecai Yuanhe is a limited partnership established in the PRC on December 10, 2018, mainly engaged in venture capital and consulting. As of the Latest Practicable Date, Yuecai Yuanhe was owned as to (i) 5.00% by Yuecai Private Equity Investment (Guangdong) Co., Ltd. (粵財私募股權投資(廣東)有限公司) as its general partner, which was ultimately controlled by the People’s Government of Guangdong Province (廣東省人民政府); and (ii) 30.00% by Guangdong Yuecai Industry Investment Fund Partnership (Limited Partnership) (廣東粵財產業投資基金合夥企業(有限合夥)) as its limited partner, which was ultimately controlled by the People’s Government of Guangdong Province; and (iii) 65.00% by the remaining four limited partners, with their respective partnership interests ranging from approximately 0.67% to 24.33%.

Zhuhai Hidden Hill

Zhuhai Hidden Hill is a limited partnership established in the PRC on June 21, 2017, mainly engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Zhuhai Hidden Hill was owned as to (i) approximately 0.12% by Zhuhai Puyou Investment Consultant Co., Ltd. (珠海普郵投資諮詢有限公司) as its general partner, which was wholly owned by Shanghai Hidden Hill Puheng Enterprise Management Co., Ltd. (上海隱山普衡企業管理有限公司), which is in turn owned as to 65.00% by Unity CMC Holdings Limited and 35.00% by Zhuhai Hidden Hill Lingchuang Investment Consulting Co., Ltd. (珠海隱山領創投資諮詢有限公司, “Zhuhai Hidden Hill Lingchuang”), respectively. Zhuhai Hidden Hill Lingchuang was owned as to 40.00% by Dong Zhonglang (董中浪), who served as our Director until April 2026, and 40.00% by Zhuhai Dongfang Zeyu Business Consulting Co., Ltd. (珠海市東方澤宇商務諮詢有限公司), respectively; (ii) approximately 0.12% by GLP (Zhuhai) Private Equity Fund Management Co., Ltd. (普洛斯(珠海)私募基金管理有限公司) as its general partner, which was ultimately controlled by Unity CMC Holdings Limited; (iii) approximately 34.19% by Zhuhai Puyin Logistics Industry Equity Investment Partnership (Limited Partnership) (珠海普隱物流產業股權投資合夥企業(有限合夥)) as its limited partner, which was ultimately controlled by Unity CMC Holdings Limited; and (iv) approximately 65.57% by the remaining 31 limited partners, with their respective partnership interests ranging from approximately 0.11% to 13.09%. Unity CMC Holdings Limited was indirectly controlled by GLP Pte. Ltd.

Feitu Xinyuan

Feitu Xinyuan is a limited partnership established in the PRC on July 13, 2020, mainly engaged in venture capital. As of the Latest Practicable Date, Feitu Xinyuan was owned as to (i) 1.25% by Feitu Venture Capital (Beijing) Co., Ltd. (飛圖創業投資(北京)有限公司) as its general partner, which was ultimately controlled by Yao Lisheng (姚立生); (ii) approximately 31.63% by Yao Lisheng as its limited partner; and (iii) approximately 67.12% by the remaining 14 limited partners, with their respective partnership interests ranging from approximately 1.25% to 10.25%.

Gongqingcheng Yunyong

Gongqingcheng Yunyong is a limited partnership established in the PRC on May 17, 2022, mainly engaged in venture capital, investment management and asset management. As of the Latest Practicable Date, Gongqingcheng Yunyong was owned as to (i) approximately 0.07% by Ningbo Meishan Bonded Port Area Yunxiu Jinyong Investment Management Co., Ltd. (寧波梅山保稅港區雲岫金涌投資管理有限公司) as its general partner, which was ultimately controlled by Gao Chao (高超); (ii) approximately 65.75% by Tao Yuequn (陶悅群) as its limited partner; and (iii) approximately 34.18% by the remaining three limited partners, with their respective partnership interests ranging from approximately 6.57% to 19.72%.

HISTORY AND CORPORATE STRUCTURE

Yuanhui Entities

Beijing Yuanhui Ruize is a limited partnership established in the PRC on December 18, 2020, mainly engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Beijing Yuanhui Ruize was owned as to (i) 1.00% by Beijing Yuanhui Venture Capital Management Co., Ltd. (北京源慧創業投資管理有限公司, “**Yuanhui Venture Capital Management**”) as its general partner, which was ultimately controlled by Zhang Fan (張帆); (ii) 41.10% by Zhang Fan as its limited partner; and (iii) 57.90% by the remaining 19 limited partners, with their respective partnership interests ranging from 1.00% to 5.00%.

Yuanhui Ruize Venture Capital is a limited partnership established in the PRC on June 15, 2021, mainly engaged in venture capital, equity investment, industry investment and investment management. As of the Latest Practicable Date, Yuanhui Ruize Venture Capital was owned as to (i) approximately 3.70% by Beijing Xirongfeng Investment Management Center (Limited Partnership) (北京璽融豐投資管理中心(有限合夥)) as its general partner, which was ultimately controlled by Zhang Fan; (ii) approximately 32.41% by Sanya Rongquan as its limited partner; and (iii) approximately 63.89% by the remaining eight limited partners, with their respective partnership interests ranging from approximately 1.39% to 27.78%.

Beijing Yuanhui Phase I is a limited partnership established in the PRC on March 10, 2021, mainly engaged in venture capital, equity investment, industry investment and investment management. As of the Latest Practicable Date, Beijing Yuanhui Phase I was owned as to (i) approximately 0.81% by Yuanhui Venture Capital Management, as its general partner; and (ii) approximately 99.19% by 11 limited partners, with their respective partnership interests ranging from approximately 4.51% to 18.03%.

Jiaxing Yuanhui Yihong is a limited partnership established in the PRC on January 10, 2023, mainly engaged in venture capital, equity investment and investment consulting. As of the Latest Practicable Date, Jiaxing Yuanhui Yihong was owned as to (i) 2.00% by Yuanhui Venture Capital Management, as its general partner; (ii) 30.00% by Jin Yong as its limited partner; and (iii) 68.00% by the remaining 15 limited partners, with their respective partnership interests ranging from approximately 1.00% to 28.50%.

As of the Latest Practicable Date, Beijing Yuanhui Ruize, Yuanhui Ruize Venture Capital, Beijing Yuanhui Phase I and Jiaxing Yuanhui Yihong (collectively as “**Yuanhui Entities**”) held approximately 1.33%, 0.45%, 1.06% and 0.43% of the total issued share capital of our Company, respectively, and 3.28%, collectively. Each of Yuanhui Entities was ultimately controlled by Zhang Fan.

Wenzhou Jieyan

Wenzhou Jieyan is a limited partnership established in the PRC on April 14, 2021, mainly engaged in venture capital, equity investment, investment management and asset management. As of the Latest Practicable Date, Wenzhou Jieyan was owned as to (i) 1.00% by Shenzhen Qianhai Jiechuang Capital Management Co., Ltd. (深圳前海捷創資本管理有限公司) as its general partner, which was ultimately controlled by Zhou Xiaochen (周曉晨); and (ii) 99.00% by Zhou Wenmei (周文梅) as its sole limited partner.

Wuxi Lixing

Wuxi Lixing is a limited partnership established in the PRC on October 12, 2022, mainly engaged in equity investment, investment management, asset management etc. as a private equity fund. As of the Latest Practicable Date, Wuxi Lixing was owned as to (i) approximately 0.608% by Beijing Liming Venture Capital Co., Ltd. (北京礪明創業投資有限公司) (as its general partner), which was ultimately controlled by Hong Baoming (洪寶民); and (ii) approximately 99.392% by the remaining 15 limited partners, with their respective partnership interests ranging from approximately 1.22% to 24.31%.

HISTORY AND CORPORATE STRUCTURE

Nanjing Jingwei Entities

Nanjing Jingwei No.1 is a limited partnership established in the PRC on March 29, 2021, mainly engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Nanjing Jingwei No.1 was owned as to (i) approximately 1.34% by Jingwei Jiangchuang as its general partner, whose general partner was Nanjing Jingwei Jingbei Investment Management Co., Ltd. (南京經緯旌北投資管理有限公司), which was in turn owned as to 49.00% by Wang Huadong (王華東); and (ii) approximately 98.66% by the remaining 31 limited partners, with their respective partnership interests ranging from approximately 0.15% to 26.85%.

Nanjing Jingwei No.3 is a limited partnership established in the PRC on February 10, 2021, mainly engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Nanjing Jingwei No.3 was owned as to (i) approximately 0.12% by Jingwei Jiangchuang as its general partner; and (ii) approximately 99.88% by the remaining seven limited partners, with their respective partnership interests ranging from approximately 2.36% to 29.51%.

Nanjing Jingqian No.2 is a limited partnership established in the PRC on April 8, 2021, mainly engaged in equity investment. As of the Latest Practicable Date, Nanjing Jingqian No.2 was owned as to (i) 0.01% by Jingwei Jiangchuang as its general partner; and (ii) 80.00% by Nanjing Jingwei No.1 and 19.99% by Nanjing Jingwei No.3 as its limited partners.

As of the Latest Practicable Date, Nanjing Jingwei No.1, Nanjing Jingwei No.3 and Nanjing Jingqian No.2 (collectively as “**Nanjing Jingwei Entities**”) held approximately 8.11%, 2.30% and nil of the total issued share capital of our Company, respectively, and 10.41%, collectively. The general partner of each of Nanjing Jingwei Entities is Jingwei Jiangchuang.

MAJOR ACQUISITIONS AND DISPOSALS

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

[REDACTED] SHARE OPTION SCHEME

The [REDACTED] Share Option Scheme was adopted by the Shareholders at the extraordinary general meeting held on May 25, 2026 to establish and improve our Company’s long-term incentive mechanism, attract and retain the directors, senior management, and key personnel of our Group, fully mobilize their enthusiasm to enhance the cohesion of our core team and core competitiveness, so as to realize our Groups’ long-term objectives. See “Statutory and General Information — D. [REDACTED] Share Option Scheme” in Appendix VI to this document for details of the [REDACTED] Share Option Scheme.

REASONS FOR THE [REDACTED]

Our Directors believe that the [REDACTED] of our H Shares on the Stock Exchange benefits our Group and our Shareholders considering that the Stock Exchange offers an international platform for accessing foreign capital and promoting our Group to global [REDACTED], which in turn provides further capital to bolster our business development and expansion efforts, and to strengthen our Group’s working capital. For further details of our future plans, see “Future Plans and [REDACTED]” in this document.

PUBLIC FLOAT AND FREE FLOAT

Rule 8.08 of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of listing does not exceed HK\$6,000,000,000, the minimum prescribed percentage to be held by the public at the time of listing is 25%.

HISTORY AND CORPORATE STRUCTURE

To the best of our Directors’ knowledge and belief having made all reasonable enquiries, none of the [REDACTED] Investors is a core connected person (as defined under the Listing Rules) of our Company. The [REDACTED] H Shares to be held by [REDACTED] [REDACTED] Investors which [have filed for [REDACTED]] of their Domestic Unlisted Shares to H Shares, representing approximately 62.68% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming that the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Share Option Scheme) will be counted towards the public float upon [REDACTED].

Upon completion of the [REDACTED], a total of [REDACTED] H Shares to be held by (i) Mr. Wang Gang and Mr. Zhang Quan, our Controlling Shareholders as of the Latest Practicable Date, who will hold [REDACTED]% of the total issued Shares by virtue of an acting-in-concert arrangement and remain our single largest group of Shareholders upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Share Option Scheme); and (ii) Mr. Xiao Shengduan, our executive Director and deputy president, will not be counted towards the public float upon [REDACTED]. A total of [REDACTED] H Shares, representing approximately [REDACTED]% of the total number of issued Shares upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Share Option Scheme), will be counted towards the public float. Therefore, our Company will be able to meet the minimum public float requirements under Rule 8.08 of the Listing Rules.

Considering that the [REDACTED] range of our Company’s H Shares is HK\$[REDACTED] to HK\$[REDACTED] per H Share, the expected market value of our Company’s H Shares upon [REDACTED] will not exceed HK\$6,000,000,000, and the minimum prescribed public float percentage applicable to our Company’s H Shares upon [REDACTED] is 25% pursuant to Rule 19A.13A(1) of the Listing Rules. Hence, our Company will be able to comply with Rule 19A.13A(1) of the Listing Rules.

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of 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 million; or (b) have an expected market value at the time of listing of not less than HK\$600 million.

Based on the minimum [REDACTED] of HK\$[REDACTED] per Share, the Company will be able to satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

Our Company has applied for H-share full circulation to [REDACTED] all the Domestic Unlisted Shares into H Shares after the [REDACTED]. The [REDACTED] of Domestic Unlisted Shares into H Shares will involve an aggregate of [REDACTED] Domestic Unlisted Shares, representing the entire issued share capital of the Company as of the Latest Practicable Date. The

HISTORY AND CORPORATE STRUCTURE

table below is a summary of the capitalization of our Company as of the Latest Practicable Date and the [REDACTED] (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme) and the [REDACTED] of the Domestic Unlisted Shares into H Shares:

As of the Latest Practicable Date				As of the [REDACTED]			Whether the H Shares will be counted towards the public float
Name of shareholder	Number of shares	Type of shares	Ownership percentage (%)	Number of shares	Type of shares	Ownership percentage (%)	
Controlling Shareholders/Single Largest Group of Shareholders							
Mr. Wang Gang	16,376,966	Domestic Unlisted Shares	20.47	[REDACTED]	H Shares	[REDACTED]	No
Mr. Zhang Quan	9,570,006	Domestic Unlisted Shares	11.96	[REDACTED]	H Shares	[REDACTED]	No
Sub-total	25,946,972	Domestic Unlisted Shares	32.43	[REDACTED]	H Shares	[REDACTED]	
[REDACTED] Investors							
Nanjing Jingwei No.1	6,486,429	Domestic Unlisted Shares	8.11	[REDACTED]	H Shares	[REDACTED]	Yes
Hainan Ferry Phase III	5,599,998	Domestic Unlisted Shares	7.00	[REDACTED]	H Shares	[REDACTED]	Yes
Beijing New Motive	5,659,094	Domestic Unlisted Shares	7.07	[REDACTED]	H Shares	[REDACTED]	Yes
Sanya Rongquan	5,010,355	Domestic Unlisted Shares	6.26	[REDACTED]	H Shares	[REDACTED]	Yes
Zhuhai Hidden Hill	4,850,654	Domestic Unlisted Shares	6.06	[REDACTED]	H Shares	[REDACTED]	Yes
Tianjin Ferry	3,211,676	Domestic Unlisted Shares	4.01	[REDACTED]	H Shares	[REDACTED]	Yes
Pingtian Jianfa No.2	2,998,800	Domestic Unlisted Shares	3.75	[REDACTED]	H Shares	[REDACTED]	Yes
Renjun Yunyan	2,532,480	Domestic Unlisted Shares	3.17	[REDACTED]	H Shares	[REDACTED]	Yes
Shanghai Zhiqi	2,502,160	Domestic Unlisted Shares	3.13	[REDACTED]	H Shares	[REDACTED]	Yes
Nanjing Jingwei No.3	1,839,699	Domestic Unlisted Shares	2.30	[REDACTED]	H Shares	[REDACTED]	Yes
Shanghai Miyi	1,466,320	Domestic Unlisted Shares	1.83	[REDACTED]	H Shares	[REDACTED]	Yes
Feitu Xinyuan	1,212,666	Domestic Unlisted Shares	1.52	[REDACTED]	H Shares	[REDACTED]	Yes
Wuxi Lixing	1,211,475	Domestic Unlisted Shares	1.51	[REDACTED]	H Shares	[REDACTED]	Yes
Beijing Yuanhui Ruize	1,063,022	Domestic Unlisted Shares	1.33	[REDACTED]	H Shares	[REDACTED]	Yes
Beijing Yuanhui Phase I	848,068	Domestic Unlisted Shares	1.06	[REDACTED]	H Shares	[REDACTED]	Yes
Wenzhou Jieyan	807,705	Domestic Unlisted Shares	1.01	[REDACTED]	H Shares	[REDACTED]	Yes
Fuzhou Chenli	807,682	Domestic Unlisted Shares	1.01	[REDACTED]	H Shares	[REDACTED]	Yes
Panyu Qinglan	472,283	Domestic Unlisted Shares	0.59	[REDACTED]	H Shares	[REDACTED]	Yes
Baika Tianqian	450,640	Domestic Unlisted Shares	0.56	[REDACTED]	H Shares	[REDACTED]	Yes
Baika Dikun	404,204	Domestic Unlisted Shares	0.51	[REDACTED]	H Shares	[REDACTED]	Yes
Yuanhui Ruize Venture Capital	363,479	Domestic Unlisted Shares	0.45	[REDACTED]	H Shares	[REDACTED]	Yes
Jiaxing Yuanhui Yihong	347,581	Domestic Unlisted Shares	0.43	[REDACTED]	H Shares	[REDACTED]	Yes
Sub-total	50,146,470	Domestic Unlisted Shares	62.68	[REDACTED]	H Shares	[REDACTED]	

HISTORY AND CORPORATE STRUCTURE

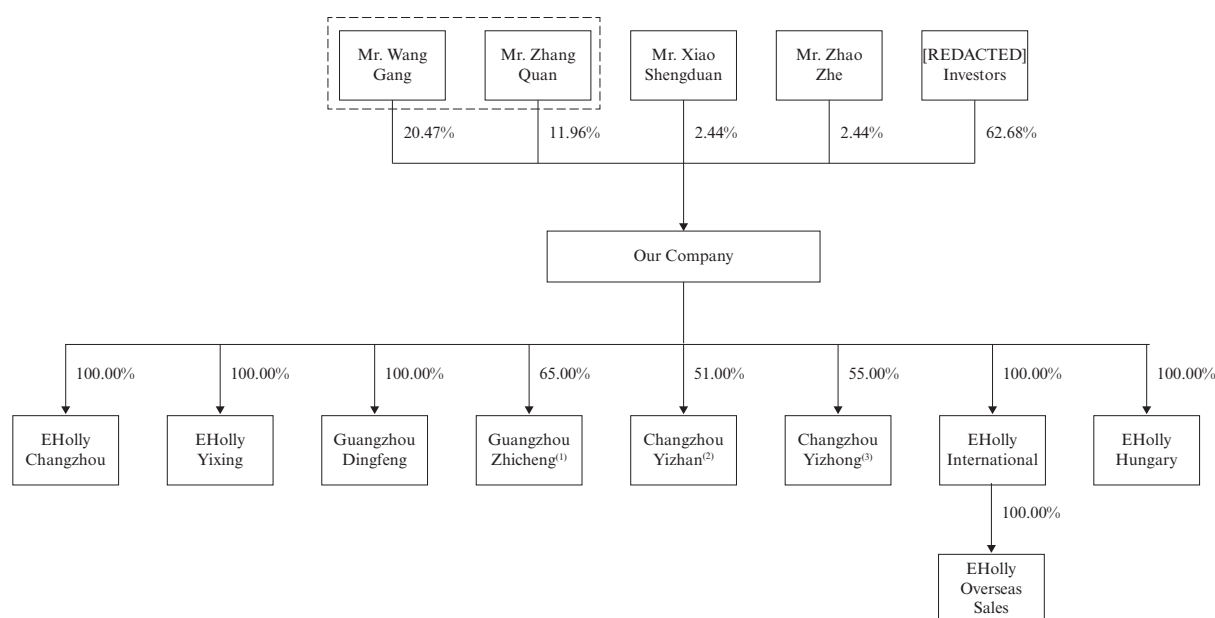
As of the Latest Practicable Date				As of the [REDACTED]			Whether the H Shares will be counted towards the public float
Name of shareholder	Number of shares	Type of shares	Ownership percentage (%)	Number of shares	Type of shares	Ownership percentage (%)	
Employee Shareholders							
Mr. Xiao Shengduan	1,953,279	Domestic Unlisted Shares	2.44	[REDACTED]	H Shares	[REDACTED]	No
Mr. Zhao Zhe	1,953,279	Domestic Unlisted Shares	2.44	[REDACTED]	H Shares	[REDACTED]	Yes
Sub-total	3,906,558	Domestic Unlisted Shares	4.88	[REDACTED]	H Shares	[REDACTED]	
Other Public Shareholders	—	—	—	[REDACTED]	H Shares	[REDACTED]	Yes
Total	80,000,000	Domestic Unlisted Shares	100.00	[REDACTED]	H Shares	[REDACTED]	

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that our PRC subsidiaries have been duly established and all necessary regulatory approvals and registrations in respect of the incorporation of our PRC subsidiaries, as applicable, have been obtained in accordance with PRC laws in all material respects.

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO COMPLETION OF THE [REDACTED]

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



☐☐ Controlling Shareholders

Notes:

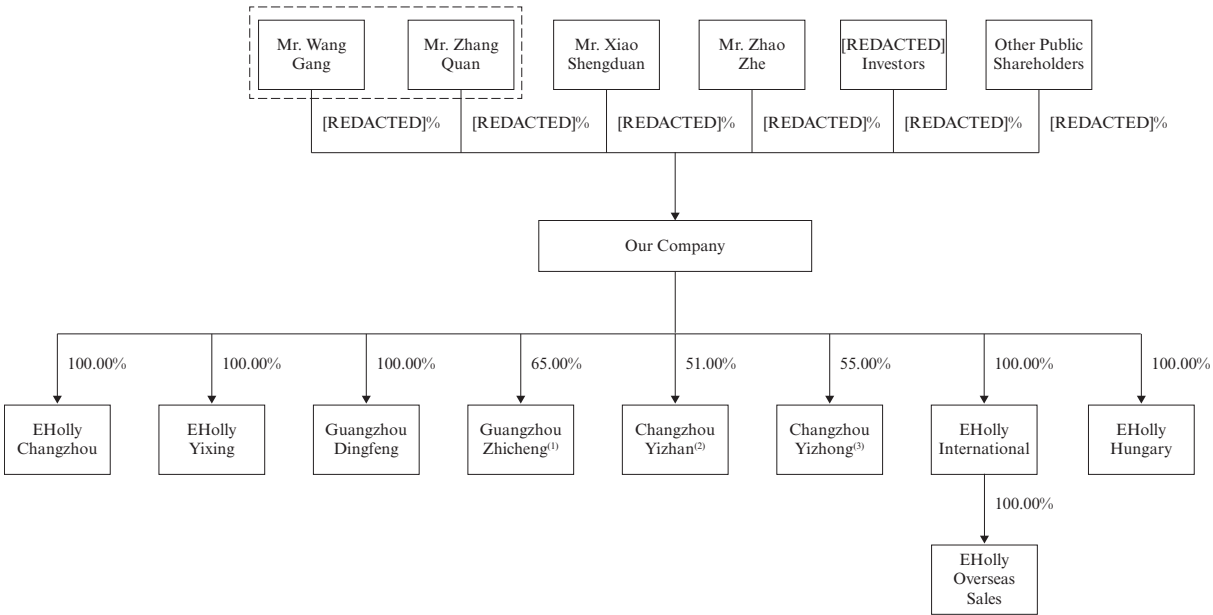
- (1) As of the Latest Practicable Date, the remaining 35.00% equity interest of Guangzhou Zhicheng was held by CHO SEOG JIN.
- (2) As of the Latest Practicable Date, the remaining 49.00% equity interest of Changzhou Yizhan was held by Pingxiang Shenhua Enterprise Management Consulting Co., Ltd. (萍鄉市深華企業管理諮詢有限公司).

HISTORY AND CORPORATE STRUCTURE

(3) As of the Latest Practicable Date, the remaining 45.00% equity interest of Changzhou Yizhong was held by Dalian Dafenqi Intelligent Technology Partnership (Limited Partnership) (大連達芬奇智能科技合夥企業(有限合夥)), “**Dalian Dafenqi**”. The general partner of Dalian Dafenqi was Dalian Lvyin Automatic Technology Co., Ltd. (大連綠蔭自動化技術有限公司).

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme):



[] Controlling Shareholders

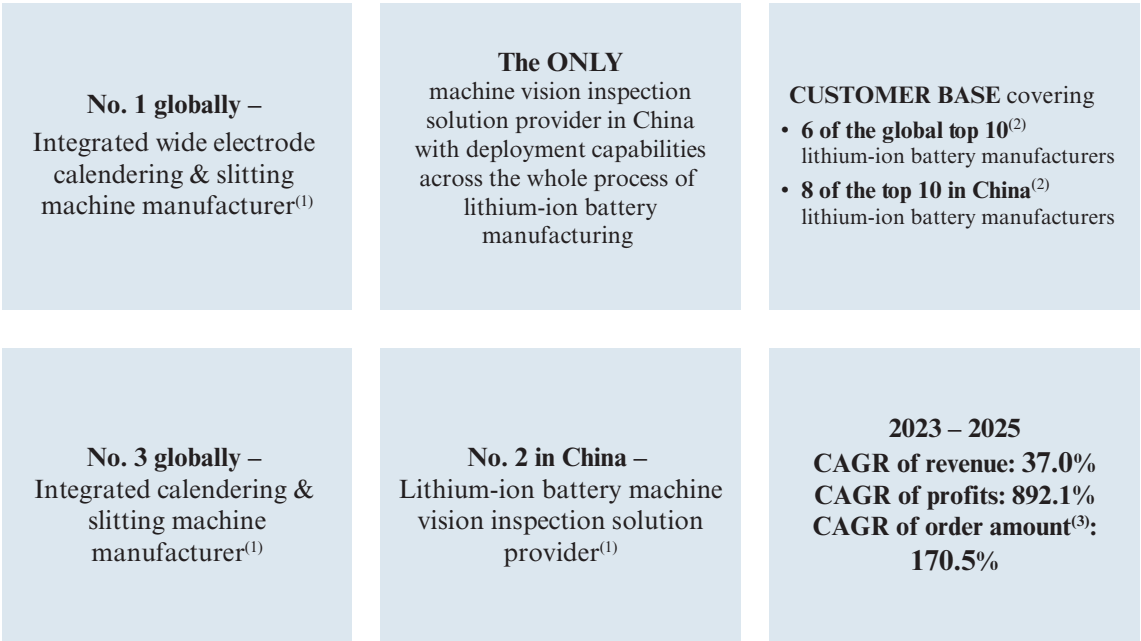
Notes (1) to (3): Please refer to the details contained in the preceding page.

BUSINESS

OVERVIEW

We are a leading provider in the PRC of intelligent equipment and solutions to lithium-ion battery manufacturers, enabled by our machine vision and AI algorithms technologies. According to Frost & Sullivan, in terms of revenue in 2025, we ranked second in the Chinese domestic market for lithium-ion battery machine vision inspection solutions and ranked first in the global market for integrated wide electrode calendaring & slitting machines. As lithium-ion battery manufacturing enters a “lean” stage with the market focusing more on safety, consistency and overall production line yield, intelligent equipment and process control capabilities have become a key focus to ensure the stability of large-scale mass production of battery cells. Through deep integration of AI algorithms and core process equipment, we are able to realize real-time closed-loop control over the course of all stages of the lithium-ion battery manufacturing process, namely the stages of perception, judgment, execution and traceability, and have gradually formed a process control system integrating optics, mechanics, electronics, algorithms and software capabilities. According to Frost & Sullivan, we are the only solution provider in China that has all machine vision inspection deployment capabilities across the whole process of lithium-ion battery manufacturing, the capabilities to embed machine vision into core process equipment, and cross-process data closed-loop management capabilities, and we are gradually upgrading to an AI-driven process control capability platform which we believe will be increasingly important in this lean manufacturing stage of lithium-ion battery production.

The following diagram sets forth some of the key highlights of our Company:



Notes:

- (1) In terms of revenue in 2025, according to Frost & Sullivan
- (2) In terms of global shipment volume in 2025, according to Frost & Sullivan
- (3) Order amount is defined as total amount of new purchase order during each year.

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of customized solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. Our business primarily includes

BUSINESS

manufacture and sale of: (i) machine vision inspection solutions; and (ii) integrated intelligent equipment (such as integrated calendaring & slitting integrated machines and high-speed automatic assembly lines for full-tab cylindrical cells).

Our main source of income over the Track Record Period came from sales of integrated intelligent equipment built on a core technology foundation of machine vision and AI algorithms. Our deep integration of machine vision into our equipment enables us to embed our solutions in our customers’ production lines early on. This creates the foundation for long-term relationships and opportunities for ongoing business through algorithm iteration and system upgrades. We believe the improvement of lithium-ion battery manufacturing quality control capabilities will be a defining factor under fierce industry competition. As one of the few enterprises that have achieved closed-loop control capabilities across the entire “perception-judgment-execution-traceability” process, we believe we are well positioned to contribute to the industry’s transition towards greater automation, intelligence, and traceability.

Our market opportunities and development history

According to Frost & Sullivan, China remains the largest lithium-ion battery intelligent equipment market globally, with its market size expected to increase from RMB34.0 billion in 2025 to RMB80.0 billion by 2030. Meanwhile, the European and North American markets are expected to record more significant growth, maintaining CAGRs of approximately 28.3% and 25.9% from 2025 to 2030, respectively.

We have followed the progression of lithium-ion battery manufacturing from focusing on scale expansion to focusing on lean upgrading, and continue to build a process control capability system around the core pain points of safety, consistency and overall production line yield. We initially focused primarily on transmission and vision control technologies, accumulating underlying technical capabilities in the field of high-speed motion control and precision inspection. With support from the rapid increase in the demand for high-precision machine vision inspection in the lithium-ion battery industry, we have successfully entered the supply chain of leading customers and have participated in the development of inspection systems for key processes. Over the course of servicing prominent customers, we have accumulated a large amount of real production line data and process experience. Such data has helped us transform our business model from simply supplying machine vision systems to be integrated into equipment made by others to supplying our own core process equipment with deeply-embedded vision capabilities. Through research and development of integrated calendaring & slitting equipment, full-tab cylindrical battery assembly lines and other core products, we have gradually built a process control capability system covering key processes. We continue to develop our capabilities to address the equipment needs brought about by the upgrading of the new generation of battery technology, focusing our research and development efforts on key technologies including solid-state battery equipment and dry electrodes.

Key stages of our development have included:

- ***Vision technology accumulation stage (early stage of our development):*** We focused on cultivating high-speed and highly-reflective material detection scenarios, accumulating underlying vision algorithms and precision transmission control technology capabilities and laying a technical foundation for subsequent entry into the field of high-precision manufacturing.
- ***Entering the leading battery supply chain stage (2015–2018):*** We entered the supply chain of industry-leading customers such as CATL, carrying out algorithm iterations around micron-level defect identification needs, and training deep learning models based on real production line data, gradually forming AI vision capabilities adapted to the complex process environment of lithium-ion batteries.

BUSINESS

- ***Vision and core process equipment integration stage (2019–2023):*** In response to the needs of battery companies to improve Overall Equipment Effectiveness (“OEE”) and consistency management, we promoted the deep integration of vision systems into the equipment in core processes such as calendaring and slitting to achieve detection and execution linkage, and extend the process upgrade path from defect detection to defect prevention.
- ***Global development stage (2024 to present):*** We are gradually building our overseas delivery and service capabilities to further integrate with our customers’ global production expansion layout.

Our financial performance

During the Track Record Period, we achieved solid financial performance. For the three years ended December 31, 2023, 2024 and 2025, our revenue was RMB294.0 million, RMB393.9 million, and RMB552.1 million, respectively, and our net profit was RMB0.7 million, RMB51.3 million and RMB69.7 million, respectively.

As we are evolving from producing single-process machine vision inspection systems to producing high value-added integrated intelligent equipment, our profitability has continued to improve driven by continuing growth in revenue from the sale of intelligent equipment. Revenue from the sale of intelligent equipment grew from RMB96.2 million in 2023, representing 32.7% of total revenue for the year, to RMB181.0 million in 2024, representing 45.9% of total revenue for the year, and RMB461.5 million in 2025, representing 83.6% of total revenue for the year.

OUR COMPETITIVE STRENGTHS

Technological advantages: Integration of optics, mechanics, electronics, algorithms and software capabilities with machine vision as our core enabling technology

We are one of the few solution providers in the industry that can deeply embed machine vision technology into core process equipment and realize the integration of optics, mechanics, electronics, algorithms and software in controlling the manufacturing process according to Frost & Sullivan. Our systems extend beyond equipment functionality and form part of the core quality-control infrastructure of our customers’ production lines. Unlike providers that offer only inspection modules for integration into third-party machinery or stand-alone equipment, we embed our machine vision system directly into core production equipment. This deep integration enables real-time closed-loop control across the whole “perception-judgment-execution-traceability” process. In high-speed continuous production environments, our systems can quickly analyze conditions, identify defects, and provide feedback that enables equipment to perform millisecond-level dynamic deviation correction. This helps reduce defect rates and improve production-line stability.

By directly embedding the machine vision inspection system across different stages of lithium-ion battery production line, we can achieve millisecond-level identification and response in key processes, and improve the overall OEE level of the production line. Compared with the traditional “post-process inspection and offline correction” model, our integrated production and inspection architecture helps reduce the delays and errors caused by manual intervention and multi-system docking. This, in turn, helps customers achieve higher production consistency and improve overall production line yield during large-scale mass production.

In addition, we have built data interaction capabilities to achieve unified management and traceability of inspection data across different production stages. Through data analysis, we help customers identify the root cause of defects and optimize process parameters, thereby improving quality control capabilities across the entire production line. These closed-loop control capabilities across the entire “perception-judgment-execution-traceability” process constitute a core technical advantage that distinguishes us from traditional equipment manufacturers and pure machine vision

BUSINESS

manufacturers, so that quality control is upgraded from simply detecting defects to preventing defects. This ability to integrate the capabilities of optics, mechanics, electronics, algorithms and software that controls the manufacturing process creates meaningful technical and integration barriers, while also increasing customer switching costs in large-scale production line scenarios. These capabilities have enabled us to upgrade from a provider of single-process equipment to a deeply embedded part of the customer’s production line quality control system.

Data advantages: Robust data accumulation and AI algorithm capabilities

We entered the supply chain system of several leading lithium-ion battery manufacturers, early in our history, and have accumulated large amounts of real production line defect samples and process data over the course of our long-term cooperation with them. Our defect sample and process data, which cannot be obtained through laboratory simulations or otherwise without long periods of actual production, not only covers single processes, but also reflects the defect propagation relationship between different processes and the impact of process parameter changes on yield, and identifies the causal relationship between the two. Based on such data accumulation, we continue to train and iterate on our deep learning algorithm models, so that our systems can consistently identify complex and subtle defects.

Since 2015, we have engaged in the R&D of vision algorithms. As a first mover, we have built our advantage in data accumulation ahead of most peers according to Frost & Sullivan, and developed an in-house defect database and algorithm model training system. Unlike general machine vision algorithms, our AI algorithm model is highly adaptable to complex scenarios found in lithium-ion battery production such as high reflection, film flexibility and high-speed motion, and can maintain stable recognition accuracy under high-speed production cycles. This algorithm model has the ability to quickly migrate and deploy between different customer production lines, effectively shortening the commissioning cycle of new production lines.

The extensive amount of relevant data we have accumulated and the ability of our AI algorithm model to continue improving and optimizing overall equipment performance, has helped form an on-going virtuous cycle. With the expansion of data scale, the training efficiency and migration ability of algorithm models are further improved, and the competitive advantage brought by scale effects is strengthened. As the number of project we deliver increases, we further enrich our defect sample library and improve algorithms’ ability to identify new defect types, thereby continuously improving the accuracy and stability of detection. We believe these data accumulation and algorithm optimization capabilities give us a long-term competitive advantage in the process of AI-enabled manufacturing upgrades.

Process advantages: In-depth understanding of the lithium-ion battery manufacturing process

Lithium-ion battery manufacturing involves multiple complex processes such as front-end electrode manufacturing, mid-end battery cell assembly, and back-end module and PACK processes, and there are significant differences in the requirements for detection accuracy, speed, and response mechanisms in each process. Through many years of participation in the construction and upgrading projects of leading customers’ production lines, we have formed a systematic understanding of the key quality control points of different processes, and can design testing and equipment solutions from process principles. For example, certain defects which can occur during the front-end manufacturing process for electrodes, such as small burrs or coating defects are not able to be repaired in subsequent steps, and if not detected, can have a significant impact on battery safety. Through continuous verification and optimization of key process parameters, we develop inspection models and optical solutions that adapt to different material properties which help customers identify such defects in the front-end stage. During high-speed winding or stacking in the mid-end stage, our system monitors edge alignment accuracy in real time, reducing potential short circuit risks.

BUSINESS

We also actively participate in the formulation of testing specifications and technical standards for our customers. We believe this further enhances our knowledge of and ability to help shaping industry quality system standards, and provide us with better visibility to make forward-looking judgments on the evolution trend of industry testing requirements. Our deep understanding of the process characteristics allows us to participate in the early stages of our customers’ lines, enhancing engagement and project acquisition.

Customer advantages: In-depth cooperation with leading customers and global delivery capabilities

We have established long-term and stable relationships with many of the world’s leading battery manufacturers, covering a wide range of products from machine vision inspection solutions to core intelligent equipment. Our products are widely applied in various scenarios including power batteries, energy storage batteries and consumer batteries, and are compatible with the process requirements of different technical routes such as liquid electrolytes and solid-state electrolytes. Through our history of successful project delivery and long-term collaborative research and development, we have continued to increase our penetration rate in customer production lines and have achieved a significant market share of certain core products. According to Frost & Sullivan, the stringent and lengthy certification procedures required by leading industry players create a significant barrier to entry for competitors.

We have the ability to deliver full-line and multi-process projects, and can provide systematic support for customers in the process of expanding production or building overseas factories. As Chinese battery companies accelerate their global layout, we have developed our overseas delivery capabilities, in certain key regions, such as Germany and Hungary in Europe, and continue to help support them in the installation, commissioning and follow-up maintenance of overseas projects. Our partnership model supports rapid migration and deployment to enable customers to replicate their mature production lines on a global scale, and these global delivery capabilities further enhance our stickiness with our customers.

We believe that over the process of long-term cooperation with key customers, we have established a good reputation through stable delivery performance and continuous technology iteration, as demonstrated by continuing orders from our key customers. Our customer base covers six of the global top 10 lithium-ion battery manufacturers and eight of the top 10 lithium-ion battery manufacturers in China, in terms of global shipment volume in 2025. As leading customers typically attach great importance to the stability and reliability of their suppliers, we believe our existing positive partnerships with such customers provide a key advantage facilitating our future growth. We believe our long-term cooperation with leading customers and overseas delivery capabilities have enhanced our brand recognition and strengthened barriers to entry for potential competitors.

Team and governance advantages: Professional and experienced management team and strong shareholder support

Our core management team has extensive industry experience in the fields of industrial automation, machine vision and high-end intelligent equipment, and the ability and experience to manage the whole process from product research and development to market expansion to large-scale delivery, which can effectively promote the continuous implementation of our technological innovation and business expansion.

Our management played a key role in our transformation from a supplier of stand-alone vision systems to a provider of full solutions integrating opto-mechanical technologies with the computer software that controls the manufacturing process, helping to ensure that our strategic direction is aligned with industry trends. Our management team continues to accumulate experience in the delivery of complex projects and cross-regional operation management, which can support our large-scale expansion and international development. At the same time, we have established a stable corporate governance structure and decision-making mechanism, forming a development path that is both technology-driven and market-oriented. We continue to optimize our internal control and risk management systems to support future large-scale developments and global operational needs.

BUSINESS

In terms of shareholder structure, we have meaningful support from shareholders with substantial industrial background and capital market experience, which we believe will facilitate our strategic resource integration, industrial synergy and future capital operation challenges going forward. We believe a stable shareholder structure and a standardized governance system provide a solid foundation for our long-term development.

OUR BUSINESS STRATEGIES

We plan to implement the following strategies.

Continue to expand our business in relation to lithium-ion battery core process equipment

In order to ensure sustained growth in revenue and profit, we will continue to strive to improve our competitive position, including through the following measures.

We will continue to iterate our core equipment such as integrated calendaring & slitting machines, integrated laser notching & winding machines and high-speed automatic assembly lines for full-tab cylindrical cells, and to improve equipment accuracy, stability and automation to satisfy customers’ rising standards in terms of safety, consistency and overall production line yield.

We will use our technological advantage of being able to deeply embed machine vision technologies into core production equipment to penetrate into additional production lines and processes of our existing customers, and promote repurchase and category expansion through continuous delivery and collaborative research and development.

Through continued investment in research and development, we will further strengthen the deep integration of machine vision into core equipment, improve real-time deviation correction and data traceability capabilities, and provide customers with more complete closed-loop solutions for process quality.

Expand our production capabilities with regard to lithium-ion battery intelligent equipment to support business growth

We plan to continue to expand our production capabilities at our core production bases, including construction and production line upgrades at our East China headquarters (Changzhou) manufacturing base, to enhance our intelligent equipment manufacturing capabilities and meet the growing order demand of our customers. We also plan to recruit (i) additional production personnel, including several mechanical engineers, electrical engineers and installation and commissioning technicians, and (ii) additional R&D personnel. For our historical and planned increases to production capabilities, plan to recruit additional personnel and the timeline for the development of our East China headquarters (Changzhou) manufacturing base, see “— Production Facilities and Production Process” in this section and “Future Plans and [REDACTED]” in this document. As part of such expansion, we plan to build more automated production lines and introduce advanced manufacturing standards to improve production efficiency, shorten lead times, and improve product quality stability.

In addition, we believe one of the key challenges going forward will be our ability to support customers’ increasing and evolving equipment needs brought about by global production expansion. As global battery companies continue to expand their production capabilities, we will better support customers’ production line construction needs through capacity improvement and production optimization, and continue to upgrade our supply model from stand-alone order delivery to large-scale mass production.

BUSINESS

Strategically focus on next generation battery technology innovation and potential applications in other fields

To maintain our competitiveness while taking advantage of new opportunities presented by evolution of the industry, we remain committed to keeping at the forefront of industry trends. We will carry out product pre-research and verification around next generation battery technologies such as solid-state batteries, dry electrodes, and full-tab cylindrical batteries, including continuing to invest in the development of equipment and testing solutions for key processes, forming replicable engineering landing capabilities and working with industry participants to promote trial production and support mass production.

Moreover, we will position ourselves to seize the equipment upgrade opportunities brought about by the evolution of structural form. In response to the manufacturing requirements of new types of batteries such as full-tab cylindrical batteries, we will develop equipment and machine vision inspection solutions that meet the needs of high-speed manufacturing and high consistency. We will also build cross-processes algorithms and migration capabilities in advance and will continue to accumulate new process defect samples and related data to further improve the efficiency of rapid model migration and deployment, laying the foundation for subsequent large-scale volume production.

In addition, we plan to build on our success in the lithium-ion battery manufacturing field to explore the applicability of related technologies in other high-end manufacturing fields. For example, leveraging our expertise in machine vision and AI algorithms, we have developed intelligent equipment and solutions tailored for photovoltaic module inspection, precision machining of 3C products, and semiconductor packaging inspection. This would enable us to realize business synergies, diversify our product portfolio, and create new revenue drivers. We have already secured small-volume orders from industry-leading companies in these fields, and we expect successful testing by such customers will open up opportunities for additional orders.

Expand our global footprint and build our global delivery and service capabilities

According to Frost & Sullivan, the overseas lithium-ion battery intelligent equipment market is expected to maintain a high compound growth rate between 2025 and 2030, providing structural growth opportunities for overseas expansion. We plan to further strengthen our overseas delivery capabilities and penetrate the overseas market, following participants China's battery industry chain as they go abroad. We plan to use [REDACTED]% of the [REDACTED] from the [REDACTED] to develop our sales and delivery network, including expanding our overseas service coverage. For details of our plan on such development, see “Future Plans and [REDACTED]” in this document.

We aim to increase our penetration with leading overseas customers and key projects, starting with benchmark projects, from which we hope to replicate the experience of full-line/multi-process delivery, and enhance the comprehensive solution capabilities and long-term cooperation stickiness of overseas customers.

Promote digital transformation to improve operational efficiency and delivery capabilities

We plan to further improve our operations with a more systematic management approach to better support large-scale delivery. Specifically, we will further improve our ERP, OA, SRM, PLM and EHR systems to advance our collaborative efficiency and process visualization management capabilities in R&D, procurement, production, project delivery and after-sales service.

At the same time, we will focus on enhancing parallel project management capabilities through standardized processes and digital tools to shorten lead times and optimize resource allocation, thus controlling costs and increasing profitability. We will also promote the digital management of key quality indicators and supply chain performance indicators. We believe such data-driven quality and supply chain system will help improve delivery stability and customer satisfaction.

BUSINESS

Explore strategic investment and merger and acquisition opportunities to achieve growth, expand the supply chain and strengthen our capabilities

In addition to organic growth, we intend to pursue strategic investment or acquisition opportunities, focusing on target companies we believe are highly synergistic with our existing capabilities. In particular, we will focus on potential opportunities that can enhance our optics/algorithm capabilities, improve key components for our production, optimize our core process solutions, and expand our overseas service capabilities, to boost our overall competitiveness.

Moreover, we will explore potential targets that can help us supplement and expand our supply and delivery capabilities. Going forward, on the premise of ensuring steady development of our main business, we may also explore opportunities for strategic cooperation and investment that will help expand our industry application scenarios and platform capabilities. With regard to any such investment or acquisition, we will adhere to prudent investment principles and strict integration standards to ensure that any such investment can form clear synergies at the technical, product, and/or customer dimensions.

We plan to use [REDACTED]% of the [REDACTED] from the [REDACTED] to invest in or acquire such synergistic companies. For details of our plans regarding such investments or acquisitions, see “Future Plans and [REDACTED]” in this document. As of the Latest Practicable Date, we had not identified any potential targets.

OUR BUSINESS MODEL

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of customized solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. According to Frost & Sullivan, as of December 31, 2025, we were the only machine vision company in China providing comprehensive coverage of machine vision inspection solutions across the whole process of lithium-ion battery manufacturing.

We have developed two flagship product lines:

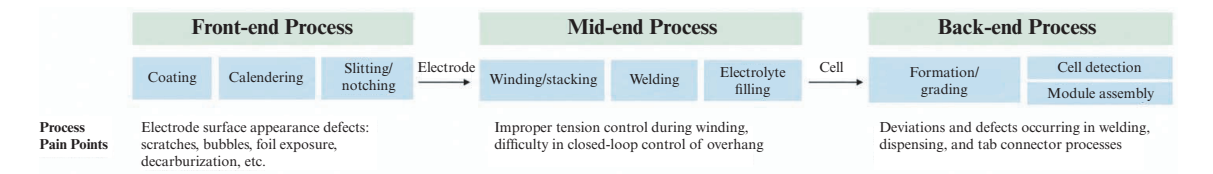
- (i) Lithium-ion battery integrated intelligent equipment; and
- (ii) Lithium-ion battery machine vision inspection solutions, including machine vision inspection systems and Automatic Optical Inspection (AOI) equipment.

Lithium-ion Batteries Manufacturing Process and Our Products

Lithium-ion battery manufacturing can be divided into three stages: front-end, mid-end, and back-end. Based on over ten years of in-depth industry experience, we have gained a deep understanding of the pain points and potential defects that can occur at each stage of the manufacturing process.

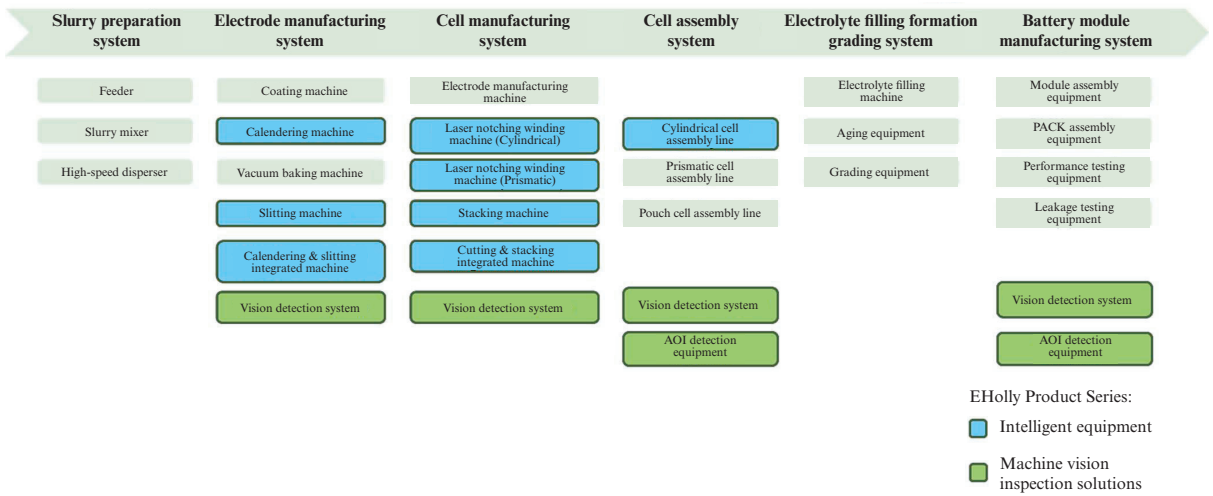
- The front-end stage mainly covers manufacturing cathode and anode materials, membranes, and electrode sheets, including the procedures of coating, calendaring and slitting/notching. In this process, there may exist uneven electrode coating, electrode surface appearance defects, inconsistent electrode thickness, as well as burrs;
- The mid-end stage focuses on assembling lithium-ion battery cells, including the procedures of winding/stacking, welding and electrolyte filling. In this process, welding quality defects may occur due to improper tension control during winding, or difficulty in closed-loop control of overhang; and
- The back-end stage involves formation/grading, detection of the lithium-ion batteries, and module assembly. In this process, deviations and defects may occur in welding strength, dispensing consistency, and applying tab connectors.

BUSINESS



We have the capability to provide inspection solutions over the entire lithium-ion battery manufacturing process. We have developed multiple machine vision inspection systems and AOI equipment to fit different customers’ production line setups and process requirements. This allows us to meet customers’ needs for deploying machine vision inspection systems or equipment on new production lines, as well as support upgrades and improvements on existing lines.

Building on our machine vision inspection capabilities, we have also developed our own intelligent lithium-ion battery manufacturing equipment that integrates with these inspection systems, helping our customers improve efficiency in setting up lithium-ion battery production lines. The following chart shows our product and solution offerings across a typical lithium-ion battery production line.



OUR PRODUCTS AND SOLUTIONS

Intelligent Equipment

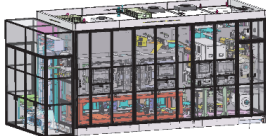
We have developed a series of intelligent equipment for lithium-ion battery manufacturing. In 2023, 2024 and 2025, revenue generated from our intelligent equipment was RMB96.2 million, RMB181.0 million, and RMB461.5 million, respectively, representing 32.7%, 45.9% and 83.6%, respectively, of our total revenue for those years.

We focus on the core processes of lithium-ion battery manufacturing and are dedicated to integrating the functions of lithium-ion intelligent equipment, aiming to create integrated intelligent equipment capable of simultaneously completing multiple core processes, to replace traditional equipment that is limited to a single process. In this way, we can help our customers improve the efficiency of lithium-ion battery manufacturing. Our integrated intelligent equipment includes (i) integrated electrode calendering & slitting machines (輥壓分切一體機), and (ii) integrated laser

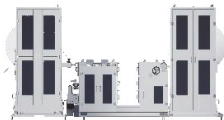
BUSINESS

notching & winding machines (激光模切捲繞一體機). Moreover, we completed the sale and delivery of our first high-speed automated assembly line for full-tab cylindrical cells (全極耳圓柱電芯高速自動裝配線) in 2025.

The following table sets out our core intelligent equipment products as of the Latest Practicable Date:

No.	Intelligent Equipment	Introduction and Features	Picture
1.*	Integrated Wide Electrode Calendering & Slitting Machine (大寬幅輥壓分切一體機)	This equipment uses a roll-to-roll method with a pair of rollers to compact coated lithium-ion battery electrode sheets to a specified density while performing electrode sheet slitting. The equipment features online thickness measurement and automatically adjusts roller pressure in real time based on thickness. It also supports unwinding, manual splicing, and high-efficiency dust removal.	 1500 mm Wide Electrode Calendering & Slitting Integrated Machine
		This equipment is designed for large-scale intelligent manufacturing of power and energy storage batteries, supporting high-energy-density cell production with electrode widths of 1,200 mm to 1,500 mm and above. It integrates two core processes — calendering and slitting — into a single platform, featuring large-diameter high-rigidity rollers, a fully closed-loop hydraulic servo control system, and multi-axis synchronous tension control technology. The equipment delivers continuous and stable operation at a maximum rolling force of ≥ 400 tonnes and a roller surface linear speed of ≥ 120 m/min.	 1200 mm Wide Electrode Calendering & Slitting Integrated Machine
2.*	Integrated Narrow-width Electrode Calendering & Slitting Machine (窄幅輥壓分切一體機)	This equipment's functions are the same as the wide electrode calendering & slitting integrated machine. This equipment targets high-precision, multi-product flexible manufacturing for electrode widths of 300 mm to 800 mm, serving fast-charging power batteries, small power batteries, and premium consumer batteries such as 4680 cylindrical cells. The compact modular design integrates calendering, edge thinning compensation, slitting, and dust removal into a single platform.	 850 mm Narrow-width Electrode Calendering & Slitting Integrated Machine
3.	Wide Electrode Slitting Machine (大寬幅極片分切機)	This equipment continuously cuts wide rolls of electrode sheets into multiple narrower strips with the required widths.	
4.	Dry Electrode Lamination Machine (乾法電極復合一體機)	Developed for next-generation high-energy-density batteries using dry electrode technology, this product integrates four core processes — dry powder mixing, fibrillation, film calendering, and thermal lamination onto current collectors — enabling continuous production from raw materials to finished electrode-current collector assemblies. The fully solvent-free modular design eliminates the coating and drying stages entirely, substantially reducing energy consumption and manufacturing costs.	

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No.	Intelligent Equipment	Introduction and Features	Picture
5.	Electrode Slitting Machine (極片分切機)	This is a fully automatic high-speed slitting machine for lithium-ion battery production. It continuously slits and rewinds electrode sheets after the rolling process, and is compatible with one-out-four, one-out-three, and one-out-two configurations.	 Electrode Slitting Machine  Electrode Slitting Machine (One to Four)
6.	Rewinding Machine (復卷機)	This equipment enables the unwinding and rewinding of coated/cold-pressed cylindrical electrode sheets, ensuring that the edge alignment of the rewound electrode sheets meets process requirements.	
7.*	Integrated Laser Notching & Winding Machine for Prismatic Cells (方形電池激光模切捲繞一體機)	This equipment processes electrode rolls through continuous laser notching and wind them along with the separator, to produce bare cells that meet required process specifications and quality standards.	
8.*	High-Speed Automatic Assembly Line for Full-tab Cylindrical Cells (全極耳圓柱電芯高速自動裝配線)	The fully automated cylindrical lithium-ion battery assembly line covers all production stages from jelly roll unloading after winding to casing insertion. It is suitable for both upgrading the processes of existing single-tab cell lines and serving as the front-end production section of newly established lines. This assembly line consists of a cathode current collector welding machine, an anode current collector welding machine, cathode and anode loading machines, a short-circuit tester, a jelly roll loading and unloading machine, and a wrapping machine.	

* These flagship products are further introduced in detail in the below case studies.

Case Study 1: Integrated Intelligent Equipment for Electrode and Cell Assembly Manufacturing

Conventional segmented production equipment for lithium-ion batteries — including stand-alone calendaring, slitting, notching, and winding machines — gradually fall behind leading battery manufacturers’ dual requirements for cost efficiency and quality consistency, due to their repeated material rewinding, inter-process transfer delays, and the inherent difficulty of implementing closed-loop control. We have developed integrated machinery for our customers to help them address these issues.

BUSINESS

- *Intelligent Equipment in Electrode Manufacturing Process: Integrated Wide and Narrow-width Electrode Calendering & Slitting Machines*

Our integrated wide and narrow-width electrode calendering & slitting integrated machine is designed to address the need to consolidate electrode calendering and slitting in large-scale lithium-ion battery manufacturing. By integrating both processes into a single system, electrodes proceed directly from calendering into inline slitting, eliminating intermediate rewinding, unloading, and reloading steps, thereby improving production continuity and electrode edge consistency.

The technology development trend for integrated calendering and slitting machines is characterized by high speed, high precision, high quality and large width, which closely aligns with the lithium-ion battery industry’s move towards larger cell sizes and higher capacities. To address these market requirements, we embedded machine vision capabilities into our integrated calendering and slitting integrated machine and developed a multi-modal inspection solution capable of real-time closed-loop monitoring of calendering thickness, uniformity and slitting dimensions. Through predictive algorithms, the machine can automatically address production fluctuations, helping maintain consistency while reducing manual intervention.

Our product portfolio has expanded to cover both wide-width series, ranging from 1,200 mm to 1,500 mm, and narrow-width series, ranging from 450 mm to 1,100 mm, and we have also launched models with roller diameters increased to 1200 mm and widths up to 1,800 mm. Our calendering and slitting equipment was accepted into the CATL supply chain in 2019, initially as pilot machines. Following multiple rounds of technical verification and production line optimization, we gradually secured orders for mass production of this equipment and in 2025 and our equipment represented approximately 50% of all integrated calendering and slitting equipment in CATL’s production lines.

This achievement reflects systematic validation of our capabilities over several years rather than a single-point breakthrough. The core technologies required for large-width calendering and slitting integrated machines, including roller deflection compensation, closed-loop tension control for wide electrodes and AI-driven predictive compensation for thickness consistency, have been fully validated under CATL’s stringent standards. In addition, CATL imposes high requirements on delivery timeliness, equipment stability and large-scale supply capability, and our ability to secure nearly half of all integrated calendering and slitting equipment in its production line indicates that we have established production assurance systems and supply chain management capabilities aligned with the needs of a leading market player. Finally, we believe our progression from narrow-width to wide-width machines, from pilot equipment to mass production, and from single-machine delivery to batch supply demonstrates our ability to iterate alongside leading customers’ process roadmaps.

We have also expanded our customer base beyond CATL to other leading lithium-ion battery manufacturers in China, including Hithium, Zenergy and Cornex, demonstrating the adaptability and scalability of our technical solutions.

- *Intelligent Equipment in Cell Assembly Manufacturing Process: Integrated Laser Notching & Winding Machines for Prismatic Cells*

In the production of bare prismatic cells, laser notching for tab forming and winding for cell formation have traditionally been completed by two separate machines in sequence. This conventional arrangement not only occupies substantial floor space, but also creates operational challenges associated with secondary electrode transfer, repeated unwinding and rewinding, and the difficulty of maintaining closed-loop control over tab alignment during the transition between processes. Therefore, we developed our integrated laser notching & winding machine for prismatic cells to address pain points in the mid-stream cell-making process of lithium-ion battery manufacturing.

BUSINESS

This machine integrates multiple processes, including unwinding, laser notching, tab forming, dust removal, tension control, winding formation and CCD-based vision inspection, within a single workstation, enabling an “instant cut and wind” production mode. Through a high-precision servo control system, the machine achieves accurate electrode positioning and winding alignment, which are important to ensure cell consistency and production stability. In addition, the machine adopts a modular design that supports relatively fast changeovers for different cell sizes, thereby improving production flexibility and allowing customers to adapt more efficiently to changing product specifications.

In 2024, we have supplied two units of such integrated laser notching & winding machines to Zenergy, and such equipment has completed acceptance. This project demonstrates our ability to commercialize integrated mid-stream cell-making equipment and supports our continued expansion in prismatic lithium-ion battery manufacturing equipment.

Through the two categories of integrated intelligent equipment described above, we have established comprehensive product coverage across two critical integration stages in lithium-ion battery manufacturing — the electrode manufacturing and cell assembly stages. Our integrated calendaring and slitting equipment has been delivered in volume to leading customers including CATL, while our integrated laser notching and winding equipment has successfully completed benchmark project acceptance at Zenergy. These outcomes demonstrate, through actual delivery and acceptance, our technical capabilities, engineering execution, and capacity for large-scale deployment in integrated equipment. Going forward, we believe such solutions can be progressively introduced across additional customer projects in line with their specific process requirements and qualification timelines.

Case Study 2: High-Speed Automated Assembly Line for Full-Tab Cylindrical Cells

We aim to develop high-speed automated assembly lines for full-tab cylindrical cells as a new growth driver of our business. In 2025, we completed the sale and delivery of our first high-speed automated assembly line for full-tab cylindrical cells.

The fundamental distinction between full-tab cylindrical lithium-ion batteries and conventional single-tab or dual-tab counterparts lies in the connection mode between tabs and current collectors, which is upgraded from point contact or line contact to surface contact. This structural innovation greatly optimizes the electron transmission path and delivers substantial performance gains, including enhanced high-rate charge and discharge capability, lower internal resistance, superior heat dissipation and safety performance, improved fast-charging performance, and a broader operating temperature range.

The full-tab cylindrical battery production line’s core procedure resides in the front-end cell assembly process, which is critical to the overall production line yield, operating speed and consistency.

To cater to the manufacturing requirements of full-tab cylindrical batteries, we have developed a dedicated high-speed automated assembly line for front-end assembly processes. The assembly line comprises negative current collector welding machines, negative current collector feeding machines, positive current collector welding machines, positive current collector feeding machines, HI-POT testing machines, tray loading and unloading machines, adhesive coating machines, as well as supporting cell feeding and discharging equipment. This integrated production line is tailored to our customers’ specifications with respect to production capacity, precision, operational stability and quality consistency in cylindrical cell assembly.

The core competitive edge of this product lies in its high-speed and highly stable automated assembly capacity.

BUSINESS

All equipment deployed on the high-speed assembly line is equipped with independent motor drives, cam-linkage mechanisms and a continuous turret cam operating mode. Adjacent processes are automatically connected through a flexible chain system, enabling an efficient and coordinated production workflow. The assembly line is also integrated with a Manufacturing Execution System (MES), supporting full-process data traceability from raw materials to finished products and facilitating customers’ quality control management. Through process innovation, production line layout optimization and logistics system upgrading, we strive to further elevate the production capacity and operational efficiency of the production line.

In 2025, we obtained an order from the domestic manufacturing base of a leading cylindrical battery manufacturer in China. The equipment delivered for the order passed customer acceptance in September 2025. The customer was highly satisfied with the production line’s performance, yield and consistency, and subsequently awarded us all capacity expansion orders for its overseas production bases. In April 2026, we successfully secured another order for the Nanjing manufacturing base of a leading cylindrical battery manufacturer headquartered in South Korea. We believe these projects fully demonstrate our commercialization capability and growth potential in the full-tab cylindrical battery equipment market.

Case Study 3: Full-Process Turnkey Solution for a Polymer Solid-state Battery Pilot Production Line

We have long focused on integrated intelligent equipment for core processes in the front and middle stages of lithium-ion battery manufacturing, including integrated calendaring and slitting machines and integrated laser notching and winding machines. Leveraging our expertise in machine vision and optics-mechanics-electronics-computing-software (OMECS) integration, we have built a track record of reliable delivery and quality performance with leading customers, earning strong market recognition. In 2024, we successfully undertook and delivered our first full-process turnkey solution for a 0.5 GWh polymer solid-state battery pilot production line of Beijing Pure Lithium New Energy Technology Co., Ltd. (北京純鋰新能源科技有限公司), or Pure Lithium New Energy (純鋰新能源), at its production base in Lankao, Henan Province. The completion of this project marks a transformative milestone in our evolution from a stand-alone equipment supplier to a full-line solution provider, expanding the scope and total contract value of individual customer engagements while building the engineering experience and project delivery capabilities required for future overseas market development. In this project, we manufactured in-house the calendaring equipment, slitting equipment, and secondary sealing equipment — all product categories within our core technology domain.

Our ability to undertake and deliver full-process turnkey projects is underpinned by three core capabilities:

- *OMECS Integration.* This capability is directly transferable to full-line projects, ensuring seamless data connectivity across all process stages and enabling traceability of critical quality parameters.
- *Accumulated Full-Process Quality Control Expertise.* Through long-term partnerships with leading customers including CATL, Hithium, Zenergy and Cornex, we have accumulated extensive real production data and process know-how. These assets enable us to understand the interdependencies between individual processes — from mixing through to formation and capacity grading — giving us the capability to integrate entire production lines rather than simply combining stand-alone equipment.
- *Supply Chain Integration and Project Management Capabilities.* For equipment that we do not manufacture in-house, we have established rigorous vendor qualification and integration standards, with a focus on ensuring full-line process compatibility, unified communication protocols, and controllable delivery schedules. In the Pure Lithium New Energy project, we coordinated over ten categories of equipment suppliers to achieve full-line commissioning for an emerging solid-state battery technology.

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According to Frost & Sullivan, lithium-ion battery manufacturers typically favor a “single point of contact, full-line delivery” procurement model, whereby one supplier assumes overall coordination responsibility and reduces the management and interface risks associated with multiple vendors. The successful execution of the Pure Lithium New Energy project demonstrates that we have the capabilities required to deliver results on overseas engagements: full-line process design covering the entire process pathway from formulation to finished cells, multi-equipment integration and system commissioning, and effective management of delivery timelines and costs.

Machine Vision Inspection Solutions

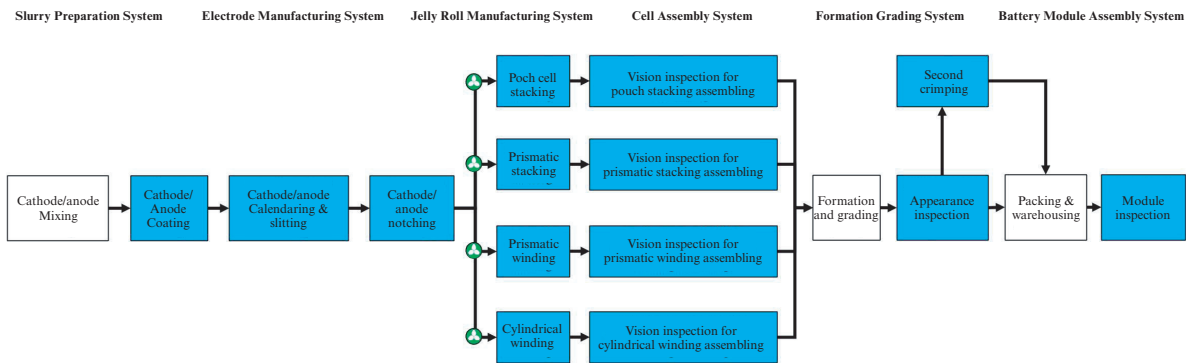
Our machine vision inspection solutions use optical devices and sensors to capture images of the target, which are then converted into digital signals by a dedicated image processing system. These signals are processed to extract key features such as area, quantity, position, and length. Based on preset tolerance levels and other criteria, the system outputs results that control actions of on-site equipment.

As intelligence and automation levels in lithium-ion battery manufacturing continue to increase, machine vision products have been widely adopted across all production stages of lithium-ion battery manufacturing. Ranging from coating and calendaring in the front-end process, cell assembly in the mid-end process, to inspection after formation and grading in the back-end process as well as the module and PACK stage, the penetration rate of machine vision applications has been climbing steadily.

The extensive adoption of machine vision in lithium-ion battery manufacturing equipment has delivered substantial improvements to battery quality control. On the one hand, machine vision technology can avoid contamination introduced by manual intervention, and on the other hand timely block defective batches from flowing into the end market. Beyond enhancing quality control, analysis of defect measurement data via vision software and algorithms further provides battery manufacturers with data support and decision-making references for process refinement and quality optimization. Such comprehensive application advantages have fueled the rapid growth in the adoption scale of machine vision products in lithium-ion battery manufacturing. For further details, see “Industry Overview” in this document.

We have machine vision inspection capabilities covering the entire lithium-ion battery production process from (i) electrode sheet manufacturing, to (ii) battery cell assembly, to (iii) module and PACK assembly.

The following diagram illustrates the lithium-ion battery manufacturing process. Procedures highlighted in blue are procedures that can be equipped with machine vision inspection solutions to increase accuracy and efficiency:



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Our vision inspection solutions include two main categories: (i) lithium-ion battery machine vision inspection systems; and (ii) lithium-ion battery AOI equipment. The former category is designed to integrate into lithium-ion battery intelligent equipment, while the latter is stand-alone equipment which can be integrated into lithium-ion battery production lines or designed as offline units for spot-checking or re-inspection.

In 2023, 2024 and 2025, revenue generated from our machine vision inspection solutions amounted to RMB173.6 million, RMB182.7 million, and RMB71.5 million, respectively, representing 59.1%, 46.4%, and 12.9%, respectively, of our total revenue for those years.

Machine Vision Inspection Systems

We have the capability to provide inspection solutions at each stage of the lithium-ion battery production process.

In lithium-ion battery manufacturing, the method used to produce the cells can either be winding or stacking, depending on the cell format:

- Cylindrical cells predominantly use the winding process. In this method, continuous sheets of cathodes, separators, and anodes are layered and tightly wound into a spiral “jelly-roll” structures, which are then inserted into a rigid metal can. Winding offers high automation, fast production speed, and strong mechanical stability, making it especially suitable for large-scale manufacturing in consumer electronics and electric vehicles.
- Prismatic cells can be manufactured using either winding or stacking. Wound prismatic cells form a flattened jelly-roll to fit inside a rectangular aluminum case, providing a good compromise between production efficiency and space utilization. Stacked prismatic cells, are assembled by placing cut electrode sheets and separators in alternating layers. This flat, layered structure enables more uniform current distribution, lower internal resistance, and potentially higher energy density and longer cycle life. As a result, stacking is increasingly favored in high-performance electric vehicle applications.
- Pouch cells most commonly adopt stacking because their flexible laminated packaging benefits from evenly distributed, flat electrode layers that help reduce internal stress and swelling. However, some pouch designs use a Z-fold (laminated winding) approach to combine improved consistency with higher production efficiency.

Lithium-ion battery manufacturing is highly complex encompassing dozens of sequential manufacturing processes. Machine vision technology, with its hallmark advantages of high precision, high speed, and non-contact operation, has become deeply embedded across the entire production workflow — from the earliest coating processes to final module and PACK assembly. In the modern intelligent manufacturing of lithium-ion batteries, machine vision has established itself as an indispensable “eyes” of the production line.

The core processes and their respective inspection priorities are outlined below:

- **Coating:** Machine vision inspection systems mainly monitor coating dimensional accuracy and alignment deviation, and precisely identify micro defects such as foil exposure, bubbles, material shortages and surface particles.
- **Calendering:** Machine vision inspection systems target the thickness uniformity of electrode sheets and detect defects such as powder shedding, surface cracking and wrinkles.
- **Slitting and Notching:** Machine vision inspection systems precisely identify micro defects such as foil exposure, bubbles, material shortages and surface particles ensure precise dimensional accuracy and maintain strict burr control.

BUSINESS

- **Winding and Stacking:** Machine vision inspection systems real-time monitor the stacking alignment (Overhang) of electrode sheets and separators, accurately quantify the position and shape of tabs, and effectively address misalignment issues caused by tension fluctuation or mechanical errors.
- **Tab Welding:** Machine vision inspection systems identify weld spatter, cold joints, and slag residues.
- **Cap Welding:** Machine vision inspection systems inspect the sealing performance of cells by examining the integrity of weld seams between cover plates and cell shells, weld porosity, burst points and the appearance of cover plate poles.
- **Electrolyte Filling:** Machine vision inspection systems verify the assembly condition and positional accuracy of sealing pins and plugs at liquid injection ports, detect electrolyte residue and contamination around the ports to secure cell sealing safety.
- **Formation and Capacity Grading:** Machine vision inspection systems detect externally observable anomalies such as cell swelling and electrolyte leakage.
- **Appearance Inspection:** Machine vision inspection systems perform a 360-degree full inspection on finished cells to identify defects including surface protrusions, scratches, foreign particles and air bubbles under blue protective films.
- **Module and PACK Assembly:** Machine vision inspection systems examine busbar welding quality and the dimensional accuracy of module assembly.

Together, these machine vision inspection systems form a comprehensive quality assurance framework that safeguards battery safety and performance across the entire production chain. Machine vision plays a critical and irreplaceable role at every stage of lithium-ion battery manufacturing. By deploying application-specific inspection solutions across each process step, lithium-ion battery manufacturers can achieve end-to-end quality control — from raw material processing through to finished product — enabling the timely detection and rejection of defects of all types. This holistic approach effectively ensures the performance consistency, operational safety, and reliability of the final battery product.

Revenue generated from our machine vision inspection systems was RMB164.9 million, RMB105.3 million, and RMB52.4 million, respectively, representing 56.1%, 26.7%, and 9.5%, respectively, of our total revenue, for the years ended December 31, 2023, 2024 and 2025.

AOI Equipment

AOI equipment for the lithium-ion battery industry includes stand-alone machinery focusing on vision inspection. Such equipment is typically deployed in (i) the battery cell manufacturing and (ii) the module and pack assembly stages. These devices can be integrated into production lines for real-time, online inspection of battery cells, batteries, and modules’ appearance and dimensions. They can also be designed as offline units for spot-checking or re-inspecting appearance and dimensions of products.

Compared with machine vision inspection systems embedded within core lithium-ion battery manufacturing equipment, AOI equipment combines our capabilities of optics, mechanics, electronics, algorithms and software into a single unit. Their physical design can be customized to fit available space and specific inspection needs. This flexibility allows AOI equipment to effectively meet quality and safety inspection requirements in the back-end process of lithium-ion battery manufacturing.

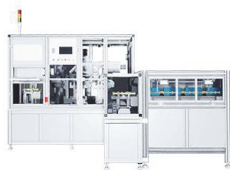
Revenue generated from our AOI equipment was RMB8.7 million, RMB77.5 million, and RMB19.1 million, respectively, representing 3.0%, 19.7%, and 3.4%, respectively, of our total revenue, for the years ended December 31, 2023, 2024 and 2025.

BUSINESS

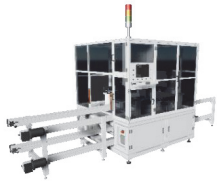
The following table sets out our offerings of AOI equipment as of the Latest Practicable Date:

No. AOI Equipment Introduction and Features

In Battery Cell Manufacturing Process

1.*	Al-can/Blue Film Appearance and Dimension Inspection Machine (鋁殼／藍膜外觀尺寸檢測一體機)	This equipment inspects the appearance and measures the dimensions of prismatic cells before and after coating, using 2D/2.5D/3D cameras to check for defects and measure all six surfaces: two large surfaces, two-sided narrow surfaces, one bottom surface, and one terminal top surface. It is a stand-alone automatic inspection equipment connected to upstream and downstream material transfer lines, performing automatic loading and unloading. It conducts six-surface appearance defect inspection and automatic NG sorting, while storing production data and images locally and uploading them to the MES system.	
2.*	Bare Cell Matching and Appearance Inspection Equipment (裸電芯配對及外觀檢測一體機)	This equipment is used for matching bare cells after hot pressing, while also performing the surface appearance inspection of bare cells. It mainly includes an appearance inspection system, NG cache stack system, and transfer system.	
3.	Top Cover Welding Appearance and Dimension Inspection Machine (頂蓋焊後外觀尺寸檢測一體機)	This device was designed to inspect the appearance and dimensions of the cell top cover edges, including R corners, and is compatible with multiple product types. It addresses a wide range of appearance inspection requirements, and classifies weld appearance defects accordingly. The device also features automatic data and image storage, traceability, and communication with the MES system.	
4.	Top Cover Welding Edge Inspection Equipment (頂蓋焊後翻邊檢測機)	This device primarily inspects the dimensions of the long and short edges of cell top cover welds. It saves the data locally, and uploads it to the production system.	

In Module and PACK Assembly Process

5.	Module Gluing Appearance Inspection Equipment (模組塗膠外觀檢測機)	This equipment was designed to measure the gluing area on the bottom and side panels of battery module, mainly comprising image capture, image processing, and data storage modules.	
6.	Side Seam Welding Appearance Inspection Machine (側縫焊外觀檢測機)	This inspection device was designed to inspect the appearance of side seam laser welds on modules. Detection results are uploaded to the MES system for data exchange, enabling seamless integration with upstream and downstream systems to match production capacity and meet the process quality requirements of the production line.	

BUSINESS

No.	AOI Equipment	Introduction and Features	
7.	Appearance Inspection After Busbar Welding (BusBar焊後外觀檢測機)	This device inspects the appearance of laser welds between the busbar and terminal. It features automatic storage and traceability of inspection data and images, with the ability to upload data to the MES system.	
8.	Integrated Prismatic Cell Wrapping & Inspection Machine (方形鋰電池包膜檢測一體機)	This equipment was developed to address pain points in lithium-ion battery assembly processes by deeply integrating film wrapping and quality inspection into a single system. The integrated wrapping and inspection machine combines blue film wrapping processes with high-precision vision inspection, enabling an integrated operating model of simultaneous wrapping and inspection.	
9.	Module Appearance Inspection & Full Size Inspection Equipment (模組外觀&全尺寸檢測一體機)	This inspection device is used for full-dimensional measurement and appearance inspection of cell modules, with detection results uploaded to the MES system for data exchange. The device integrates seamlessly with upstream and downstream systems to match production capacity and meet the process quality requirements of the production line.	

* These flagship products are further introduced in detail in the below case studies.

Case Study 1: Al-can/Blue Film Appearance and Dimension Inspection Machine

Our flagship product, Al-can/blue film appearance and dimension inspection machine, utilizes multimodal fusion technology to achieve comprehensive 360-degree inspection. It represents an advanced level of machine vision inspection technology, with exports already made to Germany. This equipment addresses one of the most technically demanding inspection challenges in lithium-ion battery manufacturing. Blue film, or insulating isolation film, serves as a critical safety barrier for battery cells by physically separating cells and helping prevent the chain effects of thermal runaway or short circuit from spreading to adjacent cells. Given its thickness of only approximately 0.015 mm to 0.20 mm, blue film is highly vulnerable to scratches, tears, wrinkles and other defects during production and transportation. If such defects are not detected in a timely manner, they may directly affect the safety and service life of the battery pack. At the same time, the equipment must also inspect the appearance and dimensions of the aluminum can and assess the position and flatness of the blue film wrapping, making this type of inspection highly complex.

Blue film inspection presents several technical difficulties. Due to the smooth and semi-transparent surface of the film and its particles distinctive reflective and transmissive optical characteristics, many defects, such as foreign matter beneath the film, shallow scratches, micro-bubbles and indentations, exhibit very low contrast under conventional imaging conditions. Traditional vision algorithms therefore tend to suffer from relatively high false rejection rates and missed detection rates. In addition, blue film defects may take many different forms, including scratches, tears, wrinkles, bubbles, embedded foreign particles and adhesive residue, while some defects occur infrequently, making it difficult to build a comprehensive training sample library. Furthermore, downstream inspection equipment is required to match high-speed automated production lines, with single-cell inspection generally needing to be completed within seconds. The machine must also complete micron-level dimensional measurement tasks in parallel.

BUSINESS

To address these challenges, we developed a proprietary multi-modal inspection architecture integrating 2D, 2.5D and 3D imaging technologies. In this system, 2D imaging is used for rapid localization of macroscopic defects, 2.5D imaging enhances the identification of low-contrast defects such as shallow scratches and wrinkles, and 3D imaging uses height information to detect tears, unevenness and embedded foreign matter with greater precision. We have also developed our own AI algorithm platform incorporating small-sample learning, transfer learning and data augmentation technologies, enabling high-accuracy models to be trained under limited sample conditions. In addition, the machine is equipped with micron-level motion control modules and adopts a parallel multi-station design, allowing simultaneous completion of six-side appearance inspection, dimensional measurement and blue film positioning tasks while achieving production speeds of over 30 to 40 PPM.

This product has become one of our flagship products in the downstream inspection segment of lithium-ion battery manufacturing and has been applied in the mass production lines of leading battery manufacturers, including CATL, Hithium and Zenergy, in both China and overseas markets.

Case Study 2: Bare Cell Matching and Appearance Inspection Equipment

In the post-process step after hot pressing of lithium-ion battery bare cells, a traditional production model typically separates cell matching (pairing) and full-surface appearance inspection into two independent stages. These stages often rely on manual visual checks or single-function inspection equipment. This approach generally suffers from lower efficiency, higher risk of missed defects, and limited ability to close the feedback loop using defect data — especially in high-speed, high-volume production scenarios. For leading battery companies, even tiny defects are subject to strict “zero tolerance” requirements (for example, tab (ear) folding issues and pin-pulling defects). These problems are often difficult to detect and intercept in time with manual inspection alone. To address this issue, this equipment integrates bare cell matching and full-surface appearance inspection into one continuous process. The two functions work in coordination, significantly improving detection coverage and quality control capability without affecting line throughput.

The core functions and technical highlights of the equipment are as follows:

- ***Bare Cell Matching Function***

Based on the process recipe, the equipment automatically and accurately matches adjacent electrode groups. This ensures the internal consistency of the bare cells and provides a stable, reliable positional reference for subsequent assembly steps.

- ***Full-Surface Appearance Inspection System***

The equipment integrates our developed multi-modal machine vision system, enabling real-time recognition of surface and structure-related defects on bare cells. It covers more than a dozen typical defect types, mainly including: (i) surface defects (dents, scratches, bubbles, contamination/dirty marks); (ii) structural defects (large-area reverse placement, tab misalignment, tab folding); (iii) process anomalies (pin-pulling defects, tab clamping residuals); and QR code reading and matching.

- ***In-line 100% Inspection Matched to Line Speed***

The inspection system combines high-resolution line-scan cameras and area-scan (matrix) cameras, together with an AI defect classification algorithm, to enable online full inspection, precise defect localization, and automatic categorization. Its detection speed fully matches the production line speed, supporting high-speed continuous operation without any need to slow down or stop the line.

BUSINESS

- *NG Buffer Stack and Transfer/Sorting*

For bare cells judged as NG (nonconforming), the equipment automatically diverts them via a transfer system into a dedicated NG buffer stack to prevent NG units from mixing into the normal flow. Meanwhile, the system records the defect type and location of each cell, providing traceable data to support continuous upstream process optimization (e.g., rolling pressing, hot pressing, tab welding, etc.). Bare cells judged as conforming units are then transferred to the next process step in an orderly manner according to the matching logic.

Below are the key delivery projects for this equipment:

- *CATL — Thüringen Plant, Germany*

This project was our first deployment of visual inspection equipment in an overseas customer facility. The plant has stringent requirements for equipment reliability, inspection accuracy, and CE compliance. Since the equipment was put into operation, it has run stably and helped the customer effectively control appearance defect “escape” in the bare-cell process. The successful delivery and sustained stable operation validate our ability to adapt our vision inspection system to overseas, high-standard manufacturing environments.

- *Zenergy — Jiangsu Plant*

The customer installed this equipment in its power battery production line, mainly to perform online control of typical defects affecting end-product yield, such as tab folding and pin-pulling defects. After commissioning, the rate of bare-cell appearance nonconformity decreased significantly. The collected defect data is also traceable back to upstream hot pressing and tab welding processes, providing effective data support for the customer’s closed-loop process improvement.

These projects demonstrate that our Bare Cell Matching and Appearance Inspection Equipment has been validated in actual production lines at both overseas facilities in Germany and domestic leading lithium-ion battery enterprises. We have accumulated customer resources and application experience in defect detection in the mid-to-late stages of bare-cell processing. This shows our capability to combine high-precision machine vision with automated equipment, and provide integrated inspection solutions tailored to each customer’s specific quality requirements.

RESEARCH AND DEVELOPMENT

Our R&D Team

As of December 31, 2025, our R&D team comprised 191 professionals, with deep expertise in optics, mechanics, electronics, algorithms, software and product design. We retain key technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to upskill our key technical staff. The salient terms of agreements with our R&D team are set out below:

- *Intellectual Property arrangement:* All intellectual property rights — including inventions, utility models, designs, know-how, copyrights and other IP forms — created, co-developed or otherwise owned by the employee shall vest in us if arising from: (i) performing assigned duties; (ii) performing other Company-assigned tasks; (iii) activities related to such duties within one year post-termination; or (iv) utilization of our resources, including funds, equipment, materials or trade secrets.
- *Confidentiality:* During employment, and for all time thereafter until the confidential information being lawfully made public, the employee shall not, without our prior written consent, disclose to any third party, or in any way use any information for the benefit of any third party, such as technical and operational information, belonging to us or belonging to any other party for which we have a duty of confidentiality.

BUSINESS

- *Non-competition:* We have the right to unilaterally initiate a non-competition period of two years following the termination of employment of our technical staff, based on our evaluation of the necessity of the non-competition arrangements. During the term of employment and the non-competition period initiated by us, employees shall not engage in any competitive behavior.

R&D Expenditure and Investment

Our R&D team’s expertise covers specialized fields including machine vision, artificial intelligence, precision mechanical engineering, automation control, and process engineering. We have invested substantial manpower and resources into R&D, and we believe that our success depends on the outcomes of our continuous R&D efforts. We incurred R&D expenditure of RMB37.6 million, RMB41.5 million and RMB49.4 million in 2023, 2024 and 2025, respectively, representing 12.8%, 10.5% and 8.9% of our total revenue for the same years, respectively.

The following table provides a breakdown of our R&D expenditure by nature for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development expenses						
Employee Compensation	32,505	86.6	31,517	76.0	33,607	68.1
Materials	2,612	7.0	6,094	14.7	11,967	24.2
Amortization & Depreciation	1,371	3.7	1,600	3.9	1,489	3.0
Other Expenses	1,065	2.7	2,252	5.4	2,302	4.7
Total	37,553	100.0	41,463	100.0	49,365	100.0

We intend to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] to fund our future R&D initiatives. For details, see “Future Plans and [REDACTED]” in this document.

Our R&D Process

We focus on machine vision technology as the core, and develop an R&D framework centered on quality perception and process control for key stages in lithium-ion battery manufacturing. The framework covers algorithm development, equipment development, and system integration.

Our R&D strategy is to use machine vision to enable deep perception of critical production processes in lithium-ion battery manufacturing. By leveraging defect data collected from the production line, we identify the relationships between defects and upstream process parameters. Based on these insights, we prioritize R&D resources on the key areas that directly affect product yield and the production line’s overall efficiency — measured by OEE. Our goal is to build a closed-loop control system with real-time sensing, judgment, and execution capabilities, shifting quality control from “after-the-fact inspection” to “in-process intervention,” and gradually exploring the possibility of “prevention before defects occur.”

Our R&D work is organized into three categories:

- New product development, i.e., research and prototype validation of forward-looking, platform-based technologies;
- Customer-order product development, i.e., customized R&D based on customer process requirements and conversion into mass-production equipment; and
- Technical exchange and collaboration, i.e., working with customers, suppliers, and other third parties to tackle critical technical challenges together.

BUSINESS

A major source of our R&D topics comes from defect information continuously identified by the machine vision inspection systems deployed on our clients’ production lines. We address these issues from three levels. On the perception layer, we develop AI detection models and optical solutions for new types of defects. On the control layer, we embed perception algorithms into equipment control systems for processes such as roll pressing, slitting, and winding, while addressing engineering challenges including high-speed real-time communication, precision motion control, and mechanical integration. On the system layer, we build a cross-process data platform to support quality traceability and process optimization.

Key steps in our R&D process include:

- (i) Solution review: reviewing the coordination between the vision system and the actuators in terms of timing, accuracy, and control logic;
- (ii) Prototype commissioning: validating end-to-end real-time performance and reliability of the “perception — judgment — execution” chain in a simulated production environment; and
- (iii) On-site trial runs: fine-tuning algorithm and control parameters by collecting real data on the customer’s production line.

Our Core Technologies

Our core technologies comprise our EHolly AI platform along with other technologies that we apply across our products and solutions.

EHolly AI Platform

EHolly AI Platform is an integrated, full-stack AI technology system built by us for the smart manufacturing industry. It deeply integrates deep learning, machine vision, and big-data analytics for quality management.

The platform is supported by three core sub-platforms for manufacturing, i.e., AIM (AI Algorithm Platform for Manufacturing), VIM (Vision Inspection Software System) and QMS (Quality Management System for Manufacturing), covering a closed-loop workflow from bottom-layer algorithm development, to production-line vision inspection deployment, and then to end-to-end quality diagnosis and optimization. The platform is committed to delivering intelligent solutions for lithium-ion batteries and general industrial manufacturing that are high-accuracy, high-speed, and highly adaptable.

BUSINESS



- *AI Algorithm Platform for Manufacturing (AIM)*

AIM is the core algorithm engine of EHolly AI Platform. Built on deep learning, AIM also leverages our practical implementation experience in industrial inspection. It is mainly used for the localization, detection, and identification of complex defects.

The platform includes multiple algorithm models, covering key stages from data annotation, to model training, and then to testing and deployment. It supports hybrid deployment on both CPU and GPU. AIM is optimized to meet industrial vision requirements, including inspection speed, image resolution, and the recognition of tiny defects, so it can provide stable intelligent recognition capabilities for upper-layer applications.

The following diagram illustrates the functionality of our AIM:



BUSINESS

- *Vision Inspection Software for Manufacturing (VIM)*

VIM is the vision inspection software system within EHolly AI Platform, designed for fast deployment on production lines. It was initially developed for key process steps in the lithium-ion battery industry. Through continuous iteration, it has expanded to multiple application scenarios across different industries.

The main goal of VIM is to engineer and productize machine vision capabilities, so we can respond more quickly to customized inspection needs on production lines. By using modular and configuration-based approaches, VIM enables rapid deployment and flexible adjustment, reducing both custom development costs and implementation timelines.

The following diagram illustrates the functionality of our VIM:



- *Quality Management System for Manufacturing (QMS)*

QMS is the quality data diagnosis and optimization system in the EHolly AI Platform for the full process of lithium-ion battery production. It collects data from all stages and elements of the production process (e.g., people, machines, materials, methods, environment, and measurement) and uses embedded algorithm models to perform anomaly identification and diagnosis, producing structured diagnostic reports.

In addition, QMS supports reverse traceability — linking diagnostic conclusions back to the corresponding original process data — so users can identify the specific process stage where quality issues occurred. This also enables closed-loop management. Further, QMS provides simulation and predictive analysis capability. Based on historical data and real-time production data, users can run predictive “what-if” analyses by setting virtual parameters. This supports production-line optimization, environment optimization, station optimization, optimization of materials and process parameters, and new product development — helping move from “finding problems” toward “prevention before defects occur” and continuous improvement.

We are actively driving the commercialization of our EHolly AI platforms and endeavor to establish our AI process control systems as a new and sustainable revenue growth engine. As of the Latest Practicable Date, we have successfully achieved the commercialization of our QMS. This milestone marks a significant step in translating our technological capabilities into tangible

BUSINESS

commercial outcomes. Looking ahead, we expect that our EHolly AI platforms will achieve commercialization in a broader scope and continue to attract new orders and generate revenue, further strengthening our overall business performance.

Other Core Technologies Applied across Our Products and Solutions

The following table sets out the additional core technologies we apply across our products and solutions:

No.	Technology	Features	Source	Application	Scaled Production (Yes/No)
1	Wide-Format Calendering and Slitting Integration Technology (寬幅輥壓分切一體化技術)	This technology employs finite element analysis for data-driven modeling and mechanical structure design, integrating roll pressing and slitting processes into a single piece of equipment. It optimizes performance indicators such as thickness consistency and stability, meeting the requirements for 1500 mm wide-format roll pressing while reducing equipment footprint and material handling costs.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
2	Laser Notching and Winding Integration Technology (激光模切捲繞一體化技術)	This technology integrates notching and winding processes into a single piece of equipment through optical, mechanical, electrical, algorithms and software design. By utilizing a real-time tab misalignment correction system and a variable-diameter winding needle device, the cell tab misalignment is controlled within ± 3 mm.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
3	Self-Learning Tension Control Technology (自學習張力控制技術)	Based on periodic tension data collected by sensors, this technology uses a specific algorithm to preemptively control tension errors that recur with the same trend, thereby narrowing the range of tension fluctuation and ensuring tension stability during high-speed operation of lithium-ion battery production equipment.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
4	Lithium-ion Battery Electrode Defect Inspection Technology (鋰電池極片缺陷檢測技術)	Through visual imaging and image analysis, this technology can accurately detect defects such as decarburization, scratches, cracks, bubbles, breakage, pinholes, exposed metal, residual material, and burrs during the electrode sheet manufacturing stage, meeting the high accuracy requirements for defect detection in high-speed production environments.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes

BUSINESS

No.	Technology	Features	Source	Application	Scaled Production (Yes/No)
5	Lithium-ion Battery Post-Welding Inspection Technology (鋰電池焊後檢測技術)	Through image processing algorithms and AI algorithm models, this technology achieves improved 2D and 3D imaging in the lithium-ion battery welding inspection segment, effectively detecting complex defect appearances such as weld mark offset, burn-through, explosion spots, weld blackening, pinholes, broken welds, polarization anomalies, pits, protrusions, flanging, weld beads, and weld seam gap defects, thereby ensuring the quality of lithium-ion battery welding processes.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes
6	AI Data Training Quality Improvement Technology (AI數據訓練質量提升技術)	This technology identifies and selects images with similar characteristics and clarity through large-scale data cleaning methods. Using automated image annotation consistency evaluation methods, it obtains consistent evaluation results across different image sets, thereby filtering out valuable data for AI data training and improving model inference quality.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes
7	Lithium-ion Battery Product Quality Traceability Technology (鋰電池產品質量追溯技術)	Based on existing inspection data, this technology assigns codes to products at each process stage during production and binds corresponding data. Through data transmission, parsing, and analysis, it forms a quality traceability system that effectively and systematically analyzes the causes of quality issues at various stages of lithium-ion battery production.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes

PRODUCTION FACILITIES AND PRODUCTION PROCESS

Production Facilities

As of the Latest Practicable Date, we had two production facilities in the PRC, among which, one production facility was located in Yixing, Jiangsu Province, China, and one production facility was located in Changzhou, Jiangsu Province, China.

The following table sets forth the details of our two production facilities:

Facility (Location)	Total Area (sq.m.)	Key Functions	Leased/ Owned
Yixing production base 3 Kaixuan Rd, Qiting Subdistrict, Yixing, Jiangsu Province, China	21,660	Manufacturing, R&D, office use	Leased
Changzhou Phase I production base ⁽¹⁾ 88 Bailongshan Rd, Jintan District, Changzhou, Jiangsu Province, China	72,485	Manufacturing, R&D, office use	Owned

BUSINESS

Note:

- (1) As of the Latest Practicable Date, the Changzhou Phase I production base was still under continuing construction and was engaging in limited pilot production. For details about the construction of our Changzhou Phase I production base, see “Future Plans and [REDACTED]” in this document.

Planned Production Facilities

We plan to establish a new production facility at a plot adjacent to our Changzhou Phase I production base, in Changzhou, Jiangsu Province, China. The following table sets out certain information regarding our planned new production facility as of the Latest Practicable Date:

Facility (Location)	Total Area (sq.m.)	Estimated Commencement Time of Production	Status	Estimated Investment amount (HK\$ in millions)	Key Function
Changzhou Phase II production base ⁽¹⁾ Changzhou, Jiangsu Province, China	Approximately 70,000	June 2029	Under plan	286.5 ⁽¹⁾	Manufacturing, warehouse

Note:

- (1) For details about the investment and construction plan of our Changzhou Phase II production base, see “Future Plans and [REDACTED]” in this document.

Major Production Machinery and Equipment

We use a comprehensive suite of machinery and equipment to support our production. As of December 31, 2025, our major machinery and equipment integral to our manufacturing processes are owned by the Group and sourced from domestic third-party suppliers.

Our major manufacturing equipment includes (i) fixed-beam gantry machining centers, (ii) CNC gantry surface grinders, (iii) vertical machining centers (VMCs), (iv) CNC lathes, (v) overhead cranes, (vi) laser trackers, (vii) coordinate measuring machines (CMMs) and (viii) measurement arms. To maintain competitiveness and operational excellence, we periodically upgrade our machinery and continuously introduce advanced equipment to optimize our manufacturing technologies, with a view to enhancing product quality and improving production efficiency. We also implement a structured regime of routine and preventive maintenance across all machinery and equipment to ensure consistent operation.

Production Capacity and Utilization Rate

As a provider of intelligent equipment and machine vision inspection solutions for lithium-ion battery manufacturing, we supply customized products to our customers. Each order may involve uniquely configured machines tailored to a specific customer’s production line, inspection standard, or battery format, making it impractical to measure output in units of any single product type. Working hours, by contrast, offer a consistent and universally applicable measure that accurately reflects the labor and machine resources consumed across all order types, enabling more meaningful evaluation of production capacity and operational utilization regardless of product variation.

We measure our capacity utilization based on working hours. Theoretical working hours are calculated by multiplying the average monthly headcount by the number of working days (24 days per month) and eight hours per day, in accordance with our alternating single and double rest day schedule.

BUSINESS

The following table sets forth our capacity utilization during the Track Record Period:

	2023	2024	2025
Theoretical working hours	348,480	328,128	602,688
Actual working hours	316,095	396,832	752,378
Capacity utilization rate	90.7%	120.9%	124.8%

In 2023, our capacity utilization rate was 90.7%, reflecting our relatively early-stage operational scale during that period. As customer demand grew, our capacity utilization increased to 120.9% in 2024 and further to 124.8% in 2025. The above-100% utilization rates in 2024 and 2025 were primarily attributable to overtime arrangements to meet increased project delivery requirements, which is a common practice in our industry. Our actual working hours increased significantly from approximately 316,095 hours in 2023 to approximately 752,378 hours in 2025, driven by substantial growth in business volume. Correspondingly, our theoretical working hours increased from approximately 328,128 hours in 2024 to approximately 602,688 hours in 2025, reflecting meaningful workforce expansion to support our growing operations. We manage capacity through flexible staffing and overtime scheduling to ensure timely delivery commitments to our customers.

As advised by our PRC Legal Advisor, no material non-compliance or violation of any labor or environmental protection laws and regulations currently exist or persist that could adversely affect our business operations and financial conditions during the Track Record Period.

As of March 31, 2026, we had an order backlog with a total contract value of RMB1,757.7 million. This significant volume of unfulfilled orders shows that our current production capacity is no longer sufficient to meet customer demand on time. Expanding our facilities is therefore necessary to deliver orders promptly, support our existing clients, and capture new business opportunities.

Production Process

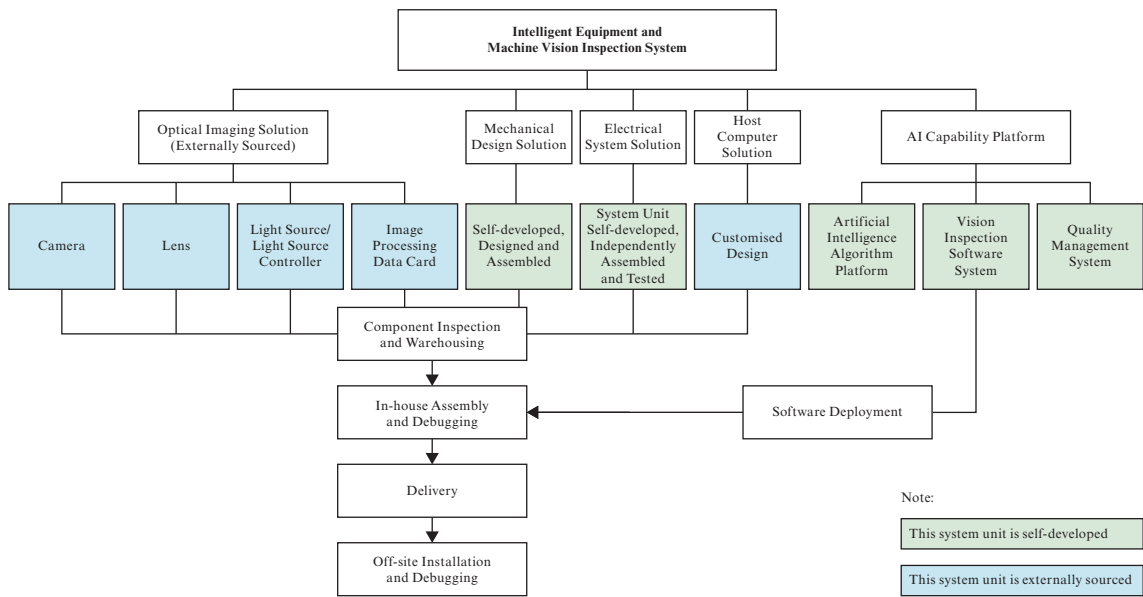
The production processes for AOI inspection equipment and machine vision inspection systems for lithium-ion batteries are broadly similar, both involving the integration of optical, mechanical, electrical, algorithms and software functions. Within the production process, optical configuration plays a critical role in determining the quality of inspection data. Drawing on our extensive experience in this area, we design tailored optical solutions based on specific product requirements before procuring compatible cameras, lenses, light sources, and image processing cards accordingly. For mechanical components, we maintain in-house machining and manufacturing capabilities to ensure quality and efficiency. For electrical systems and host computer solutions, we take the lead in circuit design and component selection, then source approved parts from qualified suppliers to complete system integration. For the software and algorithms, which constitute the core of the machine vision inspection system, we develop customized software solutions closely aligned with equipment workflows and communication interfaces, while continuously optimizing deep learning algorithms to meet client performance requirements. Upon completion, we carry out deployment and commissioning at the customer’s site to ensure seamless implementation.

For production of lithium-ion intelligent equipment, we begin by completing the mechanical, electrical, and software solution designs based on customer requirements. This process results in a comprehensive bill of materials that specifies both in-house manufactured and outsourced components. The in-house manufacturing process encompasses raw material inspection, component processing, and component inspection, with certain procedures subcontracted to external parties as needed. Any purchased components undergo rigorous incoming inspection before being assembled alongside in-house manufactured parts. Once assembly is complete, the equipment proceeds to commissioning, during which its functionality and performance are thoroughly verified. This is followed by a final inspection to ensure that all specifications and quality standards are met. Upon passing final inspection, the equipment is transferred to our

BUSINESS

finished goods warehouse for storage. It is then shipped to the customer’s designated location, where on-site installation and acceptance are carried out to ensure smooth handover and operational readiness.

The following diagram illustrates the production process of our lithium-ion battery intelligent equipment and machine vision inspection solutions, during which we integrate the optical, mechanical, electrical, algorithm and software functions:



Subcontracting

During the Track Record Period, we outsourced certain works to third-party professional subcontractors, after considering various factors, including, among others, our production capacity, cost efficiency, the technical requirements of the process, and the need for operational flexibility.

We select qualified subcontractors based on several criteria, including (i) their qualifications and relevant industry certifications; (ii) the quality and consistency of their work; (iii) their ability to meet our technical specifications and delivery timelines; (iv) price competitiveness; and (v) their proven experience in manufacturing high-performance components for the energy storage sector.

Our business subcontracting mainly occurs in non-core processes including (i) the manufacturing of our components, (ii) the installation of our equipment and systems at our customers’ sites, and (iii) the subsequent testing and maintenance of the equipment and systems. If there is a sudden surge in orders and our employees cannot complete them on time, we will consider temporary subcontracting measures and determine the subcontracting ratio based on actual demand at that time.

During the Track Record Period, we entered into subcontracting agreements with our subcontractors that outlined the required technical standards, delivery methods, acceptance conditions and timelines. By subcontracting certain tasks, we enhance productivity and improve resource allocation, allowing us to concentrate on our core competencies in pipe body manufacturing and final assembly.

For the years ended December 31, 2023, 2024 and 2025, our subcontracting costs amounted to RMB0.3 million, RMB1.0 million, and RMB11.8 million, respectively.

BUSINESS

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement and Supplier Selection Process

During the Track Record Period, we procured standard components and customized components for our production. Standard components cover mechanical components (mainly including slip shafts, bearings, hydraulic stations, gear reducers), electrical components (mainly including servo motors, servo drives, PLC, cameras, capture cards, industrial PCs, control modules, sensors, 3D profilometers, light sources), and other standard components (mainly including hardware accessories, fasteners, wires, and cables). Based on the selected model or performance specifications, our supplier will prepare and deliver the components according to our requirements. Customized components mainly include rolling mill frames, rollers, machined parts, sheet metal components, and bearing housings. When procuring customized components, we provide the specifications and technical drawings, according to which our suppliers independently procure raw materials and manufacture the components.

We believe that the quality of our products relies on sourcing high-quality materials and components from reliable suppliers. To facilitate this process, we have implemented comprehensive internal policies and procedures to ensure consistent and timely supply of key components to support our production processes and overall operations. We have a set of supplier selection and management policies, based on which we conduct supplier selection and evaluation. Suppliers that meet our requirements are included on our approved qualified supplier list. We regularly evaluate and manage our suppliers' performance and require suppliers to continuously improve. Unqualified suppliers will be removed from the approved supplier list.

Due to the high degree of product customization, we follow a “make-to-order” production model. Once the sales team confirms a specific project, the design department develops the plan and Bill of Materials (BOM) and submits the purchasing requirements to the procurement team. Procurement personnel then select suppliers and confirm prices through inquiries, price comparisons, and bidding. After internal approval, a purchase contract is issued. When suppliers complete delivery, the quality department inspects the incoming materials. Only products that pass inspection will be formally accepted and moved into our inventory.

Where possible, we diversify our suppliers to enhance the stability and flexibility of our overall supply. We select suppliers based on a comprehensive assessment of delivery capabilities, cost efficiency and product quality, aiming to achieve the best value. The process of selection involves requesting quotations, comparing prices and conducting commercial negotiations to determine the final supplier and terms. Our evaluation considers supplier stability, delivery capability and the ability to provide consistent quality.

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of mechanical components manufacturers. Our top five qualified suppliers have remained relatively consistent. For the years ended December 31, 2023, 2024 and 2025, our top five suppliers accounted for 31.5%, 22.4%, and 29.8%, respectively, of our total purchases for the year. Purchases from our largest supplier for each year during the Track Record Period accounted for 11.3%, 7.2% and 12.1% of our total purchases for the respective year. To the best knowledge of our Directors, all of our five largest suppliers were Independent Third Parties and none of our Directors, their associates or any Shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

BUSINESS

The following tables set forth the details of our top five suppliers for each period during the Track Record Period.

For the Year Ended December 31, 2023

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier A	27,598	11.3	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier B	20,272	8.3	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier C	10,664	4.3	A company mainly providing industrial automation control products and solutions, located in Guangdong, China.	Mechanical components	2018	90 days	Bank acceptance bill & bank transfer
Supplier D	10,113	4.1	A company mainly engaged in CNC lathes and precision parts machining and manufacturing, located in Shanghai, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier E	8,576	3.5	A company mainly engaged in the production and sales of automation equipment, located in Jiangsu, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	77,223	31.5					

BUSINESS

For the Year Ended December 31, 2024

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier B	15,125	7.2	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier A	8,776	4.2	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier F	8,628	4.1	A company mainly engaged in the production and sales of automation equipment, located in Jiangsu, China.	Mechanical components	2024	30 days	Bank acceptance bill & bank transfer
Supplier D	7,687	3.7	A company mainly engaged in CNC lathes and precision parts machining and manufacturing, located in Shanghai, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier G	6,871	3.3	A company primarily engaged in the manufacturing, sales and repair of metallurgical equipment, general equipment components, metal surface treatment and bearings, headquartered in Hebei, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	47,087	22.4					

BUSINESS

For the Year Ended December 31, 2025

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier B	57,778	12.1	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier A	41,947	8.8	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier H	16,422	3.4	A company primarily engaged in the production and sales of hydraulic power machinery and components, headquartered in Shenzhen, Guangdong, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Supplier I	14,551	3.1	A company primarily engaged in the manufacturing, sales and repair of metallurgical equipment, general equipment components, metal surface treatment and bearings, headquartered in Hebei, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Supplier J	11,294	2.4	A company primarily engaged in the production and sales of bearing and metal materials, headquartered in Shanghai, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	141,992	29.8					

BUSINESS

Salient terms of our supplier agreements

We maintain robust supplier management frameworks ensuring fair and transparent competition. New supplier onboarding involves cross-functional assessment across R&D, manufacturing, quality control, and procurement, evaluating technology, quality, delivery, capacity, and corporate social responsibility. Qualified suppliers must sign confidentiality, quality assurance, and anti-bribery agreements, and undergo regular performance reviews.

We generally enter into framework agreements with our selected standard parts and customized components suppliers. The terms of these agreements vary depending on the specific product and the result of our negotiation.

The framework agreements related to standard component supply generally contain the following terms:

- **Duration:** The duration of the agreement is typically two years from the signing date subject to further renewal arrangements.
- **Obligations of supplier:** Suppliers must deliver conforming goods, guarantee no infringement of third-party intellectual property, provide 24-hour advance shipping notice, and track and report any transit anomalies within two hours.
- **Payment and credit terms:** Suppliers can make payment through bank transfer with a credit term of 90 days, or bank acceptance draft with a payment term of six months.
- **Quality assurance:** The warranty period is 12 months from the acceptance date. During the warranty period, suppliers shall provide free repair, replacement, or return in accordance with the purchase order and the quality assurance agreement.
- **Confidentiality:** All technical and commercial information will remain confidential, and these obligations will survive after expiry of the contract.
- **Termination:** We may unilaterally terminate upon late delivery, defective goods, or failure to perform.

The framework agreements related to customized component supply generally contain the following terms:

- **Duration:** The duration of the agreements is typically two years from the signing date subject to further renewal arrangements.
- **Principal rights and obligations of parties involved:** Suppliers must process and deliver the ordered components according to the specifications, and may not subcontract to any third party. All intellectual properties arising from the processing belong to us. We may deploy technical personnel on-site for quality inspections at any time.
- **Payment and credit terms:** Suppliers can make payment through bank transfer with a credit term of 90 days, or bank acceptance draft with a payment term of six months.
- **Quality assurance:** Sample and small-batch approval are required before mass production, and the results must meet a pass-rate benchmark set against existing suppliers. Defective components can be returned for re-processing.
- **Confidentiality:** All technical and commercial information will remain confidential, and these obligations will survive after expiry of the contract.
- **Termination:** Either party may terminate if unremedied breach persists after reasonable notice period.

BUSINESS

SALES AND MARKETING

Sales and marketing play a key role in driving our business growth. Our branding efforts are led by our marketing and product center, while our sales team reinforces this positioning through direct customer engagement, working together to strengthen brand recognition and communicate our product advantages. As of December 31, 2025, our marketing team consisted of 23 professionals.

Under our direct sales network, after receiving customer requirements, the sales representatives coordinate with our R&D team to discuss technical and equipment details. The R&D team then designs a product solution, producing product manuals and technical specification sheets. Based on pricing guidelines, they provide a quotation to the customer. Once the customer places an order, an internal contract or order review process is initiated.

OUR CUSTOMERS

Our customers primarily include lithium-ion battery manufacturers. For the years ended December 31, 2023, 2024 and 2025, revenue attributable to our five largest customers amounted to RMB290.2 million, RMB382.8 million and RMB521.2 million, respectively, accounting for approximately 98.7%, 97.2% and 94.4% of our revenue for the respective periods. Revenue attributable to our largest customer in each year in the Track Record Period amounted to RMB252.8 million, RMB264.4 million and RMB418.6 million, respectively, accounting for approximately 86.0%, 67.1% and 75.8% of our total revenue for the respective periods.

During each year in the Track Record Period, we made significant sales to our largest customer, CATL, and their revenue contribution to us was significant. Despite the magnitude of such in each year in the Track Record Period, our Directors are of the view that such sales to this customer and the high level of revenue contribution they represent are unlikely to have a material adverse effect on us for the following reasons:

- We have maintained a long-standing and stable relationship with our major customer, CATL, since 2016. Throughout this period, we have signed framework agreements periodically. The latest framework agreements entered into between us are within their respective validity periods. According to Frost & Sullivan, the contractual terms comply with industry practices, and there are no significant preferential arrangements. No material disputes have arisen over the course of our cooperation, and we received formal recognition from CATL, i.e., Excellent Supplier Awards, in each of 2023, 2024 and 2025, reflecting the depth of our mutual trust built over time.
- This high degree of customer concentration reflects the competition landscape in the downstream battery manufacturing industry and is common among suppliers to such industry, which is characterized by high levels of concentration. According to Frost & Sullivan, high capital expenditure requirements, economies of scale, and a stringent supplier qualification and certification systems result in lithium-ion battery procurement orders being highly concentrated among a small number of leading manufacturers. Thus high levels of customer concentration are common for intelligent equipment and machine vision inspection solution providers to the lithium-ion battery industry. According to Frost & Sullivan, CATL commands nearly 30% of the global lithium-ion battery market, making it a natural anchor customer for leading intelligent equipment suppliers in the industry, in terms of global shipment volume in 2025.
- To the best knowledge of the Directors, CATL is mutually reliant on us, primarily because we also hold a significant share within CATL’s supply chain ecosystem for the products of the same categories and there are a limited number of suppliers of such intelligent equipment. In addition, once installed and validated in the battery manufacturer’s production line, such equipment is rarely substituted and will need to be maintained and inspected by the intelligent equipment suppliers, creating a powerful mutual dependency that binds both supplier and customer over extended production cycles.

BUSINESS

- We are also actively pursuing strategies to diversify our customer base. On the domestic front, we have made meaningful inroads with second-tier battery manufacturers. The continued rise of emerging battery manufacturers will also provide us with additional high-quality potential customer resources. According to Frost & Sullivan, the global markets for intelligent battery equipment and machine vision inspection will continue to grow at a relatively high compound annual growth rate from 2025 to 2030. Internationally, we have begun penetrating overseas markets, securing engagements with foreign lithium-ion battery manufacturers, thereby broadening our potential customer base. Similarly, our efforts to expand into other fields will broaden our potential customer base and help us decrease revenue concentration, we are actively advancing diversification in customers, products, and markets, expanding into application areas such as 3C electronics and semiconductors, reducing our reliance on any single end market.

The following tables set forth the details of our top five customers for each period during the Track Record Period.

For the Year Ended December 31, 2023

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股 份有限公司)	252,765	86.0	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Zenergy Battery Technologies Co., Ltd. (江蘇正力新能電池技術 股份有限公司)	17,951	6.1	A company primarily engaged in the research, development, production, and sales of power batteries and energy storage system batteries, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Hymson Laser Technology Group Co., Ltd. (海目星激光科技集團股 份有限公司)	15,008	5.1	A company primarily engaged in the research, development, production, and sales of laser and automation equipment, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions	2018	Bank acceptance bill & bank transfer
Customer A	3,153	1.1	A company primarily engaged in the R&D, production, and sales of power lithium-ion batteries and battery systems for electric vehicles, in Guangdong, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2019	Bank acceptance bill & bank transfer
Shanghai Lanjun New Energy Technology Co., Ltd. (上海蘭鈞新 能源科技有限公司)	1,296	0.4	A company primarily engaged in the R&D, production, and sales of lithium-ion batteries, battery modules, and battery systems, in Shanghai, China.	Machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Total	290,173	98.7				

BUSINESS

For the Year Ended December 31, 2024

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股 份有限公司)	264,381	67.1	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Zenergy Battery Technologies Co., Ltd. (江蘇正力新能電池技術 股份有限公司)	92,475	23.5	A company primarily engaged in the research, development, production, and sales of power batteries and energy storage system batteries, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Hymson Laser Technology Group Co., Ltd. (海目星激光科技集團股 份有限公司)	10,025	2.5	A company primarily engaged in the research, development, production, and sales of laser and automation equipment, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions	2018	Bank acceptance bill & bank transfer
Xiamen Hithium Energy Storage Technology Co., Ltd. (廈門海辰儲能科技股份 有限公司)	9,427	2.4	A company primarily engaged in the research, development, production, and sales of energy storage batteries and related energy storage systems, headquartered in Fujian, China.	Machine vision inspection solutions and machine vision inspection solutions	2022	Bank acceptance bill & bank transfer
Customer B	6,504	1.7	A company primarily engaged in the research, development, production, and sales of lithium-ion batteries, including consumer batteries and power batteries, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions and machine vision inspection solutions	2015	Bank acceptance bill & bank transfer
Total	382,812	97.2				

BUSINESS

For the Year Ended December 31, 2025

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司)	418,631	75.8	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Tenpower Lithium Co., Ltd. (江蘇天鵬電源有限公司)	32,513	5.9	A company primarily engaged in the research, development, production, and sales of battery products and power solutions, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment	2024	Bank acceptance bill & bank transfer
Guangdong Dongbo Intelligent Equipment Co., Ltd. (廣東東博智能裝備股份有限公司)	30,301	5.5	A company primarily engaged in the research, development, production, and sales of intelligent manufacturing equipment, particularly automation equipment for lithium-ion battery production, headquartered in Guangdong, China.	Machine vision inspection solutions	2024	Bank acceptance bill & bank transfer
Lankao Pure Lithium New Energy Technology Co., Ltd. (蘭考縣純鋰新能源科技股份有限公司)	23,309	4.2	A company primarily engaged in the research, development, production, and sales of solid-state battery products, in Henan, China.	Lithium-ion battery intelligent equipment	2024	Bank acceptance bill & bank transfer
Shanghai Mentechs Automation Technology Co., Ltd. (上海孟騰自動化科技有限公司)	16,453	3.0	A company primarily engaged in the research, development, production, and sales of intelligent equipment and automation systems, in Shanghai, China.	Lithium-ion battery intelligent equipment	2025	Bank acceptance bill & bank transfer
Total	521,207	94.4				

Note:

- (1) As of December 31, 2025, our Company owned indirect equity interests of less than 2% in Lankao Pure Lithium New Energy Technology Co., Ltd.

To the best knowledge of our Directors, during the Track Record Period, all of our five largest customers were Independent Third Parties. None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any interest in these customers during the Track Record Period and up to the Latest Practicable Date.

Salient Terms of Our Customer Agreements

We generally do not enter into long-term industry-wide supply agreements with our customers. Instead, we enter into framework agreements that remain valid on an ongoing basis, pursuant to which customers may place individual purchase orders from time to time without the need to separately negotiate or agree on additional terms for each transaction. The primary function of these framework agreements is to confirm our status as a qualified supplier, and the execution of such agreements forms part of the vendor qualification process required by our customers.

The salient terms under the agreements with our customers are set out below:

Pricing:

The prices of our products and solutions are generally specified in individual purchase orders placed under the relevant framework agreement, and are agreed on an order-by-order basis.

BUSINESS

Payment terms:	Payment terms are generally recorded in detail in purchase orders. Our customers’ payment arrangements vary depending on the contracting entity, the nature of the project and the applicable credit terms agreed with the relevant customer group. Common payment structures include: (i) a staged payment arrangement of 30%-30%-30%-10%, whereby the customer pays a deposit of 30% of the total contract value upon signing, a further 30% upon shipment, a further 30% upon completion of installation, commissioning and customer acceptance, and the remaining 10% upon expiry of the warranty period; and (ii) a staged payment arrangement of 30%-30%-40%, whereby the customer pays 30% upon signing, 30% upon shipment and the remaining 40% upon acceptance. We generally accept bank transfers and bank acceptance drafts as payment methods.
Description of products:	The quality of our products and solutions shall comply with the specifications and acceptance criteria designated by the relevant customer.
Delivery method and timing:	We are generally responsible for arranging delivery of our products to our customers’ designated locations. We engage third-party logistics service providers to carry out transportation and procure relevant insurance coverage accordingly. Delivery is considered complete upon the date on which all equipment has been transported to the customer’s designated site, installation and commissioning have been completed, and the customer has conducted and passed its final acceptance inspection. Where delays in installation or commissioning arise due to site conditions at the customer’s premises that do not meet the requirements for equipment installation, both parties shall enter into a written supplemental agreement to confirm the revised delivery timeline.
Warranty period:	Our sales agreements typically provide for a warranty period of 12 months following customer acceptance. During the warranty period, in the event of any quality issue, we are obligated, at our own cost and in accordance with the customer’s requirements, to provide free repair services or replacement and return-of-goods services for the affected equipment or components. Upon expiry of the warranty period, we provide after-sales services including equipment maintenance, repair and upgrade services, as well as supply of spare parts and components, on a paid basis.
Confidentiality:	We have strict confidentiality obligations regarding all customer technical materials, business information, and data obtained during contract performance. These confidentiality obligations remain effective even after the relevant agreements are terminated or concluded.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of a framework agreement, nor did we have any material disputes with our customers that had a significant impact on our business.

BUSINESS

Pricing

The selling prices of our products and integrated solutions are determined through an internal process involving our cost center, finance department and sales and marketing departments, and are subject to management approval. Key pricing considerations include raw material and component costs, direct labor costs, the target gross margin established by our finance department, prevailing market conditions, and the pricing of comparable products offered by our competitors. Given the highly customized nature of our offerings, we typically reference a customer’s historical equipment procurement prices as an initial benchmark. Our internal teams calculate the underlying product cost before determining the final quotation based on finance department-approved gross margin parameters. For customers adopting a bundled cooperation model, the package price is typically negotiated directly between our senior management and the customer’s decision-makers. For routine tendering processes, pricing is primarily benchmarked against market conditions, with final prices determined through individual negotiations taking into account order volume, customization complexity, long-term partnership potential and competitive positioning. Our end-to-end integrated solution capability allows us to negotiate on an overall packaged solution basis.

LOGISTICS

We generally engage qualified third-party logistics service providers to deliver products to customer-designated locations. Service providers are selected and periodically evaluated based on qualifications, on-time performance, geographic coverage and quotation. Our logistics arrangements allow us to provide responsive delivery while reducing fixed asset intensity and mitigating transportation risks.

INTELLECTUAL PROPERTY

Our intellectual property rights are essential to our business. We strive to safeguard our technology, through a combination of patent, copyright, and trade secrets in China. We also use trademarks to protect our brand. Furthermore, we establish confidentiality, non-disclosure and intellectual agreements with our employees, ensuring that any intellectual property created during their employment belongs to us.

As of the Latest Practicable Date, we held 214 patents, comprising 96 invention patents and 118 utility model patents, 52 patent applications and 2 PCT patent applications. Additionally, we own 74 registered software copyrights and 2 registered domain names in the PRC. Our portfolio further includes 19 registered trademarks and 1 trademark applications in the PRC. For more detailed information regarding our material intellectual property rights, see “Statutory and General Information” in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, we have not encountered any threatened or pending disputes, litigation, or legal proceedings related to material violations of intellectual property rights that could adversely affect our business. Nevertheless, despite our diligent efforts, we cannot guarantee that third parties will not infringe upon or misappropriate our intellectual property rights, nor can we assure that we will not face lawsuits for intellectual property infringement. See “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to protect our intellectual property rights and may be subject to infringement claims from third parties, either of which could reduce the value of our brands and harm our business and competitive market position” in this document for details. We believe that we had sufficient intellectual property protection in place to cover the material aspects of each of our major products as of the Latest Practicable Date.

BUSINESS

QUALITY ASSURANCE

We aim to provide our customers with products of superior quality. We have established quality assurance measures covering product specifications, production, inspection and acceptance, packaging, delivery and after-sales services. Standard products are supplied in accordance with agreed specification sheets or other agreed requirements. Where no specifications have been agreed, the applicable national standards, industry standards and our internal factory standards will apply. Customized products are manufactured based on approved drawings or mutually confirmed technical parameters and solutions. Acceptance of products is determined with reference to any technical agreements, confirmed drawings and specification requirements agreed between the parties, and must also comply with applicable national or industry standards. Where no standards have been expressly agreed, national standards will apply, or, in the absence of national standards, our factory standards or relevant industry standards will apply. If product upgrades by the manufacturer result in differences between the delivered model and the contractual model, the customer may accept the updated products upon our provision of supporting evidence. Products are generally labeled and delivered with the relevant delivery documents and standard packaging. We generally provide a one-year warranty from the date of receipt, under which we are responsible for repair or replacement of defective products, subject to agreed warranty terms and exclusions.

During the Track Record Period and as of the Latest Practicable Date, we have not experienced any significant product returns, liability claims or legal issues related to product safety or quality control, nor have we had any product or service recalls.

SEASONALITY

Our business is subject to seasonal fluctuations. Our customers, who are primarily lithium-ion battery manufacturers, generally finalize their supply contracts toward the end of each year. Following the conclusion of such supply contracts, our customers then proceed to formulate their production plans and initiate tendering and procurement processes for the equipment required, meaning that equipment installation and commissioning activities typically commence in the first half of the following year, with customer acceptance often extending into the second half. This pattern results in a concentration of recognized revenue in the latter part of the financial year, giving rise to uneven cash flows and period-to-period variability in our operating results.

COMPETITION

In 2025, the global lithium-ion battery integrated wide electrode calendering & slitting machine market reached RMB660 million in total. Due to the high-precision process requirements and relatively long customer validation cycles, the global top three lithium-ion battery integrated wide electrode calendering & slitting machine manufacturers together accounted for 95.1% of the market, indicating a highly concentrated market structure. Among them, the Company ranked first globally in the corresponding business segment in 2025, with a market share of 42.1%.

According to Frost & Sullivan, in 2025, the global lithium-ion battery integrated electrode calendering & slitting machine market reached RMB1,320 million in total. The global top five lithium-ion battery integrated electrode calendering & slitting machine manufacturers together accounted for 92.4% of the market, indicating a concentrated market structure. Among them, we ranked third globally in the corresponding business segment in 2025, with a market share of 21.1%.

According to Frost & Sullivan, in 2025, the market size of lithium-ion battery machine vision inspection solutions in China reached approximately RMB1,400 million. Among them, the global top five lithium-ion battery machine vision inspection solution providers generated combined revenue of approximately RMB436 million, representing an aggregate market share of 31.2%, indicating a relatively fragmented market structure. Among them, we recorded revenue of over RMB71 million from lithium-ion battery machine vision inspection solutions in 2025, ranking second with a market share of 5.1%.

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality of our products and solutions. Some of the significant awards and recognition we have received are set forth below.

Award Year	Award/Recognition	Awarding Institution/Authority
2026	Forbes China Pioneer Innovator in Industry Development (福布斯中國行業發展領創者)	Forbes China (福布斯中國)
2025	National Specialized and Innovative Key “Little Giant” Enterprise (國家級「專精特新」重點小巨人)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2025	25th China Patent Excellence Award (第二十五屆中國專利優秀獎)	Patent Office of the China National Intellectual Property Administration (國家知識產權局專利局)
2025	Artificial Intelligence End Products, Industry Large Models and Application Solutions (人工智能終端產品、行業大模型和應用解決方案)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2025	Golden Globe Award from GGII (高工鋰電金球獎)	Gaogong Industry Research Institute (GGII) (高工產業研究院(GGII))
2025, 2024, 2023	Excellent Supplier Award (最佳供應商)	CATL (寧德時代)
2024	National Specialized and Innovative “Little Giant” Enterprise (國家級「專精特新」小巨人)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	Typical Application Case of Artificial Intelligence Empowered New Industrialization (人工智能賦能新型工業化典型應用案例)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	“Jiebang Guashuai” (Open Bidding for Key Projects) of Intelligent Manufacturing System Solutions (智能製造系統解決方案「揭榜掛帥」)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	Guangdong Province Manufacturing Champion (廣東省製造業單項冠軍)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2024	Innovation Product for Intelligent Testing Equipment (智能檢測裝備創新產品)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), Intelligent Testing Equipment Industry Development Alliance (智能檢測裝備產業發展聯盟)
2023	National High-Tech Enterprise (國家級高新技術企業)	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2023	Guangdong Intellectual Property Demonstration Enterprise (廣東省知識產權示範企業)	Guangdong Administration for Market Regulation (Guangdong Intellectual Property Administration) (廣東省市場監督管理局(知識產權局))

BUSINESS

EMPLOYEES

As of December 31, 2025, we had a total of 737 employees. As of the same date, all of our employees were based in China. The table below sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number of Employees	% of Total
Quality Control and Delivery	235	31.9
Supply Chain and Manufacturing	213	28.9
Research and Development	191	25.9
Operation and Management	43	5.8
Sales and Marketing	23	3.1
Finance	16	2.2
Human Resource	16	2.2
Total	737	100.0

We believe that maintaining a stable and motivated employee force is critical to the success of our business. To streamline human resource management, we have established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

Recruitment

We adopt multiple recruitment channels, including campus recruitment, online recruitment platforms, external sourcing and internal referrals, to support the staffing needs of different business lines. Our core sales workforce has remained stable, supported by continuous internal talent development efforts. For our R&D team, we have established a mature talent framework and retain core personnel through competitive compensation.

Training

We provide structured onboarding training for new employees and conduct periodic company-wide training sessions. We have established a comprehensive employee training system covering six categories: (i) foundational knowledge training, including new employee onboarding, departmental rules and procedures, and business process training; (ii) competency enhancement training, covering job-specific theoretical knowledge, operational skills, business skills, and management skills; (iii) corporate culture training, focusing on company vision, core values, and team cohesion; (iv) mindset and attitude training, cultivating positive attitudes and emotional management among employees; (v) three-level safety training conducted at the company, department, and team levels, encompassing safety regulations, safe equipment operation, and labor protection requirements; and (vi) information security training on confidentiality protocols, document security, and cybersecurity awareness. Trainings are delivered through various methods, including internal and external instructor-led sessions, video-based learning, on-site demonstrations, and self-directed learning, with delivery methods selected to best suit the relevant training content. Through these initiatives, we aim to continuously enhance employee competencies and support long-term professional development.

Remuneration and Benefits

We are committed to establishing compensation mechanisms based on different job positions and responsibilities. We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to

BUSINESS

upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we also enter into non-competition agreements with them, which may be enforced at our discretion upon termination of employment.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide or fully provide social insurance and housing provident fund contributions for certain of our full-time employees based on their actual wages in accordance with the applicable PRC laws and regulations. In addition, the social insurance and housing provident fund contributions for two employees were remitted through a third-party agency arrangement rather than directly by us as the employing entity. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various employee benefits plans according to the procedures under the relevant PRC laws and regulations and the laws and regulations of other jurisdictions in which we operate may subject us to penalties or other consequences” in this document.

We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As of the Latest Practicable Date, no single property interest forming part of our non-property activities of 15% or more of our total assets. As such, according to section 6(2) of Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) under paragraph 34(2) of the Third Schedule to the Companies (Winding up and miscellaneous Provisions) Ordinance, which requires us to include a valuation report for any of our interests in land or buildings.

Owned Properties

As of the Latest Practicable Date, we held the land use rights of one parcel of land in China with a total site area of 72,485 sq.m. The following table summarizes the details of the land use rights we held as of the Latest Practicable Date:

Holder of Land Use Right Certificate	Location	Purpose	Total site area (sq.m.)	GFA (sq.m.)
EHolly Changzhou	Changzhou, Jiangsu Province	Manufacturing, R&D, office use	72,485	N/A ⁽¹⁾

Note:

- (1) As of the Latest Practicable Date, the production facilities built on this land were still under continuing construction and had not completed final acceptance or inspection, and we had not obtained the ownership certificate of the building.

BUSINESS

Leased Properties

As of the Latest Practicable Date, we leased five properties in China with a total GFA of 28,109 sq.m. The following table set forth the details of the five properties leased by us as of the Latest Practicable Date:

Location	Purpose	GFA (sq.m.)	End of Lease Term
No. 3, Kaixuan Road, Qiting Street, Yixing, China	Manufacturing, R&D, office use	21,660	June 30, 2041
Room 101–301, Building 3, Guanmei Industrial Park, No. 9, Shinan Er Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China	R&D, office use	4,763	May 23, 2027
Room 306–310, Building 3, Guanmei Industrial Park, No. 9, Shinan Er Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China	Manufacturing, R&D, office use	800	May 23, 2027
4/F, Building B, No. 22, Hebei Industrial Zone, Xianglian Community, Longhua Street, Longhua District, Shenzhen, China	Office use	680	August 31, 2026
Room 1325 and 1326, Block A, Zhongnan Building, No. 18, Zhonghua West Road, Ganjingzi District, Dalian, China ⁽¹⁾	Office use	206	July 14, 2026

Note:

- (1) As of the Latest Practicable Date, the lease agreement with respect to this property had not been filed with the local housing administration authorities as required under the PRC law. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of the failure to file such lease agreement.

INFORMATION TECHNOLOGY INFRASTRUCTURE

Information technology underpins our competitive advantage and operational effectiveness. We develop, operate and continuously enhance IT systems that evolve alongside our business expansion and are tailored to support the needs of various functions. These systems play a critical role in enabling our research and development, sales and marketing, finance, supply chain and procurement processes, project execution, customer service, and internal administrative operations.

Our core internal systems include OA system and ERP system we purchased from third parties. Our OA system serves as a unified workflow platform, enabling the digitization and standardization of approval processes and knowledge management. It enhances operational efficiency while strengthening internal control and governance. Our ERP focuses on business operations, integrating sales, supply chain, production, and finance into a unified data flow with closed-loop management. It provides highly integrated information support for business activities. The reliable supply of our products relies on the stable operation of these information systems. These systems are continuously upgraded to keep pace with our business expansion and increasing digitalization demands.

BUSINESS

Our IT team plays a critical role in maintaining the stable operation of our information systems and delivering information technology services to support daily business activities. Through system configuration and secondary development, our IT team continuously optimizes and improves business workflows, further enhancing work efficiency and user experience. In addition, our IT team implements risk control measures by establishing and executing information security, cybersecurity, and data backup strategies, including redundancy and disaster recovery, to realize rapid system restoration whenever in need.

LICENSES, PERMITS AND APPROVALS

We are required to obtain and renew certain licenses, permits and approvals for our business operations. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all requisite licenses, permits and approvals that are material for our operation, and all of such licenses, permits and approvals are within their respective effective periods and in accordance with PRC laws and regulation. We had not experienced any material difficulty in renewing such licenses, permits and approvals during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. During the Track Record Period and up to the Latest Practicable Date, we have not been penalized by the relevant government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits and approvals.

The following table sets out a list of material licenses and permits currently held by us for our operations in the PRC as at the Latest Practicable Date:

No.	Entity	Name of the License	Expiration Date
1	the Company	Radiation Safety License	November 13, 2029
2	the Company	Stationary Pollution Source Discharge Registration	November 28, 2026
3	the Company	Consignee and Consignor of Import-Export Goods	N/A
4	EHolly Changzhou	Consignee and Consignor of Import-Export Goods	N/A
5	EHolly Yixing	Stationary Pollution Source Discharge Registration	January 21, 2029
6	EHolly Yixing	Consignee and Consignor of Import-Export Goods	N/A
7	Guangzhou Zhicheng	Consignee and Consignor of Import-Export Goods	N/A

INSURANCE

As of the Latest Practicable Date, we believe our insurance coverage aligns with industry standards and is sufficient to protect our key assets, facilities and liabilities. We believe our current insurance coverage is adequate for our operations. However, we may still face claims or liabilities that exceed our coverage. For more details, see “Risk Factors — Risks Relating to Our Business and Industry — The insurance coverage we have may not adequately protect us against all operating risks” in this document. During the Track Record Period and up to the Latest Practicable Date, we have not made or been subject to any material insurance claims.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Overview

From time to time, we may become involved in non-compliance incidents or legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or

BUSINESS

administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we and our major subsidiaries were not involved in any court, arbitral or administrative proceedings that we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened. See “Risk Factors — Risks Relating to Our Business and Industry — We and our Directors, management, employees, Shareholders and their respective affiliates may be subject to lawsuits, contract disputes, employment-related claims and other legal or administrative proceedings or fines, any of which could have a material and adverse effect on our business, results of operations, financial condition and reputation” in this document.

DATA SECURITY

Data security is critical to our operations. We are committed to protecting data of our customers, suppliers, partners, as well as other participants in our business network. We have established internal policies and procedures to ensure that the data controlled or processed by us is managed in a secure and compliant manner.

Our internal control measures mainly include: (i) establishing systems and policies covering cybersecurity, the full lifecycle of data, data classification and tiered management, physical security of the data center environment, and data backup and recovery; (ii) assigning system access permissions based on employees’ job responsibilities and the principle of least privilege, and requiring that any addition, removal, or modification of access privileges must be reviewed and approved through the relevant approval procedures; (iii) regularly organizing information security trainings and risk-awareness activities, conducting internal self-checks within departments, and having employees sign confidentiality agreements to clearly define their confidentiality obligations; and (iv) entering into contracts with suppliers that include clear data protection and confidentiality terms, as well as security responsibilities, while establishing a supplier onboarding security assessment mechanism.

We do not collect personal information through public channels such as operating websites or applications. The information we collect is limited. During our business activities, the only personal information we collect mainly relates to employee information, and contact information of customers and suppliers, as well as other information needed for our operations and management. In addition, as part of our after-sales services, we only receive operational data related to customers’ intelligent manufacturing equipment when customers actively request and provide such data (primarily a small number of typical defect images) for algorithm optimization, troubleshooting, and production line adjustments that are authorized by the customers. During the Track Record Period and up to the Latest Practicable Date, we have not received any complaints or litigation from any third parties alleging that we infringed their data protection rights by violating applicable laws and regulations. Based on the foregoing and after consulting our PRC legal counsel, we believe that during the Track Record Period and up to the Latest Practicable Date, we have complied, in all material respects, with the applicable laws and regulations in the PRC relating to cybersecurity, data security, and personal information protection.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We incorporate Environmental, Social, and Governance (ESG) into our core sustainability framework. We build a systematic management system and integrate it into daily operations and strategic implementation.

ESG Governance Structure

We actively promote the integration of ESG concepts into daily operations. We establish a tiered ESG management system with clear roles and responsibilities. The governance framework includes:

- the Board of Directors as the ESG leadership and decision-making body;
- the Board’s Strategic and Development Committee as the research and guidance body;
- an ESG leadership team led by the General Manager to provide support and safeguards;
- an ESG implementation group led by the Company Secretary; and
- execution carried out jointly by functional departments and subsidiaries.

As the core leadership and decision-making body for ESG matters, the Board of Directors has final approval authority over major ESG-related issues, including: reviewing and approving our ESG development strategy and goals, major topics, management structure, and management policies; approving the annual ESG report and other key ESG-related matters.

In addition, the Board is required to include ESG responsibilities within the scope of the internal control effectiveness evaluation, identify and assess ESG-related risks, and oversee the rectification of internal control gaps/deficiencies. Directors and the Audit Committee may provide opinions and suggestions regarding ESG performance. After consolidation by the Board Office, proposals are discussed by the Strategic Committee and submitted to the Board for review. The Board also has the final interpretive authority of the ESG Management Measures, ensuring that our ESG work is carried out in a compliant and orderly manner.

Anti-Corruption

We have built an anti-corruption system across multiple dimensions including policies, organization, implementation, and supervision. We have formulated the Anti-Bribery Management System, the Anti-Fraud Management System, and the Anti-Money Laundering Management System, covering key business activities and all levels of personnel. These systems clearly prohibit bribery, fraud, and money laundering. We set up the Audit Department as the standing supervisory body for anti-bribery and anti-fraud. We establish a “Business Department — Risk Control Department — Audit Department” system of three lines of defense. We also require key-position employees and business counterparties to sign a Commitment Letter to Prevent Commercial Bribery. In addition, we set up a whistleblowing mailbox and a multi-channel reporting mechanism, and we conduct regular self-assessments of anti-money laundering risks and internal control checks to comprehensively prevent corruption risks. During the Track Record Period, we have not had any legal cases related to embezzlement.

Environmental Indicators and Management

We attach great importance to the environmental impact of our production and operations. We strictly comply with relevant laws and regulations. We have obtained ISO 14001 environmental management system certification. With standardized management in place, we strengthen our environmental protection and safety foundation and fully implement environmental responsibilities.

BUSINESS

Emissions

We comply strictly with environmental protection and pollutant discharge permit regulations. Guangzhou Yihong has completed the filing/registration for fixed pollution sources. Our core processes do not involve fuel combustion, the use of VOCs, or the discharge of industrial waste gases and solid wastes. Only domestic wastewater, after pre-treatment and meeting the applicable standards, is discharged into the municipal pipe network. It is centrally treated by the Dashi Wastewater Treatment Plant. Supported by the environmental protection facilities in Guanmei Industrial Park, we reduce environmental risk and ensure pollutant discharge consistently meets standards.

At the Yixing production base, we strictly implement end-to-end solid waste management. Under the Enterprise Solid Waste Management System, wastes are categorized into domestic waste, general industrial solid waste, and hazardous waste. We follow the principles of reduction, resource utilization, and harmless treatment, implementing categorized collection, designated storage areas, and compliant disposal. Yixing production base set 1.85 tons of waste generated per unit of product (Kilograms per piece) in 2022 as the baseline and aim to reduce it by 5% by 2027. We advance implementation through multiple initiatives, including target-based performance evaluation, optimization and upgrades of production processes, and promotion of cleaner production.

Category	Unit	For the year ended December 31,		
		2023	2024	2025
Hazardous waste	tons	1,536	713	2,476
Hazardous waste emission intensity	kg/million	5.2	1.8	4.5

Greenhouse Gas and Energy Management

We continuously promote efficient use of resources and optimize our energy structure by advancing on-site solar photovoltaic (PV) power generation projects to reduce resource consumption intensity. During the Track Record Period, through our PV projects we generated a cumulative 1,629 MWh of electricity.

To manage greenhouse gas emissions effectively, we identify greenhouse gas emission sources covering scenarios including air-conditioning refrigerant (CFC/HFC) leakage, fire, chemical leakage, vehicle exhaust, and production and office activities. We implement targeted control measures such as periodic maintenance, hazard inspections, standardized storage, replacement refrigerants, and promotion of dry powder/foam fire extinguishers and other non-halons fire-fighting equipment. We also conduct annual greenhouse gas inventories to provide data support for optimizing our emissions reduction pathway.

Category	Unit	For the year ended December 31,		
		2023	2024	2025
Resource consumption				
Electricity	MWh	1,215	1,310	1,601
Water resources	tons	21,269	14,411	20,926
Electricity intensity	MWh/million	4.1	3.3	2.9
Water intensity	tons/million	72.3	36.6	37.9
Greenhouse gas emissions				
Scope 1	tons CO ₂ e	78.0	66.1	57.8
Scope 2	tons CO ₂ e	750.0	797.8	1,003.4
Scope 3	tons CO ₂ e	8.8	8.4	11.3

BUSINESS

Note: Our Scope 1 emissions primarily stem from fuel consumption by our company-owned vehicles, Scope 2 emissions primarily stem from electricity consumption and Scope 3 emissions primarily stem from water consumption and cardboard boxes usage. These resource consumptions are closely linked to our production and processing volumes. As overall production and processing volumes declined in 2024, waste emissions, resource consumption, and greenhouse gas emissions all decreased that year.

Social Indicators and Management

We actively support social welfare and charitable initiatives, and we work to fulfill corporate social responsibility by advancing compliant business operations and employee value enhancement in parallel for sustained development.

Employment

We comply with the Labor Law of the PRC, the Anti-Employment Discrimination Law, and the Law on Employment Promotion of the PRC, among other applicable regulations. We have established a standardized employee management mechanism. We sign employment contracts with employees and arrange working hours according to the standard working hours system. We conduct fair performance assessments based on our performance appraisal management measures. Job descriptions explicitly prohibit discrimination based on gender, disability, sexual orientation, age, religion, or ethnicity. As of December 31, 2025, we had 737 employees, including 347 under age 30, 367 between ages 30 and 50, and 23 over age 50. During the Track Record Period and up to the Latest Practicable Date, we strictly complied with applicable laws and regulations and had no cases of forced labor or child labor. We uphold equal and compliant employment principles at all times.

Employee Health and Safety

We adopt a people-centered approach and place high priority on employees’ physical and mental well-being and workplace safety. We provide employees with annual health checkups and comprehensive commercial insurance on an ongoing basis. For employees engaged in occupational disease hazard-related work, we arrange regular occupational health examinations to effectively protect employees’ safety and health. We also have established a health, safety, and environment (HSE) policy, formulated environmental health and safety policies, and developed continuous improvement strategies and corrective measures to reduce the risk of workplace injuries or illnesses as much as possible.

Employee Development and Training

To continuously improve employees’ professional competence and overall capabilities and support their growth, we regularly organize training through both online and offline formats. This helps provide employees with clear career development pathways and align individual growth with corporate development. In addition, we set up an employee satisfaction survey control procedure and develop survey forms to collect employees’ views and suggestions, including in areas such as education and training, so we can continuously improve to meet employees’ needs and expectations. In 2025, we conducted a total of 70 training sessions, with a total duration of 2,094 hours.

Sustainable Supply Chain Management

To standardize suppliers’ ESG management, we have established a comprehensive supplier control system. We have formulated and signed a series of documents, including a Social Responsibility Commitment, an Integrity Agreement, and a Commitment to Not Use Conflict Minerals, among others. These documents clearly require suppliers to strictly comply with applicable laws and social responsibility requirements. We also prioritize more sustainable suppliers and conduct regular CSR investigations to monitor whether suppliers fulfill their corporate social responsibility. Through ongoing supervision and periodic evaluations, we screen and select qualified suppliers to promote supply-chain compliance and sustainable development and management.

BUSINESS

Product Responsibility

To ensure product health and safety, we establish product responsibility and safety management procedures. After product-related information is received, we conduct product safety project identification and determination, and we maintain records for future safety traceability. After safety is identified and determined, we plan and carry out related work including reliability charters, product design reviews, technical specification controls, and reliability testing — so as to regulate product safety and reliability across the entire lifecycle to the greatest extent. We also have a product reliability charter. All newly designed and produced products must undergo reviews. All products, components, materials, and process methods must be tested before use, which helps reduce potential risks and hazards in the process. In addition, we have obtained TISAX certification to protect customer privacy and data security.

Community and Public Welfare

We are committed to fulfilling our corporate social responsibility, actively participating in rural education initiatives, and helping underprivileged students achieve their educational aspirations. Every year, we collaborate with relevant companies to organize charitable donation campaigns. From 2023 to 2025, we donated a total of RMB0.3 million.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

During the process of preparing for the [REDACTED], we engaged an internal control consultant (the “**Internal Control Consultant**”), to perform a review in connection with the internal control of our Group and to report factual findings on our entity-level controls and internal controls of various processes in accordance with AATB1 issued by the Hong Kong Institute of Certified Public Accountants, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, inventory and logistics management, management of fixed assets and intangible assets, human resources and payroll management, cash and treasury management, taxation management, general controls of IT system (including protection of data and privacy), research and development management, insurance management, production management.

We have established a comprehensive internal control system covering entity-level controls and internal controls of various processes. All related policies and procedures under this system have been implemented and are strictly enforced:

At the corporate level, the Company complies with the requirements for internal monitoring stipulated in the Listing Rules and Corporate Governance Code of the Hong Kong Stock Exchange and adopts the five key elements of the COSO Internal Control-Integrated Framework: control environment, risk assessment, control activities, information and communication, and monitoring. By establishing a sound governance structure, clear allocation of responsibilities and authorities, and an active culture of internal control, the Company has laid a solid foundation for the effective operation of its internal control system.

At the business process level, the internal control system has deeply covered the entire business cycle. Each key process has set up key control points such as separation of responsibilities, authorization approval, physical inventory, and regular reconciliation to ensure business operation compliance, asset security, and accurate financial data.

BUSINESS

At the IT level, the Company primarily relies on core platforms such as the Kingdee ERP system and the OA office automation system to achieve online and automated management of core business and financial processes. These systems are equipped with comprehensive user access management, data backup, log auditing, and privacy protection functions, effectively ensuring data integrity, security, and system stability, thereby providing robust technical support for the effective operation of the internal control system.

In addition, our Internal Control Consultant proposed certain suggestions and recommendations to strengthen and enhance our internal control system. Key suggestions and recommendations included:

- Entity Level: It was recommended that we establish comprehensive and formal written policies regarding anti-fraud, anti-corruption, anti-money laundering, anti-bribery, and other misconduct. These policies should clearly define prohibited behaviors, designate responsible departments, and establish reporting channels, response mechanisms, and investigation procedures. Additionally, it was recommended that whistleblower protection measures and clear accountability mechanisms for employees at all levels should be implemented to ensure effective governance and compliance;
- Process Level: It was recommended that we review and update our business process policies to ensure completeness. Particularly within sales management, operational standards should be explicitly defined for sales forecasting, product pricing and discount approvals, order fulfillment, and after-sales service. This will standardize business management and provide reasonable assurance regarding the consistency of work outcomes and decision-making procedures; and
- IT Control Level: It was recommended that we enhance our IT management policies to explicitly define monitoring processes for unauthorized software. Regular software audits should be conducted to ensure license coverage matches employee counts and usage patterns. Furthermore, implementing a software approval and white-listing strategy will help prevent future compliance risks associated with unlicensed software usage.

As of the Latest Practicable Date, we had implemented the Consultant’s recommendations to improve our internal control system. The Internal Control Consultant subsequently conducted a follow-up review on the status of our actions taken to address the findings in the evaluation and did not identify any material weakness or make any further recommendations.

Having considered the internal control measures implemented, our Directors confirmed that the enhanced internal controls are adequate and effective, taking into account our Company’s obligations and the directors’ duties under the Listing Rules and other applicable legal and regulatory requirements.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of lithium-ion battery and new energy vehicle industry, our ability to offer quality products, our ability to manage our anticipated growth and to execute our growth strategies, and our ability to compete with our competitors. See “Risk Factors” in this document for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. See “Financial Information — Quantitative and Qualitative Disclosures about Market Risk” in this document for a discussion of these market risks.

BUSINESS

In order to meet these challenges, our Audit Committee, comprising three of Directors, namely Ms. Wu Kin Yi, Mr. Mao Junxiang and Mr. Jin Yi and chaired by Ms. Wu Kin Yi, is responsible for reviewing and supervising our financial reporting process, risk management and internal control system.

We maintain a set of accounting policies in connection with our financial reporting risk management. We also have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly. We provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and strictly enforce them in our daily operations.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang Gang and Mr. Zhang Quan, our Controlling Shareholders, by virtue of the acting-in-concert arrangement, are entitled to exercise or control the exercise of an aggregate of 32.43% voting rights at the general meeting of our Company. Immediately after completion of the [REDACTED], our Controlling Shareholders, by virtue of the acting-in-concert arrangement, will be entitled to exercise or control the exercise of an aggregate of [REDACTED]% voting rights at the general meeting of our Company. Therefore, immediately after completion of the [REDACTED], Mr. Wang Gang and Mr. Zhang Quan will cease to be our controlling shareholders (as defined under the Listing Rules), but become the single largest group of Shareholders of our Company.

On May 18, 2022, Mr. Wang Gang and Mr. Zhang Quan entered into an acting-in-concert agreement, pursuant to which they have agreed and confirmed that they would act in concert on (i) any matters that are subject to approval by the Board and the Shareholders pursuant to the PRC laws and the Articles of Association; (ii) the shareholders’ rights of proposals and nomination; and (iii) any other matters that are subject to the voting rights of the Directors and the Shareholders.

OTHER BUSINESS OR INTEREST OF OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the [REDACTED]:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of five executive Directors, one non-executive Director and three independent non-executive Directors. See “Directors and Senior Management” in this document for details. Each of our Controlling Shareholders is our executive Director.

Our Directors believe that our Board and senior management have been and will continue to be able to independently manage our business and function independently from our Controlling Shareholders based on the following grounds:

- (i) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest;
- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (iii) our daily management and operations are carried out by our executive Directors and our senior management team. Other than our Controlling Shareholders, the other executive Directors and senior management are independent from our Controlling Shareholders and have substantial experience in the industry in which our Company is engaged and/or business management in general, and will therefore be able to make business decisions that are in the best interest of our Group;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iv) we have three independent non-executive Directors who have extensive experience in different professions. They have been appointed to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; 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 Measures” in this section.

Having considered the above factors, our Directors are satisfied that our Board together with the senior management team as a whole is able to perform their roles independently from our Controlling Shareholders and close associates after the [REDACTED].

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates, including:

- (i) we have established its own organizational structure, which comprises individual departments and each department has its own administrative and corporate governance infrastructure;
- (ii) we hold all of the relevant licenses and intellectual property rights material to our business operation and has sufficient capital, facilities, equipment and employees to operate our business independently;
- (iii) our Controlling Shareholders have no interest in any of our top five suppliers and customers. We do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers and customers; and
- (iv) we have established a set of internal control procedures to facilitate the effective operation of our business independent from our Controlling Shareholders.

Having considered the above factors, our Directors are of the view that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial, internal control and accounting system. We make financial decisions according to our own business needs. We also have an independent finance department responsible for discharging the treasury function, and the Audit Committee to oversee our accounting and financial reporting processes. We have sufficient capital to operate our business independently, and has adequate internal resources and a strong credit profile to support our daily operations. As of the Latest Practicable Date, we have received series of [REDACTED] Investors from Independent Third Party investors for, among others, the development and operation of our principal business and other general working capital purposes. During the Track Record Period, our Group obtained certain banking facilities where our Controlling Shareholders, namely Mr. Wang Gang and Mr. Zhang Quan, provided personal guarantees which either had been released as of the Latest Practicable Date or are expected to be released and replaced by a corporate guarantee to be given by us before the [REDACTED]. See note 37(e) to the Accountants’ Report in Appendix I to this document for more information.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Other than the above, our source of funding and our finances are independent from our Controlling Shareholders and none of our Controlling Shareholders and their respective close associates financed our operations during the Track Record Period. Our Directors confirm that our Group does not intend to obtain any further borrowing, guarantees, pledges and mortgages from any of our Controlling Shareholders or their respective close associates. Having considered the above factors, our Directors are of the view that we have no financial dependence on our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanism to identify connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions under the Listing Rules if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates;
- (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 and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company’s expense;
- (e) we have appointed Altus Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;
- (f) we have established the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;
- (g) our Controlling Shareholders will confirm the status of their non-competing interest (if any) on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and
- (h) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board will consist of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets forth certain information regarding our Directors and senior management:

Name	Age	Position	Time Joining Our Group	Date of Appointment as A Director	Roles and Responsibilities
Mr. Wang Gang (王剛)	41	Chairman of the Board and executive Director	May 2014	May 2014	Responsible for overseeing the overall strategic planning, business direction and operational management of our Group
Mr. Zhang Quan (張權)	45	Executive Director and president	September 2016	September 2018	Responsible for overseeing the general operation, investment and management of our Group
Mr. Xiao Shengduan (肖聖端)	42	Executive Director and deputy president	September 2018	September 2018	Responsible for the technology strategy, research and development, and technical management of our Group
Mr. Tu Zhiwen (涂志文)	35	Executive Director, deputy president, chief financial officer, secretary of the Board and joint company secretary	April 2026	April 2026	Responsible for the financial management, board secretarial affairs and investment management of our Group
Mr. Liang Ren'an (梁仁安)	44	Executive Director and deputy president	June 2021	April 2026	Responsible for the production operations and operational management of our Group
Mr. Xie Fangyu (解方宇)	34	Non-executive Director	April 2026	April 2026	Responsible for providing professional opinion and judgment to our Board
Mr. Mao Junxiang (茅駿翔)	54	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent judgement to our Board

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time Joining Our Group	Date of Appointment as A Director	Roles and Responsibilities
Mr. Jin Yi (金一)	46	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent judgement to our Board
Ms. Wu Kin Yi (胡健兒)	38	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent judgement to our Board

DIRECTORS

Executive Directors and Non-executive Director

Mr. Wang Gang (王剛), aged 41, is the chairman of the Board and an executive Director of our Company. He has been the chairman of the Board of our Company since May 2014. Mr. Wang is primarily responsible for overseeing the overall strategic planning, business direction and operational management of our Group.

Mr. Wang has more than 20 years of experience in the automation equipment and machine vision industry. Prior to joining our Group, from May 2006 to November 2008, he served as the sales manager at Dongguan Kewei Automation Equipment Co., Ltd. (東莞市科偉自動化設備有限公司). From December 2008 to April 2014, he also served as the general manager of Guangzhou Dingfeng, which later became our subsidiary in 2018, where he was engaged in machine vision development and application.

Mr. Wang graduated from Fujian Agriculture and Forestry University (福建農林大學) in the PRC with an associate degree in Computer and Applications (Adult Higher Education) in July 2004. He was enrolled in a business management course for senior management at Cheung Kong Graduate School of Business (長江商學院) in the PRC as of the Latest Practicable Date. He obtained the qualification of senior engineer (高級工程師) in February 2022.

Mr. Zhang Quan (張權), aged 45, is an executive Director and the president of our Company. He joined our Company in September 2016, and has been a director and general manager of our Company since September 2018. Mr. Zhang is primarily responsible for overseeing the general operation, investment and management of our Group.

Mr. Zhang has more than 20 years of experience in the automation equipment and machine vision industry. Prior to joining our Group, from April 2006 to April 2012, he worked at Rockwell Automation (China) Co., Ltd. (羅克韋爾自動化(中國)有限公司), which is a subsidiary of Rockwell Automation, Inc. (a company listed on the New York Stock Exchange (stock code: ROK)), where he held the positions of account manager, senior account manager and the head of the OEM team. From April 2012 to June 2015, he served as national sales manager at ITW Dynatec (Suzhou) Co., Ltd. (依工玳納特膠黏設備(蘇州)有限公司), which is a subsidiary of Illinois Tool Works Inc. (a company listed on the New York Stock Exchange (stock code: ITW)). From July 2015 to September 2016, he was the sales director of Fette (Nanjing) Compacting Machinery Co., Ltd. (菲特(南京)壓片機械有限公司), which is a subsidiary of LMT GmbH & Co. KG. Mr. Zhang has also been serving as an independent non-executive director of Shenzhen Xinjie Energy Technology Co., Ltd. (深圳欣界能源科技股份有限公司) since December 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang obtained a bachelor’s degree in Electrical Power Systems and Automation from Zhejiang University (浙江大學) in the PRC in June 2003, and a master’s degree in Electrical Power Systems and Automation from Zhejiang University in the PRC in March 2006. He obtained the qualification of senior engineer in February 2022.

Mr. Xiao Shengduan (肖聖端), aged 42, is an executive Director and a deputy president of our Company. He has been a director and deputy general manager of our Company since September 2018. Mr. Xiao is primarily responsible for the technology strategy, research and development, and technical management of our Group.

Mr. Xiao has more than 15 years of experience in the automation equipment and machine vision industry. Prior to joining our Group, he worked at Dongguan Kewei Automation Equipment Co., Ltd. (東莞市科偉自動化設備有限公司) from September 2007 to November 2008 with his last position as the head of the sales department. Since November 2008, he has been working at Guangzhou Dingfeng, which later became our subsidiary in 2018, where he currently serves as an executive director and deputy general manager.

Mr. Xiao obtained a bachelor’s degree in International Economics and Trade from China Three Gorges University (三峽大學) in the PRC in June 2006. He obtained the qualification of senior engineer in February 2022.

Mr. Tu Zhiwen (涂志文), aged 35, is an executive Director, a deputy president, the chief financial officer, the secretary of the Board and a joint company secretary of our Company. He has been a deputy general manager of our Company since April 2026. Mr. Tu is primarily responsible for the financial management, board secretarial affairs and investment management of our Group.

Mr. Tu has over 11 years of experience in finance and investment. Prior to joining our Group, Mr. Tu served at Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211) and the Stock Exchange (stock code: 2611), from April 2015 to April 2026, where he successively held various positions, including senior vice president and director, in its new energy industry department of the investment banking department.

Mr. Tu obtained a bachelor’s degree in Accounting and Finance from University of Leeds in the United Kingdom in June 2013. He obtained a master’s degree in Finance and Investment from University of Leeds in the United Kingdom in November 2014.

Mr. Liang Ren’an (梁仁安), aged 44, is an executive Director and a deputy president of our Company. He joined our Group in June 2021, serving as production center director since June 2021, and has been serving as deputy general manager of our Company since November 2024. Mr. Liang is primarily responsible for the production operations and operational management of our Group.

Mr. Liang has approximately 20 years of experience in equipment manufacturing industry. Prior to joining our Group, from July 2007 to May 2021, he worked at Borch Machinery Co., Ltd. (博創智能裝備股份有限公司), with his last position as the deputy director of the production center.

Mr. Liang obtained a bachelor’s degree from Guizhou University (貴州大學) in the PRC in Mechanical Design, Manufacturing, and Automation in July 2007.

Mr. Xie Fangyu (解方宇), aged 34 and formerly known as Xie Li (解理), was appointed as a Director in April 2026, and re-designated as a non-executive Director with effect from the [REDACTED].

Mr. Xie has over 10 years of experience in auditing and capital operations. From October 2015 to January 2018, Mr. Xie served as an auditor, and subsequently senior associate, in the Assurance Department of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)). From January 2018 to May 2022, he worked as senior manager in the Investment Banking Division of Great Wall Securities Co., Ltd. (長城證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002939). From May 2022 to March 2023, Mr. Xie served as a vice president in the Investment Banking Committee of Zhongtai Securities Co., Ltd. (中泰證券股份

DIRECTORS AND SENIOR MANAGEMENT

有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600918). Since March 2023, Mr. Xie has been working at Guangzhou Haote Energy Saving Technology Co., Ltd. (廣州豪特節能環保科技股份有限公司), with the last positions as an executive director, chief financial officer, board secretary and joint company secretary as of the Latest Practicable Date.

Mr. Xie obtained a bachelor’s degree in Accounting and Finance from University of Wales, Aberystwyth in the United Kingdom in June 2013, and a master’s degree in Accounting and Finance from University of Leeds in the United Kingdom in November 2014.

Independent Non-executive Directors

Mr. Mao Junxiang (茅駿翔), aged 54, was appointed as a Director in April 2026, and re-designated as an independent non-executive Director with effect from the [REDACTED].

Mr. Mao has more than 30 years of experiences in banking and finance. Prior to joining our Group, Mr. Mao worked in multiple banks from 1996 to 2010, including Citibank (China) Co., Ltd. Shanghai Branch (花旗銀行(中國)有限公司上海分行) from December 1996 to March 2005, Societe Generale Asia Limited from April 2005 to May 2007, the Deutsche Bank AG, Hong Kong Branch from May 2007 to July 2009, and Zhong De Securities Co., Ltd. (中德證券有限責任公司) from August 2009 to July 2010. He worked at Citigroup Global Markets Asia Limited as the managing director of Hong Kong Capital Markets Coverage, from July 2010 to July 2024. He has been serving as an independent director of China Life Insurance (Overseas) Company Limited since February 2025, and a panel member of the Mandatory Provident Fund Schemes Appeal Board of Hong Kong since October 2025.

Mr. Mao obtained the dual bachelor’s degrees in Management Information Systems and Technology English from Tianjian University (天津大學) in the PRC in July 1993. He obtained a master’s degree in Business Administration from Fudan University (復旦大學) in the PRC in January 2003.

Mr. Jin Yi (金一), aged 46, was appointed as a Director in April 2026, and re-designated as an independent non-executive Director with effect from the [REDACTED].

Mr. Jin has more than 18 years of experience in accounting, finance, and management. Prior to joining our Group, from August 2005 to May 2010, Mr. Jin served as an assistant manager at KPMG Huazhen LLP (Shanghai Branch) (畢馬威華振會計師事務所(特殊普通合伙)上海分所). From June 2010 to March 2013, he worked at Weixu Network Technology (Shanghai) Co., Ltd. (未序網絡科技(上海)有限公司), with his last position as the senior financial director. From July 2013 to November 2014, Mr. Jin served as deputy financial controller of Star China International Media Limited (星空華文國際傳媒有限公司), a wholly owned subsidiary of Star CM Holdings Limited (星空華文控股有限公司), a company listed on the Stock Exchange (stock code: 6698). From December 2014 to January 2016, he served as the vice president of the finance department at Le Cake Food (Shanghai) Co., Ltd. (諾心食品(上海)有限公司). From November 2017 to February 2020, Mr. Jin served as vice president of finance at Yuguan Information Technology (Shanghai) Co., Ltd. (語冠信息技術(上海)有限公司). From July 2020 to January 2023, he served as vice president of finance at Shanghai Juyin Information Technology Co., Ltd. (上海聚音信息科技有限公司). From August 2023 to August 2024, he served as vice president of finance at Shanghai Bingjian Information Technology Co., Ltd. (上海冰鑒信息科技有限公司). Since October 2025, he has been serving as the chief financial officer of Wanbang Digital Energy Co., Ltd. (萬幫數字能源股份有限公司).

Mr. Jin obtained a bachelor’s degrees in Business Management from Tongji University (同濟大學) in the PRC in July 2003. In addition, he obtained a European Higher Studies Diploma in Management from the Reims Management School (currently known as Neoma Business School) in France in November 2003.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wu Kin Yi (胡健兒), aged 38, was appointed as a Director in April 2026, and re-designated as an independent non-executive Director with effect from the [REDACTED].

Prior to joining our Group, Ms. Wu worked at KPMG China from July 2009 to June 2013 as an accountant with her final position as an assistant audit manager. Ms. Wu was once the owner of Hands-Up Education Center in Hong Kong which was established in December 2013 and ceased operation in May 2024. She is a practicing accountant at Essence CPA & Co., (精誠會計師事務所) since June 2024, a director at Reg CPA Limited (江海會計師事務所有限公司) since June 2025 and a director as well as general manager of PAL Corporate Services Limited (上邦永晉諮詢有限公司) since January 2025.

Ms. Wu has been serving as an independent non-executive director of Skymission Group Holdings Limited (天任集團控股有限公司), a company listed on the Stock Exchange (stock code: 1429), since February 2024.

Ms. Wu obtained a bachelor’s degree in International Trading and Economics from Peking University (北京大學) in the PRC in July 2009. Ms. Wu is also a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Our executive Directors, including Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan, Mr. Tu Zhiwen and Mr. Liang Ren’an, are also the members of our senior management responsible for the day-to-day management and operation of our business. For their biographies, see “— Directors — Executive Directors and Non-executive Director” in this section.

JOINT COMPANY SECRETARIES

Mr. Tu Zhiwen and Ms. Yeung Lai Shan (楊麗珊) are the joint company secretaries of our Company. For biography of Mr. Tu Zhiwen, see “— Directors — Executive Directors and Non-executive Director” in this section.

Ms. Yeung Lai Shan (楊麗珊), aged 29, was appointed as a joint company secretary of our Company with effect from the [REDACTED]. Ms. Yeung is currently an assistant manager of the Company Secretarial Services of Tricor Services Limited, an integrated provider offering business, corporate and investor services. Ms. Yeung has seven years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Yeung obtained a Master of Science degree in Corporate Governance and Compliance from the Hong Kong Baptist University. She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established by our Board pursuant to a resolution of our Board on April 30, 2026 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment and removal of external auditor, and to assist our Board in fulfilling its oversight responsibilities in relation to our Group’s financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The members of the Audit Committee are Ms. Wu Kin Yi, Mr. Mao Junxiang and Mr. Jin Yi, all of whom are independent non-executive Directors. Ms. Wu Kin Yi is the chair of our Audit Committee.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee was established by our Board pursuant to a resolution of our Board on April 30, 2026 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to make recommendations to our Board regarding candidates to fill vacancies on the Board. The members of the Remuneration and Appraisal Committee are Mr. Zhang Quan, an executive Director, and Mr. Jin Yi and Ms. Wu Kin Yi, each of whom is an independent non-executive Director. Mr. Jin Yi is the chair of our Remuneration and Appraisal Committee.

Nomination Committee

The Nomination Committee was established by our Board pursuant to a resolution of the Board on April 30, 2026 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3.1 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on the Board. The members of the Nomination Committee are Mr. Wang Gang, an executive Director, and Mr. Mao Junxiang and Ms. Wu Kin Yi, each of whom is an independent non-executive Director. Mr. Wang Gang is the chair of our Nomination Committee.

Strategy Committee

We have established a Strategy Committee pursuant to a resolution of our Directors passed on April 30, 2026. The primary duties of the Strategy Committee are to devise and advise on the long-term strategy and material investment decisions of our Company. The Strategy Committee consists of three members, including Mr. Wang Gang, Mr. Zhang Quan and Mr. Tu Zhiwen, all of whom are executive Directors. Mr. Wang Gang is the chair of our Strategy Committee.

CONFIRMATION FROM OUR DIRECTORS

Save as disclosed above, each of our Directors confirms that he or she had not held any other directorships in listed companies during the three years.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2026, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

DIRECTORS AND SENIOR MANAGEMENT

Rule 13.51(2) of the Listing Rules

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, none of our Directors and senior management members (i) had any other relationship with any Director, senior management or substantial or controlling Shareholders of our Company; and (ii) held any other directorships in the three years prior to the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong and/or overseas.

Saved as disclosed in the sections headed “Substantial Shareholders” in and “Appendix VI — Statutory and General Information — C. Further Information about our Directors and substantial Shareholders — 1. Disclosure of Interests,” to this document as of the Latest Practicable Date, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

There are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

REMUNERATION POLICY

We value our employees and recognize the importance of a good relationship with our employees. The remuneration to our employees includes salaries, bonuses, benefits and other welfares.

Our Group offers competitive remuneration packages to our Directors, chief executive and supervisors, and the aggregate amounts of emoluments (including salaries, allowances and benefits in kind, pension scheme contributions and social welfare) for the years ended December 31, 2023, 2024, and 2025 was approximately RMB2.38 million, RMB3.28 million and RMB3.32 million, respectively.

Save as disclosed in this document, no other emoluments have been paid or are payable, in respect of the years ended December 31, 2023, 2024, and 2025 by us to our Directors, chief executive and supervisors.

The five highest paid individuals of the Group for the years ended December 31, 2023, 2024 and 2025 included two, one and one Directors, respectively. During the same year, the aggregate amount of remuneration of the remaining three, four and four individuals, who are not a Director of our Company, were approximately RMB1.70 million, RMB3.11 million and RMB2.49 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period.

We have not experienced any significant problems with our employees or disruption to our operations due to labor disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

For additional information on Directors’ remuneration during the Track Record Period as well as information on the highest paid individuals, see “Accountants’ Report — Notes 10 and 11” in Appendix I to this document.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain appropriate balance of diverse perspectives of our Board to enhance the effectiveness of our Board.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including experience in such as medicine and pharmaceutical research as well as overall management and strategic development, business operation and accounting and financial management. We have three independent non-executive Directors who have different industry backgrounds, representing one-third of our Board members. Currently, one of our Directors is female. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of our Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After the [REDACTED], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us 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, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in the [REDACTED] document or where the business activities, developments or results of the [REDACTED] deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual price movement or trading volume or other issues under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Shareholder	Capacity/Nature of interest	Type of Shares	As of the Latest Practicable Date		Type of Shares	Immediately after the [REDACTED]		Approximate percentage of shareholding in our Company
			Number of Shares	Approximate percentage of shareholding in our Company		Number of Shares	Approximate percentage of shareholding in the type of Shares	
Mr. Wang Gang	Beneficial owner	Domestic Unlisted Shares	16,376,966	20.47%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	Domestic Unlisted Shares	9,570,006	11.96%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang Quan	Beneficial owner	Domestic Unlisted Shares	9,570,006	11.96%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	Domestic Unlisted Shares	16,376,966	20.47%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Jingwei No.1 ⁽³⁾	Beneficial owner	Domestic Unlisted Shares	6,486,429	8.11%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Jingwei Jiangchuang ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,326,128	10.41%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Jingwei Jingbei Investment Management Co., Ltd. (南京經緯旌北投資管理有限公司, “Nanjing Jingwei Jingbei”) ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,326,128	10.41%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wang Huadong (王華東) ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,326,128	10.41%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Ferry Phase III ⁽⁴⁾	Beneficial owner	Domestic Unlisted Shares	5,599,998	7.00%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Ferry Weilun Enterprise Management Partnership (Limited Partnership) (無錫源渡偉倫企業管理合夥企業(有限合夥), “Wuxi Ferry”) ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,811,674	11.01%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Ferry Growth Enterprise Management Co., Ltd (無錫源渡成長企業管理有限公司, “Wuxi Ferry Growth”) ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,811,674	11.01%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Ferry Venture Capital ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,811,674	11.01%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wang Xuefeng (王學峰) ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	8,811,674	11.01%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Beijing New Motive ⁽⁵⁾	Beneficial owner	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Xicheng Jinrui Equity Investment Fund Management Co., Ltd. (北京熙誠金睿股權投資基金管理有限公司, “Beijing Xicheng Jinrui”) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Shareholder	Capacity/Nature of interest	Type of Shares	As of the Latest Practicable Date			Immediately after the [REDACTED]		
			Number of Shares	Approximate percentage of shareholding in our Company	Type of Shares	Number of Shares	Approximate percentage of shareholding in the type of Shares	Approximate percentage of shareholding in our Company
Beijing Xicheng Capital Holdings Co., Ltd. (北京熙誠資本控股有限公司, “Beijing Xicheng Capital”) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Xicheng Zhengqi Management Consulting Partnership (Limited Partnership) (北京熙誠正奇管理諮詢合夥企業(有限合夥), “Beijing Xicheng Zhengqi”) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Xicheng Capital was wholly owned by Beijing Financial Street Capital Operations Group Co., Ltd. (北京金融街資本運營集團有限公司, “Beijing Financial Street”) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
State-owned Assets Supervision and Administration Commission of the People’s Government of Xicheng District, Beijing Municipality (北京市西城區人民政府國有資產監督管理委員會, “Xicheng SASAC”) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Jinglai (張敬來) ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,659,094	7.07%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Rongquan ⁽⁶⁾	Beneficial owner	Domestic Unlisted Shares	5,010,355	6.26%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Zhou Bin (周斌) ⁽⁶⁾	Interest in controlled corporation	Domestic Unlisted Shares	5,010,355	6.26%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) Assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme.
- (2) Pursuant to the acting-in-concert agreement dated May 18, 2022 entered into between Mr. Wang Gang and Mr. Zhang Quan, Mr. Wang Gang and Mr. Zhang Quan are deemed to be jointly interested in the Shares held by them under the SFO.
- (3) As of the Latest Practicable Date, Nanjing Jingwei No.1 was owned as to approximately 1.34% by Jingwei Jiangchuang as its general partner, which was in turn controlled by its general partner, Nanjing Jingwei Jingbei, which was held as to 49.00% by Wang Huadong. Accordingly, under the SFO, each of Jingwei Jiangchuang, Nanjing Jingwei Jingbei and Wang Huadong was deemed to be interested in the Shares held by Nanjing Jingwei No.1.

In addition, immediately after the completion of the [REDACTED], Nanjing Jingwei No.3 will hold [REDACTED] H Shares [REDACTED] from the same number of Domestic Unlisted Shares as of the Latest Practicable Date. As of the Latest Practicable Date, Nanjing Jingwei No.3 was owned as to approximately 0.12% by Jingwei Jiangchuang as its general partner. Accordingly, under the SFO, each of Jingwei Jiangchuang, Nanjing Jingwei Jingbei and Wang Huadong was deemed to be interested in the Shares held by Nanjing Jingwei No.3.

- (4) As of the Latest Practicable Date, Hainan Ferry Phase III was owned as to approximately 2.65% by Wuxi Ferry as its general partner, which was in turn controlled by its general partner, Wuxi Ferry Growth. Wuxi Ferry Growth was wholly owned by Ferry Venture Capital, which was controlled by Wang Xuefeng, who served as our Director until April 2026. Accordingly, under the SFO, each of Wuxi Ferry, Wuxi Ferry Growth, Ferry Venture Capital, Dai Yanjuan, Wang Xuefeng and Huang Jian was deemed to be interested in the Shares held by Hainan Ferry Phase III.

SUBSTANTIAL SHAREHOLDERS

In addition, immediately after the completion of the [REDACTED], Tianjin Ferry will hold [REDACTED] H Shares [REDACTED] from the same number of Domestic Unlisted Shares as of the Latest Practicable Date. As of the Latest Practicable Date, Tianjin Ferry was owned as to approximately 3.85% by Wuxi Ferry as its general partner. Accordingly, under the SFO, each of Wuxi Ferry, Wuxi Ferry Growth, Ferry Venture Capital, Dai Yanjuan, Wang Xuefeng and Huang Jian was deemed to be interested in the Shares held by Hainan Ferry Phase III.

- (5) As of the Latest Practicable Date, Beijing New Motive was owned as to 1.06% by Beijing Xicheng Jinrui as its general partner, which is held as to 40.00% by Beijing Xicheng Capital and 30.00% by Beijing Xicheng Zhengqi, respectively. Beijing Xicheng Capital was wholly owned by Beijing Financial Street, which was wholly owned by Xicheng SASAC. Zhang Jinglai, who served as our Director until April 2026, was the general partner of Beijing Xicheng Zhengqi. Accordingly, under the SFO, each of Beijing Xicheng Jinrui, Beijing Xicheng Capital, Beijing Xicheng Zhengqi, Beijing Financial Street, Xicheng SASAC and Zhang Jinglai was deemed to be interested in the Shares held by Beijing New Motive.
- (6) As of the Latest Practicable Date, Sanya Rongquan was owned as to 99.00% by Zhou Bin as its general partner. Accordingly, under the SFO, Zhou Bin was deemed to be interested in the Shares held by Sanya Rongquan.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the [REDACTED] (assuming the [REDACTED] is not exercised, and no further Shares are issued under the [REDACTED] Share Option Scheme), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, 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 our Company.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the [REDACTED]

As at the Latest Practicable Date, the registered capital of our Company was RMB80,000,000, comprising 80,000,000 Domestic Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Share Option Scheme, the share capital of our Company immediately after the [REDACTED] and the [REDACTED] of Domestic Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Issued Share Capital After the [REDACTED] (%)
Domestic Unlisted Shares in issue	—	—
H Shares to be [REDACTED] from Domestic Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00</u></u>

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately after the [REDACTED] and the [REDACTED] of Domestic Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Issued Share Capital After the [REDACTED] (%)
Domestic Unlisted Shares in issue	—	—
H Shares to be [REDACTED] from Domestic Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00</u></u>

CLASS OF SHARES

The H Shares in issue following the completion of the [REDACTED] and the Domestic Unlisted Shares are ordinary shares in the share capital of our Company, and are considered as one class of Shares. However, H Shares may only be subscribed for and [REDACTED] in Hong Kong dollars.

SHARE CAPITAL

Apart from certain qualified domestic institutional investors in the PRC, the 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 the H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or [REDACTED] between legal or natural PRC persons. Domestic Unlisted Shares can be subscribed for by and [REDACTED] between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors.

RANKING

Domestic Unlisted Shares and H Shares are regarded as one class of shares under the Articles of Association and will rank equally for all dividends or distributions approved, paid or made after the date of this document. However, the transfer of the Domestic Unlisted Shares is subject to such restrictions as the PRC laws may impose from time to time.

[REDACTED] OF DOMESTIC UNLISTED SHARES INTO H SHARES

After the completion of the [REDACTED], all of our Domestic Unlisted Shares will be [REDACTED] into H Shares. Our Domestic Unlisted Shares are Shares which are currently not [REDACTED] or [REDACTED] on any stock exchange. According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, holders of our Domestic Unlisted Shares may, at their own option, authorise our Company to apply to the CSRC for [REDACTED] of their respective Domestic Unlisted Shares to H Shares. After the [REDACTED] of Domestic Unlisted Shares, such converted Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the [REDACTED] and [REDACTED] of such [REDACTED] Shares any requisite internal approval processes shall have been duly completed and the approval from and the completion of filing with the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such [REDACTED], [REDACTED] and [REDACTED] shall in all respects 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.

Approval of the Stock Exchange is required for the [REDACTED] of such [REDACTED] Shares on the Stock Exchange. Based on the methodology and procedures for the [REDACTED] of Domestic Unlisted Shares into H Shares as described in this section, we can apply for the [REDACTED] of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed [REDACTED] to ensure that the [REDACTED] 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.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the [REDACTED]: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Unlisted Share [REDACTED] 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) the [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] and the due dispatch of H Share certificates and (b) the admission of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, the General Rules of [REDACTED] and the [REDACTED] in force from time to time. Until the [REDACTED] Shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

SHARE CAPITAL

We completed the filing procedure with the CSRC to [REDACTED] the Domestic Unlisted Shares to H Shares and obtained the filing notice on [•]. Following the completion of the [REDACTED], a total of [REDACTED] Domestic Unlisted Shares held by the following Shareholders will be [REDACTED] into H Shares on a one-for-one basis and [REDACTED] on Stock Exchange for [REDACTED]:

Name of Shareholders	Number of Domestic Unlisted Shares held as at the Latest Practicable Date	Number of Shares applied for [REDACTED] into H Shares	Percentage of number of Shares applied for [REDACTED] into H Shares to number of Shares held by the Shareholders as at the Latest Practicable Date
Mr. Wang Gang	16,376,966	[REDACTED]	[REDACTED]%
Mr. Zhang Quan	9,570,006	[REDACTED]	[REDACTED]%
Nanjing Jingwei No.1	6,486,429	[REDACTED]	[REDACTED]%
Beijing New Motive	5,659,094	[REDACTED]	[REDACTED]%
Hainan Ferry Phase III	5,599,998	[REDACTED]	[REDACTED]%
Sanya Rongquan	5,010,355	[REDACTED]	[REDACTED]%
Zhuhai Hidden Hill	4,850,654	[REDACTED]	[REDACTED]%
Tianjin Ferry	3,211,676	[REDACTED]	[REDACTED]%
Pingtian Jianfa No.2	2,998,800	[REDACTED]	[REDACTED]%
Renjun Yunyan	2,532,480	[REDACTED]	[REDACTED]%
Shanghai Zhiqi	2,502,160	[REDACTED]	[REDACTED]%
Mr. Zhao Zhe	1,953,279	[REDACTED]	[REDACTED]%
Mr. Xiao Shengduan	1,953,279	[REDACTED]	[REDACTED]%
Nanjing Jingwei No.3	1,839,699	[REDACTED]	[REDACTED]%
Shanghai Miyi	1,466,320	[REDACTED]	[REDACTED]%
Feitu Xinyuan	1,212,666	[REDACTED]	[REDACTED]%
Wuxi Lixing	1,211,475	[REDACTED]	[REDACTED]%
Beijing Yuanhui Ruize	1,063,022	[REDACTED]	[REDACTED]%
Beijing Yuanhui Phase I	848,068	[REDACTED]	[REDACTED]%
Wenzhou Jieyan	807,705	[REDACTED]	[REDACTED]%
Fuzhou Chenli	807,682	[REDACTED]	[REDACTED]%
Panyu Qinglan	472,283	[REDACTED]	[REDACTED]%
Baika Tianqian	450,640	[REDACTED]	[REDACTED]%
Baika Dikun	404,204	[REDACTED]	[REDACTED]%
Yuanhui Ruize Venture Capital	363,479	[REDACTED]	[REDACTED]%
Jiaxing Yuanhui Yihong	347,581	[REDACTED]	[REDACTED]%

As far as we are aware, save for the Shareholders listed above, none of the other Shareholders currently proposes to [REDACTED] any of their Domestic Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

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 publicly offered 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].

SHARE CAPITAL

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines on Application 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》) published and implemented by the CSRC on 14 November 2019, which was most recently amended on 10 August 2023, the domestic shareholders in the PRC of H-share companies’ shares which are not [REDACTED] on the overseas stock exchange shall conduct share conversion registration in accordance with the relevant rules of the CSDCC. Further, H-share companies shall submit the relevant status reports to the CSRC within 15 days after completion of the conversion registration of the relevant shares with the CSDCC.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from our Shareholders is required for our Company to issue H Shares and apply for the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders’ general meeting held on May 25, 2026.

SHAREHOLDERS’ GENERAL MEETING

See “Summary of Articles of Association” in Appendix V to this document for details of circumstances under which our general Shareholders’ meeting is required.

[REDACTED] SHARE OPTION SCHEME

We adopted the [REDACTED] Share Option Scheme. See “Statutory and General Information — D. [REDACTED] Share Option Scheme” in Appendix VI to this document for further details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with historical financial information included in the Accountants’ Report set forth in Appendix I to this Document. Our historical financial information have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading provider in the PRC of intelligent equipment and solutions to lithium-ion battery manufacturers, enabled by our machine vision and AI algorithms technologies. According to Frost & Sullivan, in terms of revenue in 2025, we ranked second in the Chinese domestic market for lithium-ion battery machine vision inspection solutions and ranked first in the global market for integrated wide electrode calendaring & slitting integrated machines.

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of custom-designed solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. Our business primarily includes manufacture and sale of: (i) machine vision inspection solutions; and (ii) integrated intelligent equipment (such as integrated calendaring & slitting machines and high-speed automatic assembly line for full-tab cylindrical cells).

Our revenue and profitability grew during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, our revenue was RMB294.0 million, RMB393.9 million, and RMB552.1 million, respectively. Our profit for the year also grew from RMB0.7 million for the year ended December 31, 2023, to RMB51.3 million for the year ended December 31, 2024 and to RMB69.7 million for the year ended December 31, 2025.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition, results of operations and the period-to-period comparability of our financial results have been and are expected to continue to be affected by several factors, primarily including those set out below:

Macroeconomic Conditions and Demand Dynamics from Downstream Industries

Our financial performance is significantly influenced by macroeconomic conditions and the development trajectory of the downstream lithium-ion battery manufacturing and new energy industries. As a provider of intelligent equipment and machine vision inspection solutions primarily serving battery manufacturers, our revenue is closely tied to the capital expenditure cycles of lithium-ion battery manufacturers, EV manufacturers and energy storage system operators. During periods of rapid industry expansion, driven by government policies

FINANCIAL INFORMATION

promoting new energy vehicles, energy storage deployment and carbon neutrality goals, battery manufacturers tend to accelerate their capacity expansion plans, thereby generating higher demand for our equipment and inspection solutions. Conversely, during periods of industry consolidation, overcapacity concerns or macroeconomic downturns may lead our customers to defer or reduce capital investment, adversely affecting our order intake and revenue. The significant improvement in our financial performance from a loss before tax of RMB8.2 million in 2023 to a profit before tax of RMB79.3 million in 2025 reflected, in part, the recovery and expansion of downstream demand during the Track Record Period. Going forward, we expect our business to remain sensitive to the pace of global EV adoption, the build-out of large-scale energy storage facilities, and any structural shifts in battery technology (such as the transition from liquid electrolyte to solid-state batteries), all of which may alter the specifications, volume and timing of equipment orders we receive.

Our Ability to Control Cost of Key Materials and Optimize Gross Profit Margin

Materials and components account for a significant portion of our cost of sales, and are primarily comprised of precision mechanical components, optical elements, electronic control systems, and servo motors. The prices of such materials and components are subject to fluctuation based on global supply chain dynamics. To maintain competitive gross margins, we focus on negotiating favorable procurement terms, standardizing bills of materials, managing inventory in line with delivery timelines, and passing through material cost increases to customer through pricing adjustment where contractually permissible.

In addition to input cost control, gross profit margin optimization is a central financial objective influenced by product mix, the proportion of standardized versus customized solutions, economies of scale, and vertical integration. Our two main business lines have followed distinct margin trajectories over the Track Record Period:

- lithium-ion battery intelligent equipment margins were comparatively low in 2023 due to high early-stage costs, before improving progressively through 2024 and significantly in 2025 as scale effects, higher capacity utilization, and improved workforce productivity materialized;
- machine vision inspection solutions, while benefiting from elevated overseas margins in 2024, faced intensifying competition in 2025 that compressed margins and contracted revenue.

According to Frost & Sullivan, our overall blended gross margin remained within the industry benchmark range. Sustaining operational efficiency improvements and optimizing product mix remain key priorities going forward.

Breadth and Technical Sophistication of Our Product Portfolio

Our competitiveness and revenue growth potential are directly linked to the breadth and technical sophistication of our product and solution offerings. As battery manufacturers continuously push for higher production speeds, greater cell consistency, more stringent defect detection accuracy and lower per-unit manufacturing costs, the technical requirements placed on equipment suppliers have risen substantially. Our product portfolio spans intelligent assembly equipment, formation and grading systems, and machine vision inspection solutions, enabling us to serve customers across multiple stages of the battery manufacturing process. The ability to offer integrated, end-to-end production line solutions — as well as stand-alone pieces of equipment — enhances our value proposition and increases our market share. In addition, our ability to sell larger, more integrated types of equipment generally has a positive effect on average selling prices and margins. Furthermore, as the industry transitions toward next-generation battery formats (such as large cylindrical cells and solid-state batteries), our ability to develop compatible equipment ahead of or concurrent with the commercialization of these new formats will be critical to retaining and expanding our customer relationships.

FINANCIAL INFORMATION

Failure to keep pace with evolving product requirements, or loss of technological differentiation relative to domestic and international competitors, could result in pricing pressure, loss of orders and reduced revenue.

Relationships with Key Customers and Expansion of Our Customer Base

Given the capital-intensive and customized nature of our products, our revenue is concentrated among a relatively limited number of key customers, primarily consisting of top-tier, large-scale battery manufacturers. Deep, long-standing customer relationships support repeat orders, referrals, and our ability to participate in customers’ multi-year capacity expansion programs. The significant increase in our revenue and profit during the Track Record Period was underpinned by our ability to maintain stable customer relationships with leading battery manufacturers and to secure repeat orders, as well as the continued adoption of our integrated intelligent equipment across an expanding customer base. Going forward, sustaining and deepening relationships with tier-one battery manufacturers, while simultaneously diversifying our customer base to include emerging battery producers, overseas manufacturers and adjacent industries (such as photovoltaic equipment and semiconductor inspection), will be essential to reducing customer concentration risk and supporting long-term revenue growth. Any deterioration in relationships with key customers, loss of preferred supplier status, or failure to win new customers in targeted growth segments could materially affect our financial performance.

Continued Investment to Increase Production Capabilities

Our ability to fulfil large-scale, time-sensitive orders is contingent upon having sufficient manufacturing capabilities and an efficient production footprint. As evidenced by our purchases of items of property, plant and equipment, intangible assets and other non-current assets of RMB159.4 million in 2025, compared to RMB4.3 million in 2024 and RMB12.3 million in 2023, we have significantly accelerated our investment in production capabilities during the Track Record Period, reflecting our confidence in the medium-term demand outlook and our commitment to meet growing customer requirements. Similarly, the purchases of leasehold land of RMB36.6 million in 2024 further reflects our ongoing efforts to establish a more permanent and scalable manufacturing base in Changzhou. As battery companies across the globe continue to expand their production capacities, we plan to better support our customers’ production line construction needs through production capability enhancement and optimization. To achieve this, we plan to use 40% of the [REDACTED] from the [REDACTED] for the upgrade and expansion of our East China headquarters (Changzhou) manufacturing base. Optimizing capacity utilization rates, managing the ramp-up of new production facilities efficiently, and aligning capacity investment with order visibility will be key operational priorities that directly impact our unit production costs and overall profitability.

Continued Investment in Research and Development and Technology Advancement

Innovation is at the core of our business model, and sustained investment in research and development is fundamental to maintain our technological competitiveness in the lithium-ion battery intelligent equipment and machine vision inspection solutions markets. The battery manufacturing industry is characterized by rapid technological evolution, with customers demanding increasingly precise, faster and more intelligent production systems. Our R&D activities focus on, among other things, advancing our machine vision algorithms, improving the speed and accuracy of defect detection systems, developing automation solutions compatible with new battery form factors, and integrating artificial intelligence into our equipment platforms. While R&D represents a significant expenditure that impacts our short-term profitability, we view such investment as essential for sustaining our competitive differentiation, protecting our intellectual property portfolio and enabling entry into potential higher-margin solution segments. Our ability to convert R&D investment into commercially

FINANCIAL INFORMATION

viable products within a reasonable timeframe, and to protect the resulting intellectual property from infringement, will be a key determinant of our long-term competitive positioning and financial returns. Our research and development expenses for the years ended December 31, 2023, 2024 and 2025 were RMB37.6 million, RMB41.5 million and RMB49.4 million, respectively. We expect to continue to invest significant amounts in research and development going forward.

BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated and registered in the PRC as a limited liability company on April 11, 2014, and converted into a joint stock limited company on July 12, 2023.

The historical financial information of our Group has been prepared with the results of operations of both our Company and its subsidiaries consolidated, 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 December 31, 2023, 2024 and 2025, and the consolidated statements of financial position of our Group and the statements of financial position of our Company as at December 31, 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”).

The consolidated financial statements of our Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with IFRSs Accounting Standards issued by the International Accounting Standards Board (“IASB”) and were audited by our Reporting Accountants in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. We have adopted all IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions in the preparation of our historical financial information during the Track Record Period. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

For details of the basis of preparation, see Note 2.1 to the Accountants’ Report included in Appendix I to this document. Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants’ Report included in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES AND KEY ESTIMATES

The preparation of our Historical Financial Information requires our management to make judgements, estimates and assumptions that affect the reported amounts of our 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. Our material accounting policy information, judgements, estimates and assumptions, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2.3 and Note 3 to the Accountants’ Report included in Appendix I to this document.

The following discussion summarizes what we believe to be the most critical accounting policies and estimates that have significant impact on our financial condition and results of operations.

Material Accounting Policies

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for the goods or services.

FINANCIAL INFORMATION

For sale of intelligent equipment, revenue is generally recognized upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction. Typically, upon signing of a sales contract, the customer is obligated to remit a deposit of approximately 30%~40% of the total contract amount. Upon shipment of the equipment, the customer is required to settle approximately 30% of the total contract amount. Subsequently, upon the completion of installation and commissioning of the equipment, and upon receipt of the customer’s signed acceptance confirmation, the customer is obliged to pay an additional approximately 20%~40% of the total contract amount. Finally, approximately 0%~10% of the contract amount is withheld by the customers and is released upon expiry of a one-year warranty period during which maintenance service will be provided to ensure the equipment will be operational as designed and is accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

For rendering services, revenue is recognized at a point in time when the service is completed and accepted by the customer, in accordance with the contractual terms.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Key Sources of Estimation Uncertainty

Provision for expected credit losses on trade receivables and contract assets

For trade receivables and contract assets from debtors individually significant to us, we have established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions.

For trade receivables and contract assets from debtors not individually significant to us, we use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days from recognition date for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the Relevant Periods, 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. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on our trade receivables and contract assets is disclosed in Note 21 and Note 23 to the Historical Financial Information, respectively.

FINANCIAL INFORMATION

Write-down of inventories to net realizable value

We review the carrying amounts of the inventories at the end of each accounting 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 on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect our financial position.

RESULTS OF OPERATIONS

The table below presents a summary of our consolidated statements of profit or loss for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
REVENUE	294,048	393,939	552,096
Cost of sales	<u>(236,439)</u>	<u>(272,081)</u>	<u>(407,534)</u>
Gross profit	57,609	121,858	144,562
Other income and gains	21,035	4,370	19,394
Selling and marketing expenses	(11,929)	(10,594)	(13,230)
Administrative expenses	(35,411)	(28,997)	(28,877)
Research and development expenses	(37,553)	(41,463)	(49,365)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model (“ECL”), net	1,357	(1,881)	1,799
Fair value gains on investments measured at FVTPL, net	167	13,218	8,345
Other expenses	(700)	(2,071)	(1,226)
Finance costs	<u>(2,752)</u>	<u>(2,316)</u>	<u>(2,053)</u>
(LOSS)/PROFIT BEFORE TAX	(8,177)	52,124	79,349
Income tax credit/(expense)	<u>8,886</u>	<u>(849)</u>	<u>(9,683)</u>
PROFIT FOR THE YEAR	<u>709</u>	<u>51,275</u>	<u>69,666</u>
Attributable to:			
Owners of the parent	879	53,027	69,353
Non-controlling interests	<u>(170)</u>	<u>(1,752)</u>	<u>313</u>
	<u>709</u>	<u>51,275</u>	<u>69,666</u>

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR STATEMENTS OF PROFIT OR LOSS

Revenue

Revenue by business line

During the Track Record Period, our revenue was primarily derived from the sales of lithium-ion battery intelligent equipment and machine vision inspection solutions. We also generated limited revenue from sales of supplementary parts and provision of technical services. For details, see “Business — Our Products and Solutions” in this document. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our total revenue, for the years indicated.

	2023		For the year ended December 31,			
	RMB'000	%	2024	%	2025	%
			RMB'000		RMB'000	
Types of goods or services						
Lithium-ion Battery Intelligent						
Equipment	96,161	32.7	180,958	45.9	461,499	83.6
Machine Vision Inspection Solutions	173,647	59.1	182,714	46.4	71,479	12.9
Services and others	24,240	8.2	30,267	7.7	19,118	3.5
Total	294,048	100.0	393,939	100.0	552,096	100.0

The following table sets forth units sold and average selling price of our products by business line for the years indicated.

	2023			For the year ended December 31,			2025		
	Revenue	Quantity	Average	Revenue	Quantity	Average	Revenue	Quantity	Average
	RMB'000	(Units)	Unit Price	RMB'000	(Units)	Unit Price	RMB'000	(Units)	Unit Price
			RMB'000			RMB'000			RMB'000
Lithium-ion battery intelligent equipment	96,161	80	1,202	180,958	116	1,560	461,499	309	1,494
— Core parts	2,760	6	460	28,612	51	561	107,070	162	661
— Equipment	93,401	74	1,262	152,346	65	2,344	354,429	147	2,411
Machine vision inspection solutions	173,647	1,103	157	182,714	610	300	71,479	281	254
— AOI equipment	8,699	19	458	77,450	46	1,684	19,123	17	1,125
— Machine vision inspection systems	164,948	1,084	152	105,264	564	187	52,356	264	198
Services and others	24,240	7,621	3	30,267	10,783	3	19,118	4,142	5
Total	294,048	8,804		393,939	11,509		552,096	4,732	

FINANCIAL INFORMATION

Revenue by geographic region

During the Track Record Period, a majority of our revenue was generated from domestic sales. The following table sets forth a breakdown of our total revenue by geographical region, in an absolute amount and as a percentage of our total revenue, for the years indicated.

	2023		For the year ended December 31, 2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Geographical markets						
Chinese mainland	293,054	99.7	249,821	63.4	543,929	98.5
Other countries/regions	994	0.3	144,118	36.6	8,167	1.5
Total	294,048	100.0%	393,939	100.0%	552,096	100.0%

Note: (1) Revenue from other countries/regions primarily included revenue from Germany.

Cost of Sales

Our cost of sales primarily consisted of raw material cost, which primarily consisted of cost of purchase of precision mechanical components, optical elements, electronic control systems, and servo motors from our suppliers, labor costs, which primarily represented compensation paid to our workers involved in production of our products and others, which primarily represented other costs incurred in the production of our products such as utilities and depreciation.

The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of our total cost of sales, for the years indicated.

	2023		For the year ended December 31, 2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw material costs	156,627	66.2	204,898	75.3	295,163	72.4
Labor costs	34,956	14.8	24,792	9.1	53,186	13.1
Others	30,803	13.1	22,864	8.4	48,313	11.9
Impairment losses on inventories, net	14,053	5.9	19,527	7.2	10,872	2.7
Total	236,439	100.0	272,081	100.0	407,534	100.0

The following table sets forth a breakdown of our cost of sales by business line, in absolute amounts and as a percentage of our total cost of sales, for the years indicated.

	2023		For the year ended December 31, 2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Types of goods or services						
Lithium-ion Battery Intelligent Equipment	93,219	39.4%	144,428	53.0%	337,110	82.7%
Machine Vision Inspection Solutions	125,930	53.3%	108,193	39.8%	61,215	15.0%
Services and others	17,290	7.3%	19,460	7.2%	9,209	2.3%
Total	236,439	100.0%	272,081	100.0%	407,534	100.0%

Gross Profit and Gross Profit Margin

Gross profit is equal to our total revenue less cost of sales. We recorded gross profit of RMB57.6 million, RMB121.9 million and RMB144.6 million, respectively, for the years ended December 31, 2023, 2024 and 2025. Our gross profit margin for the same years was 19.6%, 30.9% and 26.2%, respectively.

FINANCIAL INFORMATION

The following table sets forth our gross profit and gross profit margin by business line for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	RMB'000	%	RMB'000	%	RMB'000	%
Types of goods or services						
Lithium-ion Battery Intelligent Equipment	2,942	3.1	36,530	20.2	124,389	27.0
Machine Vision Inspection Solutions	47,717	27.5	74,521	40.8	10,264	14.4
Services and others	6,950	28.7	10,807	35.7	9,909	51.8
Total	57,609	19.6	121,858	30.9	144,562	26.2

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (i) government grants, (ii) bank interest income, (iii) gains on disposal of an investment measured at FVTPL, which primarily related to our disposal of shares in a solid-state battery company in 2023, and (iv) others.

The following table sets forth the breakdown of our other income and gains, net, in absolute amounts and as a percentage of our total other income and gains, net, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Other income						
Government grants ⁽¹⁾	7,745	36.8	1,253	28.7	14,625	75.4
Additional VAT deduction ⁽²⁾	1,799	8.6	918	21.0	3,614	18.6
Bank interest income	3,668	17.4	996	22.8	621	3.2
Rental income	1	0.0	—	0.0	106	0.5
Total other income	13,213	62.8	3,167	72.5	18,966	97.8
Other gains						
Gains on disposal of property, plant and equipment, and termination of leases	164	0.8	618	14.1	1	0.0
Gains on disposal of financial assets at financial assets at FVTPL	847	4.0	545	12.5	370	1.9
Gains on disposal of an investment measured at FVTPL	6,597	31.4	—	0.0	—	0.0
Fair value gains on financial assets at FVTPL	—	0.0	—	0.0	28	0.1
Others	214	1.0	40	0.9	29	0.1
Total other gains	7,822	37.2	1,203	27.5	428	2.2
Total other income and gains	21,035	100.0	4,370	100.0	19,394	100.0

Notes:

- (1) Government grants related to income that is received or receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to our Group with no future related costs recognized in profit or loss in the period upon actual receipt.

In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on October 13, 2011 and came into effect on January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

FINANCIAL INFORMATION

- (2) According to the regulations of the Ministry of Finance and the State Administration of Taxation, an entity within our Group can enjoy an additional 5% deduction calculated based on the input value-added tax from the VAT payable since January 1, 2023. The amount of additional deduction was recognised in profit or loss when the entities declared and enjoyed the preferential tax treatment.

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) employee compensation in relation to sales and marketing personnel, (ii) business development expenses, which primarily included exhibition expenses, advertising expenses, hospitality expenses and consulting fees, (iii) office expenses, which primarily included daily office expenses, travel expenses, and depreciation with respect to right-of-use assets, and (iv) others, which primarily included insurance expenses, training expenses, and transportation expenses.

The following table sets forth the breakdown of our selling and marketing expenses, in absolute amounts, and as a percentage of our total selling and marketing expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Selling and marketing expenses						
Employee compensation	6,190	51.9	5,418	51.1	5,885	44.5
Business development expenses	4,403	36.9	3,951	37.3	5,795	43.8
Office expenses	1,306	10.9	1,220	11.5	1,474	11.1
Others	30	0.3	5	0.1	76	0.6
Total	11,929	100.0	10,594	100.0	13,230	100.0

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee compensation in relation to administrative personnel, (ii) office expenses, which primarily included daily office expenses, stamp duties, consulting expenses, and administrative expenses, (iii) depreciation and amortization with respect to right-of-use assets and fixed assets, and (iv) travel expenses and others, which primarily included transportation expenses and accommodation expenses.

The following table sets forth the breakdown of our administrative expenses, in an absolute amount and as a percentage of our total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Administrative expenses						
Employee compensation	22,788	64.4	17,465	60.2	15,984	55.4
Office expenses	4,675	13.2	3,717	12.8	5,048	17.5
Depreciation and amortization	4,484	12.7	5,158	17.8	4,517	15.6
Travel expenses and others	3,464	9.7	2,657	9.2	3,328	11.5
Total	35,411	100.0	28,997	100.0	28,877	100.0

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily include (i) employee compensation, which primarily consisted of salaries, bonuses, social insurance, housing provident fund, and employee welfare expenses for R&D personnel, (ii) materials, which primarily represented raw materials directly consumed in R&D, samples and prototypes, reagents and consumables, testing and inspection fees, and pilot trial expenses, (iii) amortization and depreciation, which primarily represented current period depreciation of fixed assets, instruments and equipment, and buildings dedicated to R&D and (iv) others, which primarily represented ancillary expenses including patent application and maintenance fees, R&D travel expenses, office expenses, and expert consulting fees, among others.

FINANCIAL INFORMATION

The following table sets forth the breakdown of our research and development expenses, in an absolute amount and as a percentage of our total research and development expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development expenses						
Employee Compensation	32,505	86.6	31,517	76.0	33,607	68.1
Materials	2,612	7.0	6,094	14.7	11,967	24.2
Amortization & Depreciation	1,371	3.7	1,600	3.9	1,489	3.0
Others	1,065	2.7	2,252	5.4	2,302	4.7
Total	37,553	100.0	41,463	100.0	49,365	100.0

Finance Costs

During the Track Record Period, our finance costs primarily include (i) interest on interest-bearing bank and other borrowings, (ii) interest on lease liabilities.

The following table sets forth the breakdown of our finance costs, in an absolute amount and as a percentage of our total finance costs, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Finance costs						
Interest on interest-bearing bank and other borrowings	10	0.4	104	4.5	818	28.9
Interest on lease liabilities	2,742	99.6	2,212	95.5	2,017	71.1
	2,752	100.0	2,316	100.0	2,835	100.0
Less: interest capitalised	—	—	—	—	(782)	(27.6)
Total	2,752	100.0	2,316	100.0	2,053	72.4

Other Expenses

During the Track Record Period, our other expenses primarily included (i) donations, which represented external donations to charitable organizations, foundations and poverty alleviation initiatives; (ii) net losses on disposal of items of property, plant and equipment; (iii) net foreign exchange differences; (iv) loss on derecognition of financial assets measured at FVOCI; and (v) certain other non-operating expenses.

The following table sets forth the breakdown of our other expenses, in an absolute amount and as a percentage of our total other expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Donations	50	7.1	130	6.3	150	12.2
Losses on disposal of items of property, plant and equipment, net	211	30.1	969	46.8	4	0.3
Foreign exchange differences, net	—	0.0	—	0.0	15	1.2
Loss on derecognition of financial assets measured at FVOCI	370	52.9	578	27.9	1,022	83.4
Others	69	9.9	394	19.0	35	2.9
Total	700	100.0%	2,071	100.0%	1,226	100.0%

FINANCIAL INFORMATION

Income Tax Expense

Income tax expense primarily represents (i) current PRC enterprise income tax (“EIT”) and (ii) deferred tax (credit) expense, which comprises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit.

The following table sets forth a breakdown of our income tax expense for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	(8,292)	(747)	(1,748)
Deferred income tax	17,178	(102)	(7,935)
Total	8,886	(849)	(9,683)

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions where we operate.

China

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries was 25% during the Track Record Period unless subject to tax concession as set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises (“HNTTE”), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on January 1, 2016 an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law. Our Company, was subject to a preferential income tax rate of 15% for the financial years ended December 31, 2023, 2024 and 2025 as we were accredited as an HNTTE in 2023.

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and its implementing regulations, as well as the relevant provisions of the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the preferential corporate income tax policy, whereby qualified small and micro enterprises are subject to a tax rate on 25% of their taxable income at a reduced rate of 20%, has been extended until December 31, 2027. Guangzhou Zhicheng, EHolly Changzhou and Changzhou Yizhong, Changzhou Yizhan, met the criteria for small and micro enterprises and thus enjoyed the aforementioned corporate income tax incentives.

Guangzhou Dingfeng, our subsidiary, was accredited as an HNTTE in 2023 and is subject to a preferential income tax rate of 15%. In 2025, Guangzhou Dingfeng met the criteria for small and micro enterprises and thus enjoyed corporate income tax incentives, and was subject to a tax rate on 25% of its taxable income at a 20% reduction in income tax rate.

Hong Kong

No provision for profits tax in Hong Kong was made as we did not have any assessable income subject to profits tax in Hong Kong during the Track Record Period.

FINANCIAL INFORMATION

Hungary

No provision for profits tax in Hungary was made as we did not have any assessable income subject to profits tax in Hungary during the Track Record Period.

The United Kingdom

No provision for profits tax in The United Kingdom was made as we did not have any assessable income subject to profits tax in The United Kingdom during the Track Record Period.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024

Revenue

Our revenue increased RMB158.2 million, or 40.2%, from RMB393.9 million in 2024 to RMB552.1 million in 2025, primarily due to a combination of the following changes:

Our revenue generated from sales of lithium-ion battery intelligent equipment increased RMB280.5 million, or 155.0%, from RMB181.0 million in 2024 to RMB461.5 million in 2025, primarily due to a significant increase in unit sales of such intelligent equipment from 116 units in 2024 to 309 units in 2025 as more types of key pieces of equipment were qualified by our customers, allowing for increased sales, while prices remained relatively stable.

Our revenue generated from sales of machine vision inspection solutions decreased RMB111.2 million, or 60.9%, from RMB182.7 million in 2024 to RMB71.5 million in 2025, primarily due to (i) a decrease in units sold from 610 units in 2024 to 281 units in 2025, consistent with the change in our strategic focus away from solutions and towards comprehensive pieces of intelligent equipment and (ii) a decrease in average selling price from RMB300 thousand in 2024 to RMB254 thousand in 2025, driven by intensified competition in the machine vision market, particularly in relation to AOI equipment.

Our revenue generated from services and others decreased RMB11.2 million, or 37.0%, from RMB30.3 million in 2024 to RMB19.1 million in 2025, primarily due to a decrease in units sold, consistent with the decrease in machine vision inspection solutions, partially offset by an increase in average unit price due to a change in product mix towards higher value-added software services in 2025.

Cost of Sales

Our cost of sales increased RMB135.4 million, or 49.8%, from RMB272.1 million in 2024 to RMB407.5 million in 2025. The increase was mainly attributable to increases in raw material costs and labor costs driven by increased production and revenue in 2025.

Cost of sales attributable to our lithium-ion battery intelligent equipment business increased RMB192.7 million, or 133.4%, from RMB144.4 million in 2024 to RMB337.1 million in 2025, driven by a change in our strategic focus to high-end intelligent equipment and a significant increase in our orders from that segment.

Cost of sales from our machine vision inspection solutions business decreased RMB47.0 million, or 43.4%, from RMB108.2 million in 2024 to RMB61.2 million in 2025, reflecting the corresponding decrease in orders from this segment in line with our strategic shift in focus.

The cost of sales attributable to services and others decreased RMB10.3 million, or 52.8%, from RMB19.5 million in 2024 to RMB9.2 million in 2025.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB22.7 million, or 18.6%, from RMB121.9 million in 2024 to RMB144.6 million in 2025. This increase was primarily driven by a significant increase in revenue, particularly related to our intelligent equipment business. Our gross profit margin decreased from 30.9% in 2024 to 26.2% in 2025, primarily due to (i) a decline in revenue contribution from our machine vision inspection solutions business, which had comparatively higher margins in 2024 and (ii) a decrease in gross profit margin from that business line, partially offset by margin improvement in our lithium-ion battery intelligent equipment business.

Specifically, gross profit derived from our lithium-ion battery intelligent equipment business increased by RMB87.9 million, or 240.8%, from RMB36.5 million in 2024 to RMB124.4 million in 2025, primarily due to a change in our strategic focus to high-end intelligent equipment. Our gross profit margin from our lithium-ion battery intelligent equipment business increased significantly from 20.2% in 2024 to 27.0% in 2025. This was primarily due to increased economies of scale and improvement in capacity utilization and personnel utilization as we scaled up this business in line with the shift in our strategic focus, as well as improvement in our bargaining power because of our development of our high-end intelligent equipment.

Gross profit from our lithium-ion battery machine vision inspection solutions business decreased by RMB64.2 million, or 86.2%, from RMB74.5 million in 2024 to RMB10.3 million in 2025, primarily due to decreased sales in line with the change in our strategic focus to high-end intelligent equipment as well as a decrease in average selling price driven by intensified competition in the machine vision market. The gross profit margin from our lithium-ion battery machine vision inspection solutions business decreased from 40.8% in 2024 to 14.4% in 2025. This was primarily due the decrease in average selling price driven by intensified competition in the market.

Gross profit from services and others business decreased by RMB0.9 million, or 8.3%, from RMB10.8 million in 2024 to RMB9.9 million in 2025. The gross profit margin from our other business increased from 35.7% in 2024 to 51.8% in 2025. This was primarily due to variation in types of supplemental parts we sold during such periods and our aggressive pricing strategy on supplemental parts in 2025.

Other Income and Gains

Our other income and gains increased by RMB15.0 million, or 340.9%, from RMB4.4 million in 2024 to RMB19.4 million in 2025. The increase was primarily driven by a significant increase of RMB13.3 million in government grants, from RMB1.3 million in 2024 to RMB14.6 million in 2025, reflecting various new grants and awards received during 2025, and an increase of RMB2.7 million in additional VAT deduction.

Selling and Marketing Expenses

Our selling and marketing expenses increased RMB2.6 million, or 24.5%, from RMB10.6 million in 2024 to RMB13.2 million in 2025, primarily in connection with the growth in sales order volumes.

Administrative Expenses

Our administrative expenses remained relatively stable, decreasing slightly from RMB29.0 million in 2024 to RMB28.9 million in 2025, reflecting the effectiveness of our cost control strategies, even during periods of business expansion.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses increased RMB7.9 million, or 19.0%, from RMB41.5 million in 2024 to RMB49.4 million in 2025, primarily due to our sustained commitment to technological innovation and growing investment in product upgrades and core technology development. The increase was primarily driven by the expansion of our R&D project portfolio, resulting in enlargement of the R&D team, increased direct expenditure on research materials, testing, and prototype manufacturing.

(Impairment)/Reversal of Impairment Losses on Financial Assets and Contract Assets under ECL, Net

Our net impairment losses/reversals on financial assets and contract assets under ECL changed from a net impairment loss of RMB1.9 million in 2024 to a net reversal of impairment loss of RMB1.8 million in 2025, an improvement of RMB3.7 million, primarily due to an improvement in credit worthiness of our customer and our collection of long-aging receivables.

Other Expenses

Our other expenses decreased RMB0.9 million, or 42.9%, from RMB2.1 million in 2024 to RMB1.2 million in 2025, primarily due to a decrease of RMB0.9 million in net losses on disposal of items of property, plant and equipment, primarily due to the non-recurrence of the lease termination charges of the Company and Guangzhou Dingfeng incurred in 2024.

Finance Costs

Our finance costs remained relatively stable, decreasing slightly from RMB2.3 million in 2024 to RMB2.1 million in 2025.

Profit Before Tax

As a result of the foregoing, our profit before tax increased RMB27.2 million, or 52.2%, from RMB52.1 million in 2024 to RMB79.3 million in 2025.

Income Tax

Our income tax expenses increased RMB8.9 million, or 1,112.5%, from of RMB0.8 million in 2024 to RMB9.7 million in 2025, primarily driven by an increase in taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased RMB18.4 million, or 35.9%, from RMB51.3 million in 2024 to RMB69.7 million in 2025.

Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Revenue

Our revenue increased RMB99.9 million, or 34.0%, from RMB294.0 million in 2023 to RMB393.9 million in 2024, primarily due to a combination of the following changes:

Our revenue derived from sales of lithium-ion battery intelligent equipment increased RMB84.8 million, or 88.2%, from RMB96.2 million in 2023 to RMB181.0 million in 2024, primarily due to a significant increase in average selling price of the units we sold from RMB1,202 thousand in 2023 to RMB1,560 thousand in 2024 as we upgraded from selling smaller single-process pieces of equipment, such as slitting machines, to selling larger, more integrated equipment, such as integrated calendaring & slitting machines.

FINANCIAL INFORMATION

Our revenue generated from sales of lithium-ion battery machine vision inspection solutions remained relatively stable, increasing RMB9.1 million, or 5.2%, from RMB173.6 million in 2023 to RMB182.7 million in 2024. This reflected an increase in average selling price from RMB157 thousand in 2023 to RMB300 thousand in 2024 primarily due to increased prices in connection with solutions provided in Germany, partially offset by a decrease in units sold from 1,103 units in 2023 to 610 units in 2024, consistent with the change in our strategic focus away from solutions and towards comprehensive pieces of equipment.

Our revenue generated from services and others increased RMB6.1 million, or 25.2%, from RMB24.2 million in 2023 to RMB30.3 million in 2024. This was driven by increased sales of complementary parts.

Cost of Sales

Our cost of sales increased RMB35.7 million, or 15.1%, from RMB236.4 million in 2023 to RMB272.1 million in 2024, primarily due to increase in raw material costs largely driven by the change in our equipment being sold from smaller pieces of less expensive equipment to larger, more complicated and integrated equipment which required significantly more materials to produce in 2024.

The cost of sales attributable to our lithium-ion battery intelligent equipment business increased RMB51.2 million, or 54.9%, from RMB93.2 million in 2023 to RMB144.4 million in 2024, driven by the change in our equipment being sold from smaller pieces of less expensive equipment, to larger, more complicated and integrated equipment which required significantly more materials to produce.

This was partially offset by a decrease in cost of sales from our machine vision inspection solutions business of RMB17.7 million, or 14.1%, from RMB125.9 million in 2023 to RMB108.2 million in 2024, reflecting the corresponding decrease in orders and units produced from that segment.

The cost of sales attributable to services and others increased RMB2.2 million, or 12.7%, from RMB17.3 million in 2023 to RMB19.5 million in 2024, primarily driven by the increased sales.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB64.3 million, or 111.6%, from RMB57.6 million in 2023 to RMB121.9 million in 2024. This increase was primarily driven by expansion in our intelligent equipment business and the overseas orders we received in 2024. Our gross profit margin increased from 19.6% in 2023 to 30.9% in 2024, primarily driven by a significant improvement in gross profit margins for both of our intelligent equipment and machine vision inspection solutions businesses.

Specifically, gross profit derived from our lithium-ion battery intelligent equipment business increased by RMB33.6 million, or 1,158.6%, from RMB2.9 million in 2023 to RMB36.5 million in 2024, primarily due to a change in our strategic focus to high-end intelligent equipment. Gross profit margin from our lithium-ion battery intelligent equipment business increased from 3.1% in 2023 to 20.2% in 2024. This was primarily due to gradual improvements in capacity utilization and personnel utilization as initial start-up inefficiencies were overcome and we scaled up this business in line with the shift in our strategic focus.

Our gross profit from our lithium-ion battery machine vision inspection solutions business increased by RMB26.8 million, or 56.2%, from RMB47.7 million in 2023 to RMB74.5 million in 2024, and gross profit margin from such business increased from 27.5% in 2023 to 40.8% in 2024. This was primarily due to the higher prices and profit margin in relation to our overseas orders.

FINANCIAL INFORMATION

Our gross profit from others increased by RMB3.8 million, or 54.3%, from RMB7.0 million in 2023 to RMB10.8 million in 2024. The gross profit margin from others increased from 28.7% in 2023 to 35.7% in 2024. This was primarily because of the different categories of supplemental parts and technical services we provided during such periods.

Other Income and Gains

Our other income and gains decreased RMB16.6 million, or 79.1%, from RMB21.0 million in 2023 to RMB4.4 million in 2024. This decrease was primarily due to (i) a decrease of RMB6.6 million in gains on disposal of an investment measured at FVTPL, as we disposed of shares in a solid-state battery company in 2023; (ii) a decrease of RMB6.4 million in government grants, and (iii) a decrease of RMB2.7 million in bank interest income, as a result of lower prevailing bank interest rates and a reduction in time deposit activities as we redirected funds to support our operating activities.

Selling and Marketing Expenses

Our selling and marketing expenses decreased RMB1.3 million, or 10.9%, from RMB11.9 million in 2023 to RMB10.6 million in 2024, primarily due to a reduction in sales headcount, which resulted in lower staff-related costs primarily including salaries. The decrease was further supported by cost control measures that reduced advertising expenditures.

Administrative Expenses

Our administrative expenses decreased RMB6.4 million, or 18.1%, from RMB35.4 million in 2023 to RMB29.0 million in 2024, primarily as a result of cost reduction initiatives, primarily staff-related costs.

Research and Development Expenses

Our research and development expenses increased RMB3.9 million, or 10.4%, from RMB37.6 million in 2023 to RMB41.5 million in 2024, reflecting our sustained commitment to technological innovation and growing investment in product upgrades and core technology development. The increase was driven by the expansion of our R&D project portfolio, increased direct expenditures on research materials, testing, and prototype manufacturing, investment in new R&D equipment and professional software, and greater spending on intellectual property applications, maintenance, and external technology collaboration.

(Impairment)/Reversal of Impairment Losses on Financial and Contract Assets under ECL, Net

Our net impairment losses/reversals on financial and contract assets under ECL changed from a net reversal of impairment loss RMB1.4 million in 2023 to a net impairment loss of RMB1.9 million in 2024. The increase in provision of impairment losses on financial assets and contracts was generally in line with our increase in trade receivables.

Other Expenses

Our other expenses increased from RMB0.7 million in 2023 to RMB2.1 million in 2024, primarily driven by losses arising from the early termination of the lease of our Guangzhou facilities as we progressively transferred our production activities to Yixing in response to growing order volumes.

Finance Costs

Our finance costs slightly decreased from RMB2.8 million in 2023 to RMB2.3 million in 2024 remaining relatively stable. The decrease was primarily due to a decrease in interest on lease liabilities from RMB2.7 million in 2023 to RMB2.2 million in 2024, as such lease liabilities decreased as the remaining lease terms on the Group’s factory premises progressively shortened, reducing the outstanding lease liability balances and related financing charges.

FINANCIAL INFORMATION

Profit/(Loss) Before Tax

As a result of the foregoing, our profit/(loss) before tax improved by RMB60.3 million, from a loss of RMB8.2 million in 2023 to a profit of RMB52.1 million in 2024.

Income Tax

Our income tax credit increased from a credit of RMB8.9 million in 2023 to an expense of RMB0.8 million in 2024, primarily due to the deferred tax credit of RMB17.2 million from the recognition of deferred tax assets mostly arising from unutilized tax losses in 2023. Due to improved profit in 2024, no material tax losses were recognized as deferred tax assets in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year improved by RMB50.6 million, from a profit of RMB0.7 million in 2023 to a profit of RMB51.3 million in 2024.

DESCRIPTION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current Assets and Liabilities

The table below sets forth the breakdown of our current assets and current liabilities as at the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current assets:				
Inventories	515,883	512,891	678,461	881,660
Trade and bills receivables	69,237	90,258	194,241	150,022
Contract assets	43,095	37,424	101,792	99,902
Prepayments, deposits and other receivables	20,472	21,357	14,777	101,299
Tax recoverable	—	396	—	—
Pledged and restricted deposits	4,148	21,905	92,862	39,060
Financial assets at FVTPL	—	—	4,029	144,029
Cash and cash equivalents	96,527	109,265	261,699	219,632
Total current assets	749,362	793,496	1,347,861	1,635,604
Current liabilities:				
Trade and bills payables	153,549	248,849	504,521	554,886
Contract liabilities	279,649	223,973	456,026	359,455
Other payables and accruals	11,818	15,834	36,601	44,997
Interest-bearing bank and other borrowings	3,305	1,670	2,566	480
Lease liabilities	5,156	3,759	4,104	3,028
Income tax payable	4,601	—	1,711	1,588
Provisions	899	1,255	1,716	1,716
Total current liabilities	458,977	495,340	1,007,245	966,150
Net current assets	290,385	298,156	340,616	669,454

FINANCIAL INFORMATION

Our net current assets increased by RMB7.8 million, or 2.7%, from RMB290.4 million as of December 31, 2023 to RMB298.2 million as of December 31, 2024, primarily due to our total current assets increasing more than our total current liabilities. The increase in our total current assets was primarily attributable to (i) an increase of RMB21.0 million in trade and bills receivables, (ii) an increase of RMB17.8 million in pledged and restricted deposits, and (iii) an increase of RMB12.7 million in cash and cash equivalents. The increase in our current liabilities was primarily attributable to an increase of RMB95.3 million in trade and bills payables, partially offset by a decrease of RMB55.7 million in contract liabilities.

Our net current assets increased from RMB298.2 million as of December 31, 2024 to RMB340.6 million as of December 31, 2025, primarily due to our total current assets increasing more than our total current liabilities. The increase in our total current assets was primarily attributable to (i) an increase of RMB165.6 million in inventories, (ii) an increase of RMB104.0 million in trade and bills receivables, (iii) an increase of RMB64.4 million in contract assets, (iv) an increase of RMB71.0 million in pledged and restricted deposits, and (v) an increase of RMB152.4 million in cash and cash equivalents. The increase in our current liabilities was primarily attributable to (i) an increase of RMB255.7 million in trade and bills payables and (ii) an increase of RMB232.1 million in contract liabilities.

Our net current assets increased from RMB340.6 million as of December 31, 2025 to RMB669.5 million as of March 31, 2026, primarily due to our total current assets increasing while our total current liabilities decreased. The increase in our total current assets was primarily attributable to (i) an increase of RMB203.2 million in inventories, (ii) an increase of RMB86.5 million in prepayments, deposits and other receivables, and (iii) an increase in financial assets at fair value through profit or loss of RMB140.0 million, partially offset by (i) a decrease of RMB44.2 million in trade and bills receivables, (ii) a decrease of RMB53.8 million in pledged and restricted deposits, and (iii) a decrease of RMB42.1 million in cash and cash equivalents. The decrease in our current liabilities was primarily attributable to a decrease of RMB96.5 million in contract liabilities, partially offset by an increase of RMB50.4 million in trade and bills payables.

Current Assets

Inventories

During the Track Record Period, our inventories primarily include raw materials, work in process, finished goods, goods in transit. The following table sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	140,220	185,651	83,287
Work in process	29,677	95,371	260,509
Finished goods	—	1,893	1,323
Goods in transit	<u>365,480</u>	<u>254,380</u>	<u>349,861</u>
Provision of inventories to net realizable value	<u>(19,494)</u>	<u>(24,404)</u>	<u>(16,519)</u>
Total	<u>515,883</u>	<u>512,891</u>	<u>678,461</u>

Our inventories decreased by RMB3.0 million from RMB515.9 million as of December 31, 2023 to RMB512.9 million as of December 31, 2024, primarily due to a decrease of RMB111.1 million in goods in transit primarily related to our improved inventory turnover efficiency and operating capabilities with the expansion of sales scale and the acceleration of project acceptance timelines,

FINANCIAL INFORMATION

largely offset by (i) an increase of RMB45.4 million in raw materials primarily related to advance stocking and procurement of long lead-time materials; and (ii) an increase of RMB65.7 million in work in process primarily related to more orders.

Our inventories increased by RMB165.6 million from RMB512.9 million as of December 31, 2024 to RMB678.5 million as of December 31, 2025, due to (i) an increase of RMB165.1 million in work in process primarily related to increased production cost inputs ahead of new project mass production launches, leading to a significant rise in work in process balances; and (ii) an increase of RMB95.5 million in goods in transit primarily related to a proactive increase in finished goods inventory to respond to downstream order growth and extended delivery cycles, partially offset by a decrease of RMB102.4 million in raw materials primarily as we improved our efficiency in turning raw materials to work in process and goods in transit.

The following table sets out the aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	315,217	370,226	601,235
One year to two years	170,786	120,007	52,796
Two years to three years	24,390	20,388	21,135
More than three years	5,490	2,270	3,295
Total	515,883	512,891	678,461

The following table sets forth our average inventory turnover days for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Average inventory turnover days ⁽¹⁾	788	690	534

Note:

- (1) The inventory turnover days for each year equals the average of the beginning and ending balances of inventory for that year/period divided by cost of sales of the same year and multiplied by 365 days.

Our average inventory turnover days decreased from 788 days for the year ended December 31, 2023 to 690 days for the year ended December 31, 2024, and further decreased to 534 days for the year ended December 31, 2025. This was primarily because our growth of our cost of sales outpaced the growth rates of average inventory balances during the Track Record Period, as we were in a phase of rapid business expansion driven by our downstream customers' business expansion. As our sales scale expanded and project acceptance progress accelerated, inventory turnover efficiency was significantly improved. While the absolute numbers of inventory turnover days remain relatively high, reflecting the characteristically long acceptance cycles in the equipment industry, the improving trend demonstrates our continuously strengthening operational capabilities.

In particular, the proportion of inventories aged within one year increased during the Track Record Period. This was driven by strong downstream demand that enabled newly stocked inventory to be sold quickly and older inventory aged between one to two years to be efficiently absorbed, as well as our enhanced supply chain management measures, including sales-driven procurement and dynamic inventory monitoring, which effectively reduced the accumulation of aged inventory.

As of March 31, 2026, approximately RMB30.4 million, or 4.5%, of our inventories as of December 31, 2025 had been sold or utilized.

FINANCIAL INFORMATION

Trade and bills receivables

Our trade and bills receivables primarily consist of (i) bills receivable, representing bank drafts or commercial drafts received from customers upon fulfillment of our contractual obligations; and (ii) trade receivables, representing our unconditional rights to collect payments from customers following the fulfillment of our contractual obligations.

The following table sets forth details 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	49,208	51,209	77,298
Bills receivable, carried at amortized cost	10,266	10,380	20,664
Bills receivable, measured at fair value through other comprehensive income	13,008	33,582	98,952
Less: Allowance for credit losses	<u>(3,245)</u>	<u>(4,913)</u>	<u>(2,673)</u>
Total	<u>69,237</u>	<u>90,258</u>	<u>194,241</u>

Our trade and bills receivables increased from RMB69.2 million as of December 31, 2023 to RMB90.3 million as of December 31, 2024, primarily due to the increase in revenue year to year and the corresponding growth in sales volume resulting from our business expansion, and further increased from RMB90.3 million as of December 31, 2024 to RMB194.2 million as of December 31, 2025, primarily due to the continued increase in revenue year to year and corresponding growth in sales volume resulting from our continued business expansion. Our allowance for credit losses on our trade and bills receivables increased from RMB3.2 million as of December 31, 2023 to RMB4.9 million as of December 31, 2024, in line with increases in our trade and bills receivables. Allowance for credit losses decreased to RMB2.7 million as of December 31, 2025, primarily because we successfully recovered certain large outstanding receivables through enhanced collection efforts, and our strengthened payment collection assessment and management mechanisms resulted in an overall acceleration of collection speed.

Our trading terms with our customers are in accordance with respective sales contract payment schedules. We seek to maintain strict control over our outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by our senior management. We do not hold any collateral or other credit enhancements over our trade receivable balances. The balances of trade receivables are non-interest-bearing.

The following table sets out the aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	40,959	43,814	68,338
1 year to 2 years	2,306	1,199	5,339
2 years to 3 years	2,066	1,080	624
Over 3 years	<u>632</u>	<u>203</u>	<u>324</u>
Total	<u>45,963</u>	<u>46,296</u>	<u>74,625</u>

FINANCIAL INFORMATION

The following table sets forth our average trade and bills receivables turnover days for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills receivables turnover days ⁽¹⁾	<u>126</u>	<u>78</u>	<u>97</u>

Note:

- (1) Trade and bills receivables turnover days for each year equals the average of the beginning and ending balances of trade and bills receivables for that year divided by revenue for that year and multiplied by 365 days.

Our average trade and bills receivables turnover days decreased from 126 days in 2023 to 78 days in 2024. This was primarily due to (i) an improvement in the broader industry environment, which led to a general improvement in customers’ cash flows and more timely payments; and (ii) our revenue growth and strengthened collection efforts.

Our average trade and bills receivables turnover days increase from 78 days in 2024 to 97 days in 2025, primarily due to an increasing share of orders coming from top-tier battery customers who typically rely on bank acceptance bills or commercial acceptance bills which lengthens our collection period.

As of March 31, 2026, approximately RMB25.2 million, or 32.6%, of our trade receivables outstanding as of December 31, 2025 had been settled.

Contract assets

Contract assets are initially recognized for revenue earned from the sale of intelligent equipment as the receipt of consideration is conditional on successful assurance during the warranty periods. When warranty periods are passed, amounts recognized as contract assets are reclassified as trade receivables. The increase/decrease in contract assets during the Track Record Period was the result of the net effect of increase in the ongoing sale of intelligent equipment and expiry of warranty period of sales at the end of each year during the Track Record Period.

The following table sets forth details of our contract assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Retention receivables	43,309	37,910	103,070
Less: impairment	<u>(214)</u>	<u>(486)</u>	<u>(1,278)</u>
Net carrying amount	<u>43,095</u>	<u>37,424</u>	<u>101,792</u>

Our contract assets decreased from RMB43.1 million as of December 31, 2023 to RMB37.4 million as of December 31, 2024, primarily due to the expiry of warranty periods on certain projects during the year, which resulted in the recovery of the corresponding retention receivables and a consequent reduction in contract assets.

Our contract assets increased from RMB37.4 million as of December 31, 2024 to RMB101.8 million as of December 31, 2025, primarily due to our increased delivery amount during the year, resulting in the accumulation of a substantial amount of retention receivables associated with the warranty periods of these newly accepted projects.

FINANCIAL INFORMATION

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly represent (i) prepayments made to certain suppliers; (ii) deposits on our rental properties; and (iii) VAT amounts we expect to recover in the future. The following table sets forth details of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion			
Prepayments	788	8,214	5,049
Deposits	3,218	2,285	2,324
Value added tax recoverable	15,190	8,901	7,372
Advance to employees	1,382	2,088	173
	<u> </u>	<u> </u>	<u> </u>
Less: Impairment losses	(106)	(131)	(141)
	<u> </u>	<u> </u>	<u> </u>
Total current portion	<u>20,472</u>	<u>21,357</u>	<u>14,777</u>

Pledged and restricted deposits

As of December 31, 2023, 2024 and 2025, we had RMB4.1 million, RMB21.9 million and RMB92.9 million, respectively, in pledged and restricted deposits. Our pledged and restricted deposits increased over the Track Record Period primarily because of an increase in bank notes issued by us, which led to a corresponding increase in the required acceptance security deposits.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss mainly represent wealth management products we purchased in 2025. The following table sets forth details of our financial assets at fair value through profit or loss as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products	<u>—</u>	<u>—</u>	<u>4,029</u>

Cash and cash equivalents

As of December 31, 2023 and 2024 and December 31, 2025, the balance of our cash and cash equivalents amounted to RMB96.5 million, RMB109.3 million and RMB261.7 million, respectively. For more details, see “— Liquidity and Capital Resources — Cash Flows Analysis” in this section.

Current Liabilities

Trade and bills payables

Our trade and bills payables primarily consist of (i) trade payables, representing short-term liabilities to suppliers arising from our day-to-day procurement of materials and receipt of services on commercial credit terms; and (ii) bills payables, representing six-month bank acceptance bills issued by us to settle payments for raw material purchases, which we utilize to match the settlement preferences of certain suppliers and to optimize our working capital arrangement through the effective use of bank credit. Suppliers with higher procurement volumes generally prefer to settle with us through bills. Our suppliers typically offer us credit terms of 90 days.

FINANCIAL INFORMATION

The following table sets forth details of our trade and bills payables as of the dates indicated:

	As of 31 December,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	133,810	177,948	367,882
Bills payable	<u>19,739</u>	<u>70,901</u>	<u>136,639</u>
Total	<u>153,549</u>	<u>248,849</u>	<u>504,521</u>

Our trade and bills payables increased from RMB153.5 million as of December 31, 2023 to RMB248.8 million as of December 31, 2024, and to RMB504.5 million as of December 31, 2025, primarily due to the expansion of our business scale, which drove a substantial increase in total raw material procurement. This growth is consistent with and directly reflective of our revenue growth trend during the same period.

The following table sets out the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	124,232	162,242	361,160
1 year to 2 years	9,578	12,172	1,437
2 years to 3 years	—	3,534	3,961
Over 3 years	<u>—</u>	<u>—</u>	<u>1,324</u>
Total	<u>133,810</u>	<u>177,948</u>	<u>367,882</u>

The following table sets forth our trade and bills payables turnover days for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills payables turnover days ⁽¹⁾	238	270	337

Note:

- (1) Trade and bills payables turnover days for each year equals the average of the beginning and ending balances of trade and bills payables for that year divided by cost of sales for that year and multiplied by 365 days.

Our average trade and bills payables turnover days increased from approximately 238 days in 2023 to 270 days in 2024, and further increased to 337 days in 2025, primarily due to the significant increase in procurement volume driven by our business expansion, which resulted in a corresponding increase in outstanding trade and bills payables balances, with the growth rate of average trade and bills payables substantially outpacing the growth rate of operating costs during the Track Record Period. This was further supported by our efforts to negotiate extended payment terms with suppliers.

As of March 31, 2026, approximately RMB210.0 million, or 57.0%, of our trade and bills payables outstanding as of December 31, 2025 had been settled.

FINANCIAL INFORMATION

Contract liabilities

During the Track Record Date, our contract liabilities represent advances received from our customers. Our contract liabilities decreased from RMB279.6 million as of December 31, 2023 to RMB224.0 million as of December 31, 2024, within a relatively normal range of fluctuation. Our contract liabilities increased to RMB456.0 million and RMB359.5 million respectively, as of December 31, 2025 and March 31, 2026, primarily due to our enhanced delivery capabilities resulting from the successful implementation of our proactive capacity expansion plans and the continued optimization of our lean manufacturing system, which drove an acceleration in order fulfilment, kept core production line utilization rates consistently high, and achieved improvement in delivery efficiency and customer satisfaction, thereby attracting advance payments from customers on new orders.

Other payables and accruals

During the Track Record Date, our other payables and accruals consist of (i) payroll and welfare payables, (ii) payable for acquisition of non-current assets, (iii) accruals, (iv) deposits, (v) other tax payables, and (vi) others.

The following table sets forth details 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 payables	6,294	7,791	7,413
Payable for acquisition of non-current assets	1,330	379	5,415
Accruals	2,626	1,546	4,982
Deposits	37	37	50
Other tax payables	1,499	6,081	18,741
Others	32	—	—
Total	11,818	15,834	36,601

Our other payables and accruals increased from RMB11.8 million as of December 31, 2023 to RMB15.8 million as of December 31, 2024, primarily due to an increase in payroll and welfare payables driven by year-end performance bonuses accrued for the research and development team at our subsidiary Changzhou Yizhong, which successfully completed development of the high-speed automatic assembly line for full-tab cylindrical cells and secured orders in 2024, partially offset by a decrease in accruals resulting from strengthened internal controls and more timely expense reimbursements during the year.

Our other payables and accruals further increased to RMB36.6 million as of December 31, 2025, primarily due to (i) a significant increase in payables for acquisition of non-current assets, as our subsidiary EHolly Changzhou commenced trial production towards the end of 2025 and procured substantial production equipment; and (ii) an increase in accruals driven by higher transportation costs resulting from increased order volumes and higher travel expenses incurred by our expanded workforce.

Other tax payables increased from RMB1.5 million as of December 31, 2023 to RMB6.1 million as of December 31, 2024, further to RMB18.7 million as of December 31, 2025, primarily because of the increase of our revenue and order volume during the Track Record Period.

FINANCIAL INFORMATION

INDEBTEDNESS

Our indebtedness consists of interest-bearing borrowings and lease liabilities. The following table sets forth the 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
				(unaudited)
Current				
Interest-bearing bank and other borrowings	3,305	1,670	2,566	480
Lease liabilities	5,156	3,759	4,104	3,028
Non-current				
Interest-bearing bank and other borrowings	—	—	118,595	174,504
Lease liabilities	49,054	40,496	36,392	40,339
Total	57,515	45,925	161,657	218,351

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings consist of secured bank loans and discounted unmatured bills. As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had interest-bearing bank and other borrowings of RMB3.3 million, RMB1.7 million, RMB121.2 million and RMB175.0 million, respectively. As of December 31, 2023, 2024 and 2025 and 31 March 2026, our borrowings bore effective interest rates ranging from 0.76%-4.00%, 0.76%-3.40%, 0.76%-2.89% and 2.70%-2.89% per annum, respectively. Our bank and other loans are all denominated in RMB.

Certain bank loans of our Company with the carrying amount of RMB498,000, and RMB401,000 as at December 31, 2024, and 2025, respectively were guaranteed by the Controlling Shareholders. Our Directors confirm that all such guarantees are expected to be fully released prior to the [REDACTED].

Certain right of use assets (land use right assets) with net carrying amounts of approximately RMB35,310,000 as at December 31, 2025, were pledged as security for bank facilities and other loans granted to us.

The following table sets forth our borrowings as of the dates indicated.

	As of December 31, 2023		
	Effective	Maturity	RMB'000
	interest rates		
Current			
Bank loans — unsecured	4.00%	2024	2,306
Discounted unmatured bills	0.76%~1.49%	2024	999
Total			3,305

FINANCIAL INFORMATION

	As of December 31, 2024		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured	3.30%~3.40%	2025	498
Discounted unmatured bills	0.76%~1.49%	2025	<u>1,172</u>
Total			<u><u>1,670</u></u>

	As at December 31, 2025		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured	2.80%~2.89%	2026	401
Current portion of long-term bank loans — secured	2.70%	2026	79
Discounted unmatured bills	0.76%~1.49%	2026	<u>2,086</u>
			<u>2,566</u>
Non-current			
Bank loans — secured	2.70%	2027~2032	<u>118,595</u>
Total			<u><u>121,161</u></u>

	As at March 31, 2026		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured	2.80%~2.89%	2026	401
Current portion of long-term bank loans — secured	2.70%	2026	79
			<u>480</u>
Non-current			
Bank loans — secured	2.70%	2027~2032	<u>174,504</u>
Total			<u><u>174,984</u></u>

As of March 31, 2026, we had banking facilities of RMB420.0 million, among which, RMB245.0 million was unutilized.

Lease Liabilities

During the Track Record Period, we entered into certain long-term lease contracts for buildings which generally have lease terms between three and twenty years. Generally, we are restricted from assigning and subleasing the leased assets outside our Group.

FINANCIAL INFORMATION

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we recorded non-current lease liabilities of RMB49.1 million, RMB40.5 million, RMB36.4 million and RMB35.3 million, respectively, and current lease liabilities of RMB5.2 million, RMB3.8 million, RMB4.1 million and RMB3.0 million, respectively. 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
				(unaudited)
Current lease liabilities	5,156	3,759	4,104	3,028
Non-current lease liabilities	<u>49,054</u>	<u>40,496</u>	<u>36,392</u>	<u>40,339</u>
Total	<u>54,210</u>	<u>44,255</u>	<u>40,496</u>	<u>43,367</u>

Our lease liabilities decreased as of December 31, 2024, primarily because we terminated the lease of our Guangzhou production facility early in 2023 in order to consolidate resources, as increasing order volumes had necessitated the gradual transfer of production operations to our Yixing facility, which better suited our expanded production requirements. Our lease liabilities decreased as of December 31, 2025, primarily because rental expenses on our existing leases increased in accordance with contractual escalation clauses.

Statement of Indebtedness

Our Directors confirm that save as disclosed above under the section headed “Interest-Bearing Borrowings” in this section, as of the Latest Practicable Date, there were no material covenants on any of our outstanding debt, and there was no breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans or other borrowings, nor any default in repayment or breach of covenant, during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, and apart from intra-group liabilities and normal trade payables, as of March 31, 2026, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any unrecorded material contingent liabilities, guarantees, or litigation against us.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows Analysis

During the Track Record Period, our primary uses of cash were to fund our working capital needs and capital expenditures. We have historically met our working capital needs primarily through cash generated from our operating activities, proceeds from disposal of derivative financial assets and new bank and other borrowings.

Upon the completion of the [REDACTED], we expect to meet our working capital needs primarily through cash flows from operating activities, bank and other borrowings and the [REDACTED] to our Company from the [REDACTED].

FINANCIAL INFORMATION

The table below sets forth our cash flows for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows (used in)/generated from operating activities	(136,868)	58,953	201,399
Net cash flows generated from/(used in) investing activities	43,565	(39,730)	(162,984)
Net cash flows (used in)/generated from financing activities	(2,971)	(6,485)	114,069
Net (decrease)/increase in cash and cash equivalents	(96,274)	12,738	152,484
Cash and cash equivalents at beginning of year	192,801	96,527	109,265
Effect of foreign exchange rate changes, net	—	—	(50)
Cash and cash equivalents at end of year	<u>96,527</u>	<u>109,265</u>	<u>261,699</u>

Net Cash Flows Generated From/(Used in) Operating Activities

Our net cash flows generated from operating activities in 2025 was RMB201.4 million. This net cash inflow was primarily attributable to profit before tax of RMB79.3 million, as adjusted for (i) depreciation of property, plant and equipment of RMB7.0 million, (ii) depreciation of right-of-use assets of RMB4.9 million and (iii) write-down of inventories to net realisable value of RMB10.9 million. The amount was further adjusted by positive working capital changes, primarily including (i) an increase in trade and bills payables of RMB781.4 million, (ii) an increase in contract liabilities of RMB232.1 million and (iii) an increase in other payables and accruals of RMB25.8 million, partially offset by (i) an increase in inventories of RMB176.4 million, (ii) an increase in contract assets of RMB65.2 million and (iii) an increase in trade and bills receivables of RMB628.3 million.

Our net cash flows generated from operating activities in 2024 was RMB59.0 million. This net cash inflow was primarily attributable to profit before tax of RMB52.1 million, as adjusted for (i) depreciation of property, plant and equipment of RMB7.4 million, (ii) depreciation of right-of-use assets of RMB4.9 million and (iii) write-down of inventories to net realisable value of RMB19.5 million. The amount was further adjusted by negative working capital changes, primarily including (i) an increase in trade and bills receivables of RMB259.3 million, (ii) a decrease in contract liabilities of RMB55.7 million and (iii) an increase in pledged and restricted bank deposits of RMB17.8 million, partially offset by an increase in trade and bills payables of RMB331.0 million.

Our net cash flows used in operating activities in 2023 was RMB136.9 million. This net cash outflow was primarily attributable to a loss before tax of RMB8.2 million, as adjusted for (i) depreciation of property, plant and equipment of RMB7.3 million, (ii) depreciation of right-of-use assets of RMB6.2 million and (iii) write-down of inventories to net realisable value of RMB14.1 million. The amount was further adjusted by negative working capital changes, primarily including (i) an increase in trade and bills receivables of RMB129.4 million, (ii) an increase in prepayments, other receivables and other assets of RMB65.5 million and (iii) a decrease in contract liabilities of RMB118.9 million, partially offset by an increase in trade and bills payables of RMB186.3 million.

Net Cash Flows Generated From/(Used in) Investing Activities

During the Track Record Period, our investing activities primarily consisted of purchases of property, plant and equipment, purchases of leasehold land, and placement of and proceeds from withdrawal of financial assets at fair value through profit or loss.

FINANCIAL INFORMATION

Our net cash flows used in investing activities in 2025 was RMB163.0 million. This net cash outflow was primarily attributable to (i) purchases of items of property, plant and equipment of RMB159.4 million, primarily relating to the development of our East China headquarters (Changzhou) manufacturing base and (ii) placement of financial assets at fair value through profit or loss of RMB229.2 million, partially offset by proceeds from withdrawal of financial assets at fair value through profit or loss of RMB225.6 million.

Our net cash flows used in investing activities in 2024 was RMB39.7 million. This net cash outflow was primarily attributable to (i) purchases of leasehold land of RMB36.6 million, primarily relating to the development of our East China headquarters (Changzhou) manufacturing base, and (ii) placement of financial assets at fair value through profit or loss of RMB108.6 million, partially offset by proceeds from withdrawal of financial assets at fair value through profit or loss of RMB109.1 million.

Our net cash flows from investing activities in 2023 was RMB43.6 million. This net cash inflow was primarily attributable to (i) proceeds from withdrawal of financial assets at fair value through profit or loss of RMB76.3 million and (ii) proceeds from disposal of an investment measured at FVTPL of RMB10.0 million, partially offset by (i) purchases of items of property, plant and equipment of RMB12.3 million, (ii) purchases of an investment measured at FVTPL of RMB10.0 million and (iii) placement of financial assets at fair value through profit or loss of RMB20.4 million.

Net Cash Flows (Used in)/Generated From Financing Activities

During the Track Record Period, our financing activities primarily consisted of new bank and other borrowings, repayment of bank and other borrowings and payment of lease liabilities.

Our net cash flows generated from financing activities in 2025 was RMB114.1 million. This net cash inflow was primarily attributable to new bank and other borrowings of RMB121.4 million, partially offset by (i) payment of lease liabilities of RMB5.8 million, (ii) repayment of bank and other borrowings of RMB0.8 million and (iii) interest paid of RMB0.7 million.

Our net cash flows used in financing activities in 2024 was RMB6.5 million. This net cash outflow was primarily attributable to (i) repayment of bank and other borrowings of RMB6.6 million and (ii) payment of lease liabilities of RMB5.7 million, partially offset by new bank and other borrowings of RMB6.0 million.

Our net cash flows used in financing activities in 2023 was RMB3.0 million. This net cash outflow was primarily attributable to payment of lease liabilities of RMB6.3 million, partially offset by new bank and other borrowings of RMB3.3 million.

WORKING CAPITAL SUFFICIENCY

Historically, we financed our working capital needs primarily through cash flows from cash generated from our operating activities, equity financing and bank loans. Taking into account the financial resources available to us, including the cash flow from operating activities, existing borrowings and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that, after due and careful inquiry, we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period consisted of purchases of property, plant and equipment, payments under long-term lease contracts for leasehold land. Our capital expenditures amounted to RMB12.3 million, RMB40.9 million and RMB159.4 million for the years ended December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

CAPITAL COMMITMENTS

The following chart sets forth our capital commitments as of the end of each period in the Track Record Period:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted but not provided:			
Property, plant and equipment	1,106	104,348	31,868

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, other than the compensation to our key management personnel, we had certain transactions and balances with the related parties during the Track Record Period, the details of which are set out in Note 37 to the Accountants' Report set out in Appendix I to this document.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on an arm's length basis and on normal commercial terms and/or that such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.6	1.6	1.3
Gearing ratio ⁽²⁾	14.4%	10.2%	31.1%
Quick ratio ⁽³⁾	0.5	0.6	0.7

Notes:

- (1) Current ratio equals our current assets divided by current liabilities as of the end of the year.
- (2) Gearing ratio equals total debt as of the end of the year divided by total equity as of the end of the same year. Total debt includes all interest-bearing borrowings and lease liabilities.
- (3) Quick ratio equals our current assets less inventories divided by current liabilities as of the end of the year.

Current Ratio

Our current ratio remained relatively stable at 1.6 as of December 31, 2023 and 1.6 as of December 31, 2024. Our current ratio decreased from 1.6 as of December 31, 2024 to 1.3 as of December 31, 2025, primarily due to a significant increase in orders in 2025 which led to (i) an increase in purchases of raw material and a resulting increase in trade and bills payables as at December 31, 2025 and (ii) an increase in contract liabilities relating to prepayments from our customers.

FINANCIAL INFORMATION

Gearing Ratio

Our gearing ratios were 14.4%, 10.2% and 31.1%, respectively, as of December 31, 2023, 2024 and December 31, 2025. Our gearing ratio increased to 31.1% as of December 31, 2025, because we incurred significant new long-term bank loans in 2025 in order to finance construction of our East China headquarters (Changzhou) manufacturing base.

Quick Ratio

Our quick ratio remained relatively stable at 0.5 as of December 31, 2023, 0.6 as of December 31, 2024, and 0.7 as of December 31, 2025.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal financial instruments comprise cash and cash equivalents, pledged and restricted deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for our operations. The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Our Board of Directors reviews and agrees policies for managing each of these risks.

For further details, please see Note 40 to the Accountants’ Report set out in Appendix I to this Document.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend policy. The Board may declare, and our Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends by way of cash, or warrant. We may distribute stock dividends if our Directors consider that our stock price and equity scale do not match and that distribution of stock dividends is beneficial to all Shareholders’ interest. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. In addition, we may declare interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders’ meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had RMB78.2 million in retained earnings available for distribution to our Shareholders.

FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since December 31, 2025 which would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE UNDER RULE 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details on our unaudited [REDACTED] statement of adjusted consolidated net tangible assets.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see “Business — Our Business Strategies” in this document.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised).

In line with our strategies and development plans, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below.

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the upgrade and expansion of our East China headquarters (Changzhou) manufacturing base.

As lithium-ion battery companies across the globe continue to expand their production capacities, we plan to better support our customers’ production line construction needs through capacity enhancement and production capability optimization. The Changzhou base is positioned as our East China headquarters and core production base, where we will implement two initiatives: enhancing production quality in Phase I and expanding production capacity in Phase II, with a view to establishing an integrated base encompassing production, R&D, management and operations.

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the upgrade of our Changzhou Phase I production base.

The [REDACTED] allocated to the Changzhou Phase I production base will be primarily used to enhance the production and assembly capabilities of the existing equipment, thereby increasing our production capacity. We plan to build production facilities with a higher degree of automation to improve production efficiency, shorten delivery cycles and enhance product quality stability. We plan to complete the deployment of core equipment and the workshop upgrade in 2027, gradually ramp up and optimize production capabilities from 2028 to 2031.

FUTURE PLANS AND [REDACTED]

The table below sets forth the details of the expected allocation:

Category	Specific Items	Proposed Amount to be Allocated (HK\$ million)
New Recruits	Recruitment of production personnel, including mechanical engineers, electrical engineers and installation and commissioning technicians	[REDACTED]
Production Equipment and Assembly Upgrade	Mainly including lifting and handling equipment, assembly platforms and gantry systems, etc.	[REDACTED]
Plant Premises and Utilities	Mainly including constant temperature and humidity workshop upgrade, test power supply system, air compressor system, photovoltaic system, etc.	[REDACTED]
Inspection and Testing Equipment	Mainly including thickness in-line inspection system, coordinate measuring machine, laser tracker, machine testing platform, etc.	[REDACTED]
Automation and Smart Manufacturing	Mainly including automated guided vehicles (AGV), automated storage and retrieval systems (ASRS), manufacturing execution systems (MES), etc.	[REDACTED]
Total		[REDACTED]

Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, will be used for the construction of our Changzhou Phase II production base.

The [REDACTED] allocated to the Changzhou Phase II production base will be primarily used for the acquisition of land and the construction of an approximately 70,000 sq.m. production workshop as well as ancillary warehouses. We expect that the full operation of the Changzhou Phase II production base will further enhance our production capacity and delivery capabilities, and together with the Changzhou Phase I production base, will improve our high-quality and efficient delivery to support the implementation of our customers’ projects in China and over the world. We expect to finish the construction of the plant in 2029, complete equipment installation and commissioning, and commence production and ramp up from 2029 to 2030, and achieve full production capacity by 2031.

FUTURE PLANS AND [REDACTED]

The table below sets forth the details of the expected allocation:

Category	Specific Items	Proposed Amount to be Allocated <i>(HK\$ million)</i>
Plant Premises and Utilities	Construction of an approximately 70,000 sq.m. production workshop, together with ancillary warehouses, office building, power system and substation, air compressor etc.	[REDACTED]
New Recruits	Recruitment of production personnel, including mechanical engineers, electrical engineers and installation and commissioning technicians	[REDACTED]
Land	Land cost for the Changzhou Phase II production base	[REDACTED]
Automation and Smart Manufacturing	Industrial internet system	[REDACTED]
Inspection and Testing Equipment	Mainly including machine testing platform, precision inspection equipment, etc.	[REDACTED]
Total		<u>[REDACTED]</u>

The total estimated investment for the upgrade and expansion of our East China headquarters (Changzhou) manufacturing base is approximately HK\$[REDACTED] million. Any future funding shortfall for this project will be covered by our operating income or bank borrowings. Such upgrade and expansion plans may result in an increase in our fixed assets, depreciation and amortisation, as well as a rise in costs and expenses, and may lead to a decline in profit margins during the expansion period. In light of our healthy operating cash flow, sufficient credit facilities, and the phased implementation of the investment, we expect to maintain a stable cash flow position and therefore consider that there is no significant cash flow risk. For other risks associated with our expansion plans, see “Risk Factors — Risks Relating to Our Business and Industry — We cannot guarantee that our business development strategies will be successfully implemented or bring about the outcomes as we expect” in this document.

FUTURE PLANS AND [REDACTED]

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the construction of our R&D center and the research and development of intelligent equipment for next-generation battery technologies.

We are proactively positioning ourselves in the frontier of next-generation battery technologies, with a strategic focus on advancing the development of solid-state battery trial production and testing equipment, tabless battery trial production equipment, integrated film wrapping and appearance inspection trial production equipment, solid-state isostatic pressing trial production equipment, high-speed stacking trial production equipment, vision solution R&D modules, devices and instruments, and next-generation battery material R&D equipment. Through these efforts, we aim to enhance our core in-house R&D capabilities and establish technological barriers, thereby forming a comprehensive technology reserve and product portfolio for next-generation battery equipment to expand our future business development potential. We expect to complete the construction of our R&D center, the deployment of equipment and the formation of our R&D teams from 2027 to 2028, commence prototype development, and achieve continuous iterations and commercialisation of our R&D results from 2029 to 2031. The table below sets forth the details of the expected allocation for the construction of our R&D center and the research and development of next-generation battery technology and equipment:

Category	Specific Items	Proposed Amount to be Allocated (HK\$ million)
R&D Center Construction	Mainly including the construction of an approximately 20,000 sq.m. R&D center, ancillary offices and laboratories, etc.	[REDACTED]
Core R&D Equipment and Material Input	Solid-state battery trial production and testing equipment, tabless battery trial production equipment, integrated film wrapping and appearance inspection trial production equipment, solid-state isostatic pressing trial production equipment, high-speed stacking trial production equipment, vision solution R&D modules, devices and instruments, and next-generation battery material R&D equipment and material input, etc.	[REDACTED]
New R&D Recruits	Recruitment of additional R&D personnel	[REDACTED]
Automation	Mainly including laboratory automation systems and R&D information management systems, etc.	[REDACTED]
Others	Mainly including technical advisory services and intellectual property rights positioning, etc.	[REDACTED]
Total		[REDACTED]

FUTURE PLANS AND [REDACTED]

The table below sets forth the expected additional R&D personnel to be recruited for each R&D position during the period from 2027 to 2031, their corresponding responsibilities and salary range.

Position	Responsibilities	Annual Salary Range (HK\$)
Senior Mechanical R&D Engineer	Overall machine structure design and mechanical solution development	300,000–600,000
Senior Electrical R&D Engineer	Electrical system design and control logic development	300,000–600,000
Senior Software R&D Engineer	Development of industrial control software architecture and functionalities for equipment	300,000–600,000
Senior Algorithm R&D Engineer	R&D and deployment optimisation of motion vision algorithms	300,000–600,000
Senior Architecture R&D Engineer	Overall technical architecture planning and system structuring	300,000–600,000
Junior and Mid-Level R&D Engineer	Module design and development and technical issue follow-up	200,000–300,000

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the expansion of our sales and delivery network.

We expect to invest approximately HK\$[REDACTED] million in expanding our sales and delivery network. Specifically: (1) approximately HK\$[REDACTED] million will be used for the recruitment of delivery and installation specialists and consultants; (2) approximately HK\$[REDACTED] million will be used for the recruitment of domestic and international sales specialists and the provision of corresponding training; and (3) approximately HK\$[REDACTED] million will be used for expenditures such as marketing, exhibition participation and business development activities.

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the investments or acquisitions that are complementary to our business and strategies.

We plan to pursue controlling acquisitions of target companies that offer synergies along the industrial chain, or make non-controlling investments that give us significant influence. We expect that the target companies we acquire or invest in will be within the lithium-ion battery intelligent equipment industrial chain, enabling us to enhance our supply chain management extend our product portfolio, improve our global service capabilities and strengthen the industrial chain synergies. Target companies should have been operating stably for at least three years, with initial product roll-out and commercialisation capabilities, as well as technological or market competitiveness, and have an annual revenue of not less than RMB100 million, or a net profit of not less than RMB10 million. According to Frost & Sullivan, as of December 31, 2025, more than 100 companies in China met the above criteria.

For risks relating to our pursuit of investments or acquisitions, see “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to identify, capture or execute expansion opportunities or strategic alliances for new businesses, and acquired businesses and strategic alliances may have unknown or contingent liabilities, which may affect our business, results of operations, financial condition and prospects” in this document.

FUTURE PLANS AND [REDACTED]

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for working capital and general corporate uses.

The [REDACTED] allocated to the above purposes will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed above or below the mid-point of the indicative [REDACTED] range. Any additional [REDACTED] received as a result of the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis.

If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED] (being the upper end of the [REDACTED] range set out in this document) and assuming that the [REDACTED] is not exercised, we will receive additional [REDACTED] of approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED] (being the lower end of the [REDACTED] range set out in this document) and assuming that the [REDACTED] is not exercised, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED] million.

We will make a formal announcement if there is any material change in the use of the [REDACTED] from the [REDACTED] or in the allocation of the [REDACTED] among the intended uses as set out above. To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the above purposes, we will only deposit the [REDACTED] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined in the SFO or applicable laws and regulations in other jurisdictions).

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STRUCTURE OF THE [REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU EHOLLY INTELLIGENT EQUIPMENT CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Eholly Intelligent Equipment Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], 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 I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in this document of the Company dated [•] (the “**Document**”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information* in Investment Circulars as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

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 I-[3] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[DATE]

APPENDIX I

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 issued by the (the “**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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
REVENUE	5	294,048	393,939	552,096
Cost of sales		<u>(236,439)</u>	<u>(272,081)</u>	<u>(407,534)</u>
Gross profit		57,609	121,858	144,562
Other income and gains	6	21,035	4,370	19,394
Selling and marketing expenses		(11,929)	(10,594)	(13,230)
Administrative expenses		(35,411)	(28,997)	(28,877)
Research and development expenses		(37,553)	(41,463)	(49,365)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model (“ECL”), net		1,357	(1,881)	1,799
Fair value gains on investments measured at FVTPL, net		167	13,218	8,345
Other expenses	9	(700)	(2,071)	(1,226)
Finance costs	8	<u>(2,752)</u>	<u>(2,316)</u>	<u>(2,053)</u>
(LOSS)/PROFIT BEFORE TAX	7	(8,177)	52,124	79,349
Income tax credit/(expense)	12	<u>8,886</u>	<u>(849)</u>	<u>(9,683)</u>
PROFIT FOR THE YEAR		<u><u>709</u></u>	<u><u>51,275</u></u>	<u><u>69,666</u></u>
Attributable to:				
Owners of the parent		879	53,027	69,353
Non-controlling interests		<u>(170)</u>	<u>(1,752)</u>	<u>313</u>
		<u><u>709</u></u>	<u><u>51,275</u></u>	<u><u>69,666</u></u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted				
— For profit for the year (RMB)	14	<u><u>0.01</u></u>	<u><u>0.66</u></u>	<u><u>0.87</u></u>

For details of the Pre-[REDACTED] Investments, please refer to note 32 to the Historical Financial Information.

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APPENDIX I

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>
PROFIT FOR THE YEAR	<u>709</u>	<u>51,275</u>	<u>69,666</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>—</u>	<u>—</u>	<u>(35)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>—</u>	<u>—</u>	<u>(35)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>709</u>	<u>51,275</u>	<u>69,631</u>
Attributable to:			
Owners of the parent	879	53,027	69,318
Non-controlling interests	<u>(170)</u>	<u>(1,752)</u>	<u>313</u>
	<u>709</u>	<u>51,275</u>	<u>69,631</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	55,179	51,343	183,551
Right-of-use assets	16(a)	46,364	72,320	67,448
Intangible assets	17	1,633	1,237	1,327
Prepayments, deposits and other receivables	22	4	110	15,536
Deferred tax assets	31	36,987	36,885	28,950
Investments measured at FVTPL	18	<u>17,819</u>	<u>31,037</u>	<u>39,382</u>
Total non-current assets		<u>157,986</u>	<u>192,932</u>	<u>336,194</u>
CURRENT ASSETS				
Inventories	20	515,883	512,891	678,461
Trade and bills receivables	21	69,237	90,258	194,241
Contract assets	23	43,095	37,424	101,792
Prepayments, deposits and other receivables	22	20,472	21,357	14,777
Tax recoverable		—	396	—
Pledged and restricted deposits	25	4,148	21,905	92,862
Financial assets at FVTPL	19	—	—	4,029
Cash and cash equivalents	25	<u>96,527</u>	<u>109,265</u>	<u>261,699</u>
Total current assets		<u>749,362</u>	<u>793,496</u>	<u>1,347,861</u>
CURRENT LIABILITIES				
Trade and bills payables	26	153,549	248,849	504,521
Contract liabilities	27	279,649	223,973	456,026
Other payables and accruals	29	11,818	15,834	36,601
Interest-bearing bank and other borrowings	30	3,305	1,670	2,566
Lease liabilities	16(b)	5,156	3,759	4,104
Income tax payable		4,601	—	1,711
Provisions	28	<u>899</u>	<u>1,255</u>	<u>1,716</u>
Total current liabilities		<u>458,977</u>	<u>495,340</u>	<u>1,007,245</u>
NET CURRENT ASSETS		<u>290,385</u>	<u>298,156</u>	<u>340,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>448,371</u>	<u>491,088</u>	<u>676,810</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 and other borrowings	30	—	—	118,595
Deferred income		—	—	1,600
Lease liabilities	16(b)	<u>49,054</u>	<u>40,496</u>	<u>36,392</u>
Total non-current liabilities		<u>49,054</u>	<u>40,496</u>	<u>156,587</u>
Net assets		<u>399,317</u>	<u>450,592</u>	<u>520,223</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	32	80,000	80,000	80,000
Reserves	33	<u>322,208</u>	<u>375,235</u>	<u>444,553</u>
		402,208	455,235	524,553
Non-controlling interests		<u>(2,891)</u>	<u>(4,643)</u>	<u>(4,330)</u>
Total equity		<u>399,317</u>	<u>450,592</u>	<u>520,223</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				Non-controlling interests RMB'000	Total equity RMB'000
	Paid-in capital/Share capital	Capital reserve/Share premium	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2023	11,212	528,236	(138,119)	401,329	(2,721)	398,608
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	879	879	(170)	709
Conversion into a joint stock company (note 32)	68,788	(171,217)	102,429	—	—	—
At 31 December 2023	80,000	357,019*	(34,811)*	402,208	(2,891)	399,317

Year ended 31 December 2024

	Attributable to owners of the parent				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Share premium	Statutory reserve	Retained profits/(accumulated losses)		
	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024	80,000	357,019	—	(34,811)	(2,891)	399,317
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	—	53,027	(1,752)	51,275
Appropriation to statutory reserves	—	—	5,873	(5,873)	—	—
At 31 December 2024	80,000	357,019*	5,873*	12,343*	(4,643)	450,592

Year ended 31 December 2025

	Attributable to owners of the parent						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Share premium	Special reserves	Translation reserve	Statutory reserve	Retained profits		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2025	80,000	357,019	—	—	5,873	12,343	455,235	450,592
Profit for the year	—	—	—	—	—	69,353	69,353	69,666
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	—	—	—	(35)	—	—	(35)	(35)
Total comprehensive income/(loss) for the year	—	—	—	(35)	—	69,353	69,318	69,631
Appropriation to statutory reserves	—	—	—	—	3,583	(3,583)	—	—
Appropriation of safety fund	—	—	186	—	—	(186)	—	—
At 31 December 2025	80,000	357,019*	186*	(35)*	9,456*	77,927*	524,553	520,223

* These reserve accounts comprise total reserve of RMB322,208,000, RMB375,235,000 and RMB444,553,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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		(8,177)	52,124	79,349
Adjustment for:				
Finance costs	8	2,752	2,316	2,053
Bank interest income	6	(3,668)	(996)	(621)
Losses on disposal of property, plant and equipment, and termination of leases, net	7	47	351	3
Depreciation of property, plant and equipment	7	7,347	7,353	6,951
Depreciation of right-of-use assets	7	6,178	4,874	4,872
Amortisation of intangible assets	7	319	396	421
Write-down of inventories to net realisable value	7	14,053	19,527	10,872
Gains on disposal of financial assets at FVTPL	6	(847)	(545)	(370)
Gains on disposal of an investment measured at FVTPL	6	(6,597)	—	—
Fair value gains on investments measured at FVTPL		(167)	(13,218)	(8,345)
Fair value gains on financial assets at FVTPL	6	—	—	(28)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model (“ECL”), net	7	(1,357)	1,881	(1,799)
Foreign exchange differences, net	7	—	—	15
		9,883	74,063	93,373
Increase in inventories		(25,016)	(16,535)	(176,442)
Increase in trade and bills receivables		(129,396)	(259,343)	(628,305)
(Increase)/decrease in contract assets		(12,778)	5,399	(65,160)
(Increase)/decrease in prepayments, deposits and other receivables		(65,512)	(905)	6,570
Increase in trade and bills payables		186,262	331,034	781,423
Increase in other payables and accruals		10,332	3,065	25,803
(Decrease)/increase in contract liabilities		(118,904)	(55,676)	232,053
Decrease/(increase) in pledged and restricted bank deposit		7,401	(17,757)	(70,957)
Increase in deferred income		—	—	1,600
Increase in provisions		883	356	461
Cash (used in)/generated from operations		(136,845)	63,701	200,419
Interest received		3,668	996	621
Income tax (paid)/refunded		(3,691)	(5,744)	359
Net cash flows (used in)/generated from operating activities		(136,868)	58,953	201,399

APPENDIX I

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		—	610	9
Purchases of items of property, plant and equipment, intangible assets and other non-current assets		(12,284)	(4,250)	(159,362)
Purchases of leasehold land		—	(36,635)	—
Proceeds from disposal of an investment measured at FVTPL		10,000	—	—
Proceeds from withdrawal of financial assets at FVTPL		76,261	109,144	225,579
Purchases of an investment measured at FVTPL		(10,000)	—	—
Placement of financial assets at FVTPL		<u>(20,412)</u>	<u>(108,599)</u>	<u>(229,210)</u>
Net cash flows generated from/(used in) investing activities		<u>43,565</u>	<u>(39,730)</u>	<u>(162,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings	34	3,305	5,973	121,381
Repayment of bank and other borrowings	34	—	(6,609)	(798)
Interest paid	34	(10)	(104)	(738)
Payment of lease liabilities	34	<u>(6,266)</u>	<u>(5,745)</u>	<u>(5,776)</u>
Net cash flows (used in)/generated from financing activities		<u>(2,971)</u>	<u>(6,485)</u>	<u>114,069</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(96,274)	12,738	152,484
Cash and cash equivalents at beginning of year	25	192,801	96,527	109,265
Effect of foreign exchange rate changes, net		<u>—</u>	<u>—</u>	<u>(50)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	<u><u>96,527</u></u>	<u><u>109,265</u></u>	<u><u>261,699</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	15	9,790	8,232	9,289
Right-of-use assets	16(a)	11,845	4,582	2,686
Intangible assets	17	411	328	730
Investment in subsidiaries	24	59,600	82,750	105,141
Prepayments, deposits and other receivables	22	4	4	535
Deferred tax assets	31	25,692	20,799	17,975
Investments measured at FVTPL	18	<u>17,819</u>	<u>31,036</u>	<u>39,381</u>
Total non-current assets		<u>125,161</u>	<u>147,731</u>	<u>175,737</u>
CURRENT ASSETS				
Inventories	20	227,090	96,440	60,582
Trade and bills receivables	21	64,996	94,111	146,367
Contract assets	23	43,095	37,424	98,354
Prepayments, deposits and other receivables	22	271,740	347,247	469,304
Pledged and restricted deposits	25	4,148	16,843	92,862
Financial assets at FVTPL	19	—	—	4,029
Cash and cash equivalents	25	<u>70,061</u>	<u>80,282</u>	<u>145,272</u>
Total current assets		<u>681,130</u>	<u>672,347</u>	<u>1,016,770</u>
CURRENT LIABILITIES				
Trade and bills payables	26	60,541	87,421	176,150
Contract liabilities	27	279,649	214,946	452,940
Other payables and accruals	29	33,433	33,079	45,931
Interest-bearing borrowings	30	999	1,670	401
Lease liabilities	16(b)	3,511	2,166	2,385
Provision	28	<u>899</u>	<u>1,255</u>	<u>1,716</u>
Total current liabilities		<u>379,032</u>	<u>340,537</u>	<u>679,523</u>
NET CURRENT ASSETS		<u><u>302,098</u></u>	<u><u>331,810</u></u>	<u><u>337,247</u></u>

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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>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>427,259</u>	<u>479,541</u>	<u>512,984</u>
NON-CURRENT LIABILITIES				
Lease liabilities	16(b)	<u>9,813</u>	<u>3,364</u>	<u>979</u>
Total non-current liabilities		<u>9,813</u>	<u>3,364</u>	<u>979</u>
Net assets		<u>417,446</u>	<u>476,177</u>	<u>512,005</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	32	80,000	80,000	80,000
Reserves	33	<u>337,446</u>	<u>396,177</u>	<u>432,005</u>
Total equity		<u><u>417,446</u></u>	<u><u>476,177</u></u>	<u><u>512,005</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangzhou Eholly Intelligent Equipment Co., Ltd. (the “**Company**”) was incorporated as a limited liability in Guangzhou, People’s Republic of China (the “**PRC**”) on 11 April 2014. It was converted into a joint stock company with limited liability in July 2023. The registered office of the Company is located at Units 101–301, Building 3, No. 9 Shinan 2nd Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China.

The controlling shareholders of the Company are Mr. Wang Gang and Mr. Zhang Quan pursuant to an acting-in-concert agreement.

During the Relevant Periods, the Company and its subsidiaries (collectively the “**Group**”) were involved in the research, manufacturing and trading of lithium-ion battery specialized equipment.

As at the end of the Relevant Periods, the Company had direct and indirect 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 registration and operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Eholly Intelligent Equipment(Yixing) Co., Ltd. (易鴻智能裝備(宜興)有限公司)* (note (a))	Incorporated in Chinese mainland in 2021	RMB30,000,000	100	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Guangzhou Dingfeng Automation Equipment Co., Ltd. (廣州市頂豐自動化設備有限公司)* (note (a))	Incorporated in Chinese mainland in 2004	RMB10,000,000	100	—	R&D and Sale of Lithium-Ion Battery System and Software
Guangzhou Zhicheng Technology Co., Ltd. (廣州至成科技有限公司)* (note (a))	Incorporated in Chinese mainland in 2019	RMB10,000,000	65	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Yihong Intelligent Equipment (Changzhou) Co., Ltd. (易鴻智能裝備(常州)有限公司)* (note (a))	Incorporated in Chinese mainland in 2023	RMB60,000,000	100	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Changzhou Yizhong Intelligence Technology Co., Ltd. (常州易中智能科技有限公司)* (note (a))	Incorporated in Chinese mainland in 2023	RMB5,000,000	55	—	Sales of Lithium-Ion Batteries Equipment
Changzhou Yizhan Intelligent Technology Co., Ltd. (常州市易展智能科技有限公司)* (note (a))	Incorporated in Chinese mainland in 2025	RMB10,000,000	51	—	Sales of Lithium-Ion Batteries Equipment
Yihong International Sales Co., Limited(易鴻國際銷售有限公司)* (note (a))	Incorporated in Hong Kong in 2025	HKD210,000	100	—	Overseas Company Shareholding Center
Eholly Intelligent Equipment Hungary KFT. (匈牙利易鴻智能裝備有限公司)* (note (a))	Incorporated in Hungary in 2024	HUF300,000	100	—	After-Sales Support Hub for Corporate Products

APPENDIX I

ACCOUNTANTS’ REPORT

Name	Place and date of registration and operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
EHOLLY OVERSEAS SALES AND SERVICE LIMITED (易鴻海外銷售服務有限公司) (note (a))	Incorporated in the United Kingdom in 2025	GBP190,000	—	100	Sales of Lithium-Ion Battery Equipment

- (a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

Note:

- * The English names of the above company registered in the PRC represents the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”).

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

As further set out in note 32 to the Historical Financial Information, certain of the ordinary shares issued by the Company included redemption right granted to certain shareholders according to their investment agreements entered into with the Company. For ordinary shares issued to pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights, which are void ab initio as described in note 32 to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 32 of this report.

The Historical Financial Information has been prepared under the historical cost convention, except for certain portion of bills receivable, investments measured at fair value through profit or loss (“**Investments measured at FVTPL**”) and financial assets at fair value through profit or loss (“**Financial assets at FVTPL**”) which has been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

APPENDIX I

ACCOUNTANTS’ REPORT

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 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

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
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 IAS21	<i>Translation to a Hyperinflationary Presentation Currency</i> ³
<i>Annual improvements to IFRS Accounting Standards — Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> 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

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may not result in changes in accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its certain financial instruments and equity investments 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 Historical Financial Information 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 Historical Financial Information 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.

APPENDIX I

ACCOUNTANTS’ REPORT

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to 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.

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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. 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, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

APPENDIX I

ACCOUNTANTS’ REPORT

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5.00%
Machinery equipment	10.00%
Motor vehicles	20.00%
Electronic equipment and others	20.00% to 33.33%
Leasehold improvements	5.17% to 33.33%

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 are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	5 years

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.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

APPENDIX I

ACCOUNTANTS’ REPORT

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	50 years
Buildings	3 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of 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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

Financial assets at fair value through other comprehensive income (debt instrument)

For debt investments at fair value through other comprehensive income, interest income 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 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.

Investments measured at FVTPL

The Group measures certain unlisted investments at FVTPL as they fail to meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Fair value changes and gains and losses on disposal of these investments are recognised in the statement of profit or loss. Investments measured at FVTPL are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL 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).

APPENDIX I

ACCOUNTANTS’ REPORT

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and 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 and contract assets which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets 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. For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. For trade receivables and contract assets from debtors not individually significant to the Group, 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.

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, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 bills payables, other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals and interest-bearing bank borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 unfavorable 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.

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 the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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.

The Group provides for assurance-type warranties in relation to the sale of certain intelligent equipment for general repairs of defects and technical support if needed occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, at the directors’ best estimate of the expenditure required to settle the Group’s obligation, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of 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

APPENDIX I

ACCOUNTANTS’ REPORT

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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, associates and joint ventures, 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 or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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.

(a) Sale of intelligent equipment

Each of the equipment involves a comprehensive process, including design, manufacture, delivery, installation and commissioning of customised products to the customers. Given that customers cannot benefit from part of the process, each of the equipment is accounted for as a single performance obligation. Revenue from sales of intelligent equipment is generally recognised upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction, which representing the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally upon acceptance of the products.

APPENDIX I

ACCOUNTANTS’ REPORT

Typically, upon signing of a sales contract, the customer is obligated to remit a deposit of approximately 30%~40% of the total contract amount. When the equipment is delivered, the customer is required to settle approximately 30% of the total contract amount. Subsequently, upon the completion of installation and commissioning of the equipment, and upon receipt of the customer’s signed acceptance confirmation, the customer is obliged to pay an additional approximately 20%~40% of the total contract amount. Finally, approximately 0%~10% of the contract amount is withheld by the customers and is released upon the fulfillment of a one-year retention period. The services to be provided during the retention period is considered as an assurance-type warranty in order to ensure the equipment will be operational as needed and is accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

(b) Rendering services

Revenue is recognised at a point in time when the service is completed and accepted by the customer, in accordance with the contractual terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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).

Contract fulfillment costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract fulfillment costs are presented as part of “Goods in transit” and are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Other employee benefits

Pension scheme

The employees of the Company and Group’s subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 each of the Relevant Periods.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

APPENDIX I

ACCOUNTANTS’ REPORT

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. 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 Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information 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 Historical Financial Information, 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.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders’ general meeting. Proposed dividends are disclosed in the note 13 to the Historical Financial Information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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:

Business models

The classification of financial assets at initial recognition depends on the Group’s business model for managing financial assets. When determining the business model, the Group considers the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including assessing the modification of the time value of money, determining whether there is any significant difference from the benchmark cash flow and evaluating whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and 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.

Further details of the Group’s tax losses not recognised, are included in note 31 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

APPENDIX I

ACCOUNTANTS’ REPORT

Provision for expected credit losses on trade receivables and contract assets

For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions.

For trade receivables and contract assets from debtors not individually significant to the Group, the Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days from recognition date for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in note 21 and note 23 to the Historical Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods 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 on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group’s financial position.

Fair value of unlisted investments

The unlisted investments have been valued based on valuation technique primarily comprise recent transaction prices as detailed in note 39 to the Historical Financial Information. The Group classifies the fair value of these investments as Level 3. Further details are included in note 18 and note 39 to the Historical Financial Information.

Provisions

Based on the terms of the contracts, existing knowledge and historical experience, the Group estimates and makes provision for product quality assurance, etc. Where a contingent event has formed a current obligation and the performance of such a current obligation is likely to result in an outflow of economic benefits from the Group, the Group recognises the contingent event as an anticipated liability in accordance with the best estimate of the expenditure required to fulfil the relevant current obligation. The recognition and measurement of the liabilities depend largely on the estimation of the management. In making the estimation, the Group shall assess the risk, uncertainty and time value of the currency associated with such contingencies.

The Group provides after-sales quality maintenance commitment for the selling goods to the customers, and recognises the estimated liabilities for the commitment. The Company’s recent maintenance experience data has been taken into account in the estimated liabilities, and the risks and uncertainties related to the maintenance matters have been comprehensively considered. Any increase or decrease in this provision may affect profits and losses in the future.

APPENDIX I

ACCOUNTANTS’ REPORT

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., research, manufacturing and sales of intelligent equipment. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Chinese mainland	293,054	249,821	543,929
Other countries/regions	994	144,118	8,167
Total	<u>294,048</u>	<u>393,939</u>	<u>552,096</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The geographical information of non-current assets is not presented as more than 90% of the non-current assets of the Group are located in Chinese mainland.

Information about major customers

Revenue from the major customers, 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 RMB'000	2024 RMB'000	2025 RMB'000
Customer A	252,765	264,381	418,631
Customer B	N/A	92,475	N/A

N/A represents revenue from the customer which amounted to less than 10% of the Group’s revenue.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue from contracts with customers	<u>294,048</u>	<u>393,939</u>	<u>552,096</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Lithium-ion Battery Intelligent Equipment	96,161	180,958	461,499
Machine Vision Inspection Solutions	173,647	182,714	71,479
Services and others	24,240	30,267	19,118
Total	294,048	393,939	552,096
Geographical markets			
Chinese mainland	293,054	249,821	543,929
Other countries/regions	994	144,118	8,167
Total	294,048	393,939	552,096
Times of revenue recognition			
Goods/services transferred at a point in time	294,048	393,939	552,096
Total	294,048	393,939	552,096

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous 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	146,956	202,698	170,358

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sales of intelligent equipment

Intelligent equipment includes Lithium-ion Battery Intelligent Equipment and Machine Vision Inspection Solutions.

The performance obligation is satisfied upon the receipt of customer acceptance for the intelligent equipment and payment is generally due within 3 to 9 months from issue of invoices. Certain percentage of payment in advance is normally required upon signing of sales contract.

The Group elected to apply the practical expedient for not to disclose the remaining performance obligations as the majority of them are part of contracts that has an original expected duration of one year or less.

Rendering services

The performance obligation is satisfied upon the obtaining the acceptance receipt after the completion of service.

APPENDIX I

ACCOUNTANTS’ REPORT

6. OTHER INCOME AND GAINS

An analysis of other income and gains, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	7,745	1,253	14,625
Additional VAT deduction**	1,799	918	3,614
Bank interest income	3,668	996	621
Rental income	1	—	106
Total other income	13,213	3,167	18,966
Other gains			
Gains on disposal of property, plant and equipment, and termination of leases	164	618	1
Gains on disposal of financial assets at financial assets at FVTPL	847	545	370
Gains on disposal of an investment measured at FVTPL	6,597	—	—
Fair value gains on financial assets at FVTPL	—	—	28
Others	214	40	29
Total gains	7,822	1,203	428
Total other income and gains	21,035	4,370	19,394

* Government grants related to income that is received or receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period upon actual receipt.

In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on 13 October 2011 and came into effect on 1 January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

** According to the regulations of Ministry of Finance and the State Administration of Taxation, an entity within the Group can enjoy an additional 5% deduction calculated based on the input value-added tax (“VAT”) from the VAT payable since 1 January 2023. The amount of additional deduction was recognised in profit or loss when the entities declared and enjoyed the preferential tax treatment.

APPENDIX I

ACCOUNTANTS’ REPORT

7. (LOSS)/PROFIT BEFORE TAX

The Group’s (loss)/profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Cost of goods sold***		222,386	252,554	396,662
Depreciation of property, plant and equipment*	15	7,347	7,353	6,951
Depreciation of right-of-use assets*	16(a)	6,178	4,874	4,872
Amortisation of intangible assets*	17	319	396	421
Research and development costs		37,553	41,463	49,365
Gains on disposal of financial assets at financial assets at FVTPL	6	(847)	(545)	(370)
Fair value gains on financial assets at FVTPL	6	—	—	(28)
Fair value gains on investments measured at FVTPL, net		167	13,218	8,345
Gains on disposal of an investment measured at FVTPL	6	6,597	—	—
Expense relating to short-term leases and leases of low-value assets	16(c)	2,320	1,587	1,570
Employee benefit expense (excluding directors’ and chief executive’s remuneration (note 10)):				
Wages and salaries**		91,462	73,694	84,290
Pension scheme contributions and social welfare**		14,468	11,983	13,420
Subtotal		105,930	85,677	97,710
Foreign exchange differences, net		—	—	15
(Reversal of impairment)/impairment losses of financial and contract assets, net		(1,357)	1,881	(1,799)
Write-down of inventories to net realisable value***		14,053	19,527	10,872
Losses on disposal of property, plant and equipment, and termination of leases, net		47	351	3

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets for the Relevant Periods are included in “Cost of sales”, “Administrative expenses”, “Selling and marketing expenses” and “Research and development expenses” in profit or loss.

** The wages and salaries, pension scheme contributions and social welfare are included in “Cost of sales”, “Selling expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

*** The amount of “Cost of goods sold” presented “Cost of sales” in profit or loss after excluding the impairment losses on inventories provided during the Relevant Periods.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	10	104	818
Interest on lease liabilities	2,742	2,212	2,017
	2,752	2,316	2,835
Less: Interest capitalised	—	—	(782)
Total	2,752	2,316	2,053

For details of the Pre-[REDACTED] Investments, please refer to Note 32 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

9. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Donations	50	130	150
Losses on disposal of items of property, plant and equipment	211	969	4
Foreign exchange differences, net	—	—	15
Loss on derecognition of financial assets measured at FVOCI	370	578	1,022
Others	69	394	35
Total	700	2,071	1,226

10. EXECUTIVE DIRECTOR AND SUPERVISORS’ REMUNERATION

The remuneration of executive directors and supervisors for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,896	2,739	2,767
Pension scheme contributions and social welfare	486	537	556
Total	2,382	3,276	3,323

(a) Executive directors and supervisors

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Wang Gang (i)	—	278	103	381
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	413	116	529
Mr. Zhao Zhe (iii)	—	413	103	516
Mr. Xiao Shengduan (iv)	—	298	103	401
Subtotal	—	1,402	425	1,827
Supervisors				
Mr. Xing Chenrong (v)	—	151	18	169
Mr. Li Xiaodong (vi)	—	156	22	178
Mr. Cai Wei (vii)	—	187	21	208
Subtotal	—	494	61	555
Total	—	1,896	486	2,382

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Wang Gang (i)	—	446	96	542
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	411	114	525
Mr. Zhao Zhe (iii)	—	411	96	507
Mr. Xiao Shengduan (iv)	—	411	94	505
Subtotal	—	1,679	400	2,079
Supervisors				
Mr. Xing Chenrong (v)	—	302	46	348
Mr. Li Xiaodong (vi)	—	397	46	443
Mr. Cai Wei (vii)	—	361	45	406
Subtotal	—	1,060	137	1,197
Total	—	2,739	537	3,276

Year ended 31 December 2025

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Wang Gang (i)	—	445	101	546
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	409	116	525
Mr. Zhao Zhe (iii)	—	409	101	510
Mr. Xiao Shengduan (iv)	—	409	99	508
Subtotal	—	1,672	417	2,089
Supervisors				
Mr. Xing Chenrong (v)	—	302	46	348
Mr. Li Xiaodong (vi)	—	394	47	441
Mr. Cai Wei (vii)	—	399	46	445
Subtotal	—	1,095	139	1,234
Total	—	2,767	556	3,323

- (i) Mr. Wang Gang was appointed as an executive director of the Company with effect from 1 April 2014.
- (ii) Mr. Zhang Quan was appointed as an executive director of the Company with effect from 1 October 2016.
- (iii) Mr. Zhao Zhe was appointed as an executive director of the Company with effect from 1 September 2018.
- (iv) Mr. Xiao Shengduan was appointed as an executive director of the Company with effect from 1 September 2018.
- (v) Mr. Xing Chenrong was appointed as a supervisor of the Company with effect from 27 June 2023.
- (vi) Mr. Li Xiaodong was appointed as a supervisor of the Company with effect from 27 June 2023.
- (vii) Mr. Cai Wei was appointed as a supervisor of the Company with effect from 27 June 2023.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

11. FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2023, two of the five employees with the highest remuneration were directors of the Company. For the years ended 31 December 2024 and 2025, one of the five employees with the highest remuneration was a director of the Company. Details of the remuneration for the remaining highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,618	2,959	2,328
Pension scheme contributions and social welfare	85	153	159
Total	1,703	3,112	2,487

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Nil to HK\$1,000,000	3	3	4
HK\$1,000,001 to HK\$1,500,000	—	1	—
Total	3	4	4

12. INCOME TAX CREDIT/(EXPENSE)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% during the Relevant Periods unless subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises (“HNTe”), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on 1 January 2016 an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the CIT Law. The Company is subject to a preferential income tax rate of 15% for the financial years ended 31 December 2023, 2024 and 2025 as they were accredited as HNTe in 2023.

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and its implementing regulations, as well as the relevant provisions of the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the preferential corporate income tax policy, whereby qualified small and micro enterprises are subject to a tax rate on 25% of their taxable income at a reduced rate of 20%, has been extended until 31 December 2027. Guangzhou Zhicheng Technology Co., Ltd., Yihong Intelligent Equipment (Changzhou) Co., Ltd and Changzhou Yizhong Intelligence Technology Co., Ltd., Changzhou Yizhan Intelligent Technology Co., Ltd, meet the criteria for small and micro enterprises and thus enjoy the aforementioned corporate income tax incentives.

Guangzhou Dingfeng Automation Equipment Co., Ltd. (“Guangzhou Dingfeng”), a subsidiary of the Company, was accredited as HNTe in 2023 and is subject to a preferential income tax rate of 15%. In 2025, Guangzhou Dingfeng meets the criteria for small and micro enterprises and thus enjoy the corporate income tax incentives, and is subject to a tax rate on 25% of their taxable income at a 20% reduction in income tax rate.

Hong Kong

No provision for profits tax in Hong Kong was made as the Group did not have any assessable income subject to profits tax in Hong Kong during the Relevant Periods.

Hungary

No provision for profits tax in Hungary was made as the Group did not have any assessable income subject to profits tax in Hungary during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

The United Kingdom

No provision for profits tax in The United Kingdom was made as the Group did not have any assessable income subject to profits tax in The United Kingdom during the Relevant Periods.

The income tax credit/(expense) 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	(8,292)	(747)	(1,748)
Deferred income tax	17,178	(102)	(7,935)
Total	8,886	(849)	(9,683)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the applicable rate 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	(8,177)	52,124	79,349
Tax at the applicable tax rate	3,661	(6,489)	(17,565)
Expenses not deductible for tax	(254)	(261)	(421)
Additional deductible allowance for research and development expenses	5,479	5,902	8,504
Tax losses not recognised	—	(1)	(201)
Total	8,886	(849)	(9,683)

13. DIVIDEND

No dividends have been paid or declared by the Company during the Relevant Periods.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of share capital outstanding during the Relevant Periods.

In July 2023, the Company was converted to a joint stock limited liability company. A total of 68,788,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods for the purpose of computation of basic earnings per share.

No adjustment has been made to the basic 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.

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	879	53,027	69,353
Shares			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation (in thousand shares)	80,000	80,000	80,000

APPENDIX I

ACCOUNTANTS’ REPORT

15. PROPERTY, PLANT AND EQUIPMENT

The Group

As at 31 December 2023	Building RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2023:							
Cost	81	16,522	5,959	5,930	24,011	6,321	58,824
Accumulated depreciation	—	(1,119)	(2,042)	(2,059)	(1,399)	—	(6,619)
Net carrying amount	81	15,403	3,917	3,871	22,612	6,321	52,205
At 1 January 2023, net of accumulated depreciation	81	15,403	3,917	3,871	22,612	6,321	52,205
Additions	—	1,576	1,531	702	—	6,723	10,532
Disposals	—	—	(174)	(37)	—	—	(211)
Depreciation provided during the year	(4)	(1,804)	(1,249)	(1,698)	(2,592)	—	(7,347)
Transfers	—	2,820	—	—	9,496	(12,316)	—
At 31 December 2023, net of accumulated depreciation	77	17,995	4,025	2,838	29,516	728	55,179
As at 31 December 2023							
Cost	81	20,918	6,932	6,178	33,507	728	68,344
Accumulated depreciation	(4)	(2,923)	(2,907)	(3,340)	(3,991)	—	(13,165)
Net carrying amount	77	17,995	4,025	2,838	29,516	728	55,179
As at 31 December 2024							
As at 1 January 2024:							
Cost	81	20,918	6,932	6,178	33,507	728	68,344
Accumulated depreciation	(4)	(2,923)	(2,907)	(3,340)	(3,991)	—	(13,165)
Net carrying amount	77	17,995	4,025	2,838	29,516	728	55,179
At 1 January 2024, net of accumulated depreciation	77	17,995	4,025	2,838	29,516	728	55,179
Additions	—	114	2,956	590	—	1,435	5,095
Disposals	—	(164)	(393)	(87)	(934)	—	(1,578)
Depreciation provided during the year	(5)	(1,977)	(1,251)	(1,700)	(2,420)	—	(7,353)
Transfers	—	—	—	—	545	(545)	—
At 31 December 2024, net of accumulated depreciation	72	15,968	5,337	1,641	26,707	1,618	51,343
As at 31 December 2024							
Cost	81	20,751	8,769	6,369	32,590	1,618	70,178
Accumulated depreciation	(9)	(4,783)	(3,432)	(4,728)	(5,883)	—	(18,835)
Net carrying amount	72	15,968	5,337	1,641	26,707	1,618	51,343

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025	Building RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2025:							
Cost	81	20,751	8,769	6,369	32,590	1,618	70,178
Accumulated depreciation	(9)	(4,783)	(3,432)	(4,728)	(5,883)	—	(18,835)
Net carrying amount	72	15,968	5,337	1,641	26,707	1,618	51,343
At 1 January 2025, net of accumulated depreciation	72	15,968	5,337	1,641	26,707	1,618	51,343
Additions	—	462	983	3,216	261	134,249	139,171
Disposals	—	—	—	(12)	—	—	(12)
Depreciation provided during the year	(3)	(1,984)	(1,568)	(1,200)	(2,196)	—	(6,951)
At 31 December 2025, net of accumulated depreciation	69	14,446	4,752	3,645	24,772	135,867	183,551
As at 31 December 2025							
Cost	81	21,213	9,752	9,450	32,851	135,867	209,214
Accumulated depreciation	(12)	(6,767)	(5,000)	(5,805)	(8,079)	—	(25,663)
Net carrying amount	69	14,446	4,752	3,645	24,772	135,867	183,551

The Company

As at 31 December 2023	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2023:						
Cost	2,019	4,741	4,526	1,577	912	13,775
Accumulated depreciation	(174)	(1,814)	(1,527)	(415)	—	(3,930)
Net carrying amount	1,845	2,927	2,999	1,162	912	9,845
At 1 January 2023, net of accumulated depreciation	1,845	2,927	2,999	1,162	912	9,845
Additions	—	—	273	—	3,245	3,518
Disposals	—	(174)	(32)	—	—	(206)
Depreciation provided during the year	(342)	(810)	(1,246)	(969)	—	(3,367)
Transfers	2,695	—	—	1,462	(4,157)	—
At 31 December 2023, net of accumulated depreciation	4,198	1,943	1,994	1,655	—	9,790
As at 31 December 2023						
Cost	4,713	4,183	4,447	3,040	—	16,383
Accumulated depreciation	(515)	(2,240)	(2,453)	(1,385)	—	(6,593)
Net carrying amount	4,198	1,943	1,994	1,655	—	9,790

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
As at 1 January 2024:					
Cost	4,713	4,183	4,447	3,040	16,383
Accumulated depreciation	(515)	(2,240)	(2,453)	(1,385)	(6,593)
Net carrying amount	4,198	1,943	1,994	1,655	9,790
At 1 January 2024, net of accumulated depreciation	4,198	1,943	1,994	1,655	9,790
Additions	—	2,735	26	—	2,761
Disposals	(164)	(393)	(85)	(933)	(1,575)
Depreciation provided during the year	(427)	(675)	(1,124)	(518)	(2,744)
At 31 December 2024, net of accumulated depreciation	3,607	3,610	811	204	8,232
As at 31 December 2024					
Cost	4,433	5,799	4,110	1,577	15,919
Accumulated depreciation	(826)	(2,189)	(3,299)	(1,373)	(7,687)
Net carrying amount	3,607	3,610	811	204	8,232
As at 31 December 2025					
As at 1 January 2025:					
Cost	4,433	5,799	4,110	1,577	15,919
Accumulated depreciation	(826)	(2,189)	(3,299)	(1,373)	(7,687)
Net carrying amount	3,607	3,610	811	204	8,232
At 1 January 2025, net of accumulated depreciation	3,607	3,610	811	204	8,232
Additions	—	310	3,010	—	3,320
Disposals	—	—	(9)	—	(9)
Depreciation provided during the year	(422)	(935)	(693)	(204)	(2,254)
At 31 December 2025, net of accumulated depreciation	3,185	2,985	3,119	—	9,289
As at 31 December 2025					
Cost	4,433	6,108	7,009	1,577	19,127
Accumulated depreciation	(1,248)	(3,123)	(3,890)	(1,577)	(9,838)
Net carrying amount	3,185	2,985	3,119	—	9,289

APPENDIX I

ACCOUNTANTS’ REPORT

16. LEASES

The Group as a lessee

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between three and twenty years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Land use rights RMB’000	Buildings RMB’000	Total RMB’000
As at 1 January 2023	—	54,875	54,875
Termination of leases	—	(2,333)	(2,333)
Depreciation provided during the year	—	(6,178)	(6,178)
As at 31 December 2023 and 1 January 2024	—	46,364	46,364
Additions	36,635	1,255	37,890
Termination of leases	—	(7,060)	(7,060)
Depreciation provided during the year	(591)	(4,283)	(4,874)
As at 31 December 2024 and 1 January 2025	36,044	36,276	72,320
Depreciation provided during the year	(734)	(4,138)	(4,872)
As at 31 December 2025	35,310	32,138	67,448

Certain right of use assets (land use right assets) with net carrying amounts of approximately nil, nil and RMB35,310,000 as at 31 December 2023, 2024 and 2025, were pledged as security for bank facilities and other loans granted to the Group (note 30).

The Company

	Buildings RMB’000
As at 1 January 2023	17,942
Termination of leases	(2,333)
Depreciation provided during the year	(3,764)
As at 31 December 2023 and 1 January 2024	11,845
Termination of leases	(5,236)
Depreciation provided during the year	(2,027)
As at 31 December 2024 and 1 January 2025	4,582
Depreciation provided during the year	(1,896)
As at 31 December 2025	2,686

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	60,231	54,210	44,255
New leases	—	1,255	—
Accretion of interest recognised during the year	2,742	2,212	2,017
Payments	(6,266)	(5,745)	(5,776)
Termination of leases	(2,497)	(7,677)	—
Carrying amount at the end of the year	<u>54,210</u>	<u>44,255</u>	<u>40,496</u>
Analyzed into:			
Current portion	5,156	3,759	4,104
Non-current portion	<u>49,054</u>	<u>40,496</u>	<u>36,392</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	19,256	13,324	5,530
Accretion of interest recognised during the year	770	330	210
Payments	(4,205)	(2,405)	(2,376)
Termination of leases	(2,497)	(5,719)	—
Carrying amount at the end of the year	<u>13,324</u>	<u>5,530</u>	<u>3,364</u>
Analyzed into:			
Current portion	3,511	2,166	2,385
Non-current portion	<u>9,813</u>	<u>3,364</u>	<u>979</u>

The maturity analysis of lease liabilities is disclosed in note 40 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	2,742	2,212	2,017
Depreciation charge of right-of-use assets	6,178	4,874	4,872
Expense relating to short-term leases*	<u>2,320</u>	<u>1,587</u>	<u>1,570</u>
Total amount recognised in profit or loss	<u>11,240</u>	<u>8,673</u>	<u>8,459</u>

* Included in “Administrative expenses”, “Selling and marketing expenses” and “Research and development expenses” in profit or loss.

(d) The total cash outflow for leases is set out in note 34 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

17. INTANGIBLE ASSETS

The Group

	Software <i>RMB'000</i>
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	1,533
Additions	419
Amortisation during the year	<u>(319)</u>
At 31 December 2023	<u>1,633</u>
At 31 December 2023:	
Cost	1,978
Accumulated amortisation	<u>(345)</u>
Net carrying amount	<u>1,633</u>
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,633
Amortisation during the year	<u>(396)</u>
At 31 December 2024	<u>1,237</u>
At 31 December 2024:	
Cost	1,978
Accumulated amortisation	<u>(741)</u>
Net carrying amount	<u>1,237</u>
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,237
Additions	511
Amortisation during the year	<u>(421)</u>
At 31 December 2025	<u>1,327</u>
At 31 December 2025:	
Cost	2,489
Accumulated amortisation	<u>(1,162)</u>
Net carrying amount	<u>1,327</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Software <i>RMB'000</i>
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	—
Additions	418
Amortisation during the year	<u>(7)</u>
At 31 December 2023	<u>411</u>
At 31 December 2023:	
Cost	418
Accumulated amortisation	<u>(7)</u>
Net carrying amount	<u>411</u>
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	411
Amortisation during the year	<u>(83)</u>
At 31 December 2024	<u>328</u>
At 31 December 2024:	
Cost	419
Accumulated amortisation	<u>(91)</u>
Net carrying amount	<u>328</u>
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	328
Additions	511
Amortisation during the year	<u>(109)</u>
At 31 December 2025	<u>730</u>
At 31 December 2025:	
Cost	930
Accumulated amortisation	<u>(200)</u>
Net carrying amount	<u>730</u>

18. INVESTMENTS MEASURED AT FVTPL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments	<u>17,819</u>	<u>31,037</u>	<u>39,382</u>

Unlisted investments were measured at fair value using significant unobservable inputs (Level 3).

APPENDIX I

ACCOUNTANTS’ REPORT

19. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Wealth management products	—	—	4,029

20. INVENTORIES

The Group

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Raw materials	140,220	185,651	83,287
Work in process	29,677	95,371	260,509
Finished goods	—	1,893	1,323
Goods in transit	365,480	254,380	349,861
Provision of inventories to net realisable value	(19,494)	(24,404)	(16,519)
Total	515,883	512,891	678,461

The Company

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Raw materials	56,802	15,423	568
Goods in transit	183,867	89,513	60,609
Provision of inventories to net realisable value	(13,579)	(8,496)	(595)
Total	227,090	96,440	60,582

21. TRADE AND BILLS RECEIVABLES

The Group

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Trade receivables	49,208	51,209	77,298
Bills receivable, carried at amortised cost	10,266	10,380	20,664
Bills receivable, measured at fair value through other comprehensive income	13,008	33,582	98,952
Less: Allowance for credit losses	(3,245)	(4,913)	(2,673)
Total	69,237	90,258	194,241

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	45,530	49,950	65,329
Bills receivable, carried at amortised cost	8,466	4,495	3,171
Bills receivable, measured at fair value through other comprehensive income	12,720	33,582	79,638
Due from intra-group subsidiaries	1,087	11,389	—
Less: Allowance for credit losses	(2,807)	(5,305)	(1,771)
Total	64,996	94,111	146,367

The Group’s trading terms with its customers are in accordance with respective sales contracts’ payment schedules. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

Trade receivables

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	40,959	43,814	68,338
1 year to 2 years	2,306	1,199	5,339
2 years to 3 years	2,066	1,080	624
Over 3 years	632	203	324
Total	45,963	46,296	74,625

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	39,013	53,762	58,119
1 year to 2 years	2,314	1,005	4,494
2 years to 3 years	1,851	1,064	621
Over 3 years	632	203	324
Total	43,810	56,034	63,558

An aging analysis of the bills receivable as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

Bills receivable

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	23,274	43,962	119,616

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	21,186	38,077	82,809

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	4,498	3,245	4,913
(Reversal of impairment)/impairment losses	(1,253)	1,668	(2,240)
Total	3,245	4,913	2,673

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	4,090	2,807	5,305
(Reversal of impairment)/impairment losses	(1,283)	2,498	(3,534)
Total	2,807	5,305	1,771

The Group applies the simplified approach in calculating ECLs for trade receivables and contract assets. Trade receivables and contract assets relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance. For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. The remaining trade receivables and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each Relevant Periods 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, were mostly issued by reputable banks and with short-term maturity. Bills receivable is subject to impairment under the simplified approach and 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 receivables based on individually significant customers or using a provision matrix for trade receivables from customers that are not individually significant:

The Group

	As at 31 December 2023		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	%	RMB'000
On a collective basis:			
Within 1 year	4,429	8.2	362
1 year to 2 years	775	18.5	143
2 years to 3 years	3,782	46.5	1,757
Over 3 years	925	100.0	925
	9,911		3,187
On an individual basis	39,297	0.1	58
Total	49,208	6.6	3,245

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2024		
	Gross Carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
On a collective basis:			
Within 1 year	8,182	7.0	571
1 year to 2 years	404	19.6	79
2 years to 3 years	776	34.0	264
Over 3 years	<u>3,423</u>	100	<u>3,423</u>
	12,785		4,337
On an individual basis	<u>38,424</u>	1.5	<u>576</u>
Total	<u>51,209</u>	9.6	<u>4,913</u>

	As at 31 December 2025		
	Gross Carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
On a collective basis:			
Within 1 year	15,264	6.4	981
1 year to 2 years	4,476	20.5	918
2 years to 3 years	161	34.2	55
Over 3 years	<u>607</u>	100.0	<u>607</u>
	20,508		2,561
On an individual basis	<u>56,790</u>	0.2	<u>112</u>
Total	<u>77,298</u>	3.5	<u>2,673</u>

The Company

	As at 31 December 2023		
	Gross Carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
On a collective basis:			
Within 1 year	2,309	8.1	188
1 year to 2 years	775	17.4	135
2 years to 3 years	3,496	48.2	1,686
Over 3 years	<u>740</u>	100.0	<u>740</u>
	7,320		2,749
On an individual basis	<u>39,297</u>	0.1	<u>58</u>
Total	<u>46,617</u>	6.0	<u>2,807</u>

	As at 31 December 2024		
	Gross Carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
On a collective basis:			
Within 1 year	18,905	7.1	1,346
1 year to 2 years	161	18.6	30
2 years to 3 years	775	36.0	279
Over 3 years	<u>3,074</u>	100.0	<u>3,074</u>
	22,915		4,729
On an individual basis	<u>38,424</u>	1.5	<u>576</u>
Total	<u>61,339</u>	8.6	<u>5,305</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2025		
	Gross Carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
On a collective basis:			
Within 1 year	4,310	5.7	246
1 year to 2 years	3,810	28.8	1,096
2 years to 3 years	161	36.6	59
Over 3 years	258	100.0	258
	8,539		1,659
On an individual basis	56,790	0.2	112
Total	65,329	2.7	1,771

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current portion			
Prepayments	788	8,214	5,049
Deposits	3,218	2,285	2,324
Value added tax recoverable	15,190	8,901	7,372
Advance to employees	1,382	2,088	173
Less: Impairment losses	(106)	(131)	(141)
Total current portion	20,472	21,357	14,777
Non-current portion			
Prepayments for non-current assets	4	110	15,536
Less: Impairment losses	—	—	—
Total non-current portion	4	110	15,536
Total	20,476	21,467	30,313

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current portion			
Prepayments	252,638	323,391	456,477
Deposits	2,016	2,133	1,910
Value added tax recoverable	12,618	3,375	7,710
Advance to employees	1,386	1,988	133
Other receivables from intra-group subsidiaries	4,943	18,242	4,941
Less: Impairment losses	(1,861)	(1,882)	(1,867)
Total current portion	271,740	347,247	469,304
Non-current portion			
Prepayments for non-current assets	4	4	535
Less: Impairment losses	—	—	—
Total non-current portion	4	4	535
Total	271,744	347,251	469,839

The balances are interest-free and are not secured with collateral.

Deposits and other receivables mainly represent rental deposits and advance to employees. At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, deposits and other receivables were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

23. CONTRACT ASSETS

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Retention receivables	43,309	37,910	103,070
Less: Impairment	(214)	(486)	(1,278)
Net carrying amount	<u>43,095</u>	<u>37,424</u>	<u>101,792</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Retention receivables	43,309	37,910	99,396
Less: Impairment	(214)	(486)	(1,042)
Net carrying amount	<u>43,095</u>	<u>37,424</u>	<u>98,354</u>

Contract assets are initially recognised for revenue earned from the sale of intelligent equipment as the receipt of consideration is conditional on successful assurance during the warranty periods. When passing the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables. The increase/decrease in contract assets in the Relevant Periods was the result of the net effect of increase in the ongoing sale of intelligent equipment and expiration of warranty period of sales at the end of each of the Relevant Periods.

The expected timing of recovery or settlement for contract assets as at each end of the Relevant Periods is as follows:

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	<u>43,095</u>	<u>37,424</u>	<u>101,792</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	<u>43,095</u>	<u>37,424</u>	<u>98,354</u>

The movements in the loss allowance for impairment of contract assets are as follows:

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	47	214	486
Impairment losses, net	<u>167</u>	<u>272</u>	<u>792</u>
At the end of the year	<u>214</u>	<u>486</u>	<u>1,278</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	47	214	486
Impairment losses, net	<u>167</u>	<u>272</u>	<u>556</u>
At the end of the year	<u>214</u>	<u>486</u>	<u>1,042</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Set out below is the information about the credit risk exposure on the Group’s contract assets based on individually significant customers or using a provision matrix for contract assets from customers that are not individually significant:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
On collective basis			
Expected credit loss rate	8.18%	6.96%	6.43%
Gross carrying amount	1,797	3,435	19,086
Expected credit losses	<u>147</u>	<u>239</u>	<u>1,227</u>
On an individual basis			
Expected credit loss rate	0.16%	0.72%	0.06%
Gross carrying amount	41,512	34,475	83,984
Expected credit losses	<u>67</u>	<u>247</u>	<u>51</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
On collective basis			
Expected credit loss rate	8.18%	6.96%	6.43%
Gross carrying amount	1,797	3,435	15,412
Expected credit losses	<u>147</u>	<u>239</u>	<u>991</u>
On an individual basis			
Expected credit loss rate	0.16%	0.72%	0.06%
Gross carrying amount	41,512	34,475	83,984
Expected credit losses	<u>67</u>	<u>247</u>	<u>51</u>

For details of the impairment analysis of contract assets, please refer to note 2.3, note 3 and note 21 to the Historical Financial Information.

24. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment cost	66,100	89,250	111,641
Impairment (note (i))	<u>(6,500)</u>	<u>(6,500)</u>	<u>(6,500)</u>
Total	<u>59,600</u>	<u>82,750</u>	<u>105,141</u>

Note:

- (i) Due to the adjustment to the Group’s business strategy, the directors of the Company considered the carrying amount of the Company’s investment in a subsidiary would not be recoverable. Hence, the carrying amount of the Company’s investment the subsidiary was fully impaired in 2022.

APPENDIX I

ACCOUNTANTS’ REPORT

25. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	90,675	131,170	354,561
Short-term time deposits	10,000	—	—
Less: Pledged and restricted deposits	(4,148)	(21,905)	(92,862)
Total cash and cash equivalents	<u>96,527</u>	<u>109,265</u>	<u>261,699</u>
Denominated in:			
GBP	—	—	1
EUR	—	—	92
RMB	<u>96,527</u>	<u>109,265</u>	<u>261,606</u>
Total	<u>96,527</u>	<u>109,265</u>	<u>261,699</u>

As at 31 December 2023, 2024 and 2025, pledged restricted deposits of RMB4,148,000, RMB21,905,000 and RMB92,862,000 respectively, was pledged for issuing bank notes.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	64,209	97,125	238,134
Short-term time deposits	10,000	—	—
Less: Pledged and restricted deposits	(4,148)	(16,843)	(92,862)
Total cash and cash equivalents	<u>70,061</u>	<u>80,282</u>	<u>145,272</u>
Denominated in:			
RMB	<u>70,061</u>	<u>80,282</u>	<u>145,272</u>
Total	<u>70,061</u>	<u>80,282</u>	<u>145,272</u>

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at 31 December 2023, 2024 and 2025, the Group and the Company have assessed the credit risk of cash and cash equivalents and pledged deposits to be minimal as they were placed in reputable financial institutions.

The carrying amounts of the cash and cash equivalents approximated to their fair values due to its short-term maturity.

26. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	133,810	177,948	367,882
Bills payable	<u>19,739</u>	<u>70,901</u>	<u>136,639</u>
Total	<u>153,549</u>	<u>248,849</u>	<u>504,521</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	39,802	16,408	36,330
Bills payable	20,739	71,013	139,820
Total	60,541	87,421	176,150

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	124,232	162,242	361,160
1 to 2 years	9,578	12,172	1,437
2 to 3 years	—	3,534	3,961
Over 3 years	—	—	1,324
Total	133,810	177,948	367,882

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	31,710	8,999	32,796
1 to 2 years	8,092	4,441	455
2 to 3 years	—	2,968	1,848
Over 3 years	—	—	1,231
Total	39,802	16,408	36,330

Trade and bills payables are non-interest-bearing and are normally settled within three months. As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	279,649	223,973	456,026

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	279,649	214,946	452,940

The contract liabilities represent the advances received from customers. The significant increase in advances from customers as of 31 December 2025, compared to those as at the end of 2024, was primarily driven by the increase of sales orders during the fourth quarter of 2025, resulting in new advance payments received by the Group at year-end.

APPENDIX I

ACCOUNTANTS’ REPORT

28. PROVISIONS

The Group and the Company

	Warranty RMB'000
At 1 January 2023	16
Additional provision	905
Amounts utilised during the year	(22)
At 31 December 2023 and 1 January 2024	899
Additional provision	1,286
Amounts utilised during the year	(930)
At 31 December 2024 and 1 January 2025	1,255
Additional provision	1,909
Amounts utilised during the year	(1,448)
At 31 December 2025	1,716

The Group generally provides 12-month warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Payroll and welfare payables	6,294	7,791	7,413
Payable for acquisition of non-current assets	1,330	379	5,415
Accruals	2,626	1,546	4,982
Deposits	37	37	50
Other tax payables	1,499	6,081	18,741
Others	32	—	—
Total	11,818	15,834	36,601

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Payroll and welfare payables	4,829	3,767	4,643
Payable for acquisition of non-current assets	99	20	20
Accruals	2,373	1,143	4,462
Deposits	37	37	50
Other payables to subsidiaries	24,567	22,030	17,530
Other tax payables	1,499	6,082	19,226
Others	29	—	—
Total	33,433	33,079	45,931

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — unsecured	4.00%	2024	2,306
Discounted unmatured bills	0.76%~1.49%	2024	999
Total			3,305

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2024		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured (<i>note (ii)</i>)	3.30%~3.40%	2025	498
Discounted unmatured bills	0.76%~1.49%	2025	1,172
Total			1,670

	As at 31 December 2025		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured (<i>note (ii)</i>)	2.80%~2.89%	2026	401
Current portion of long-term bank loans — secured (<i>note (iii)</i>)	2.70%	2026	79
Discounted unmatured bills	0.76%~1.49%	2026	2,086
			2,566
Non-current			
Bank loans — secured (<i>note (iii)</i>)	2.70%	2027~2032	118,595
Total			121,161

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 and other borrowings repayable:			
Within one year or on demand	3,305	1,670	2,566
In the second year	—	—	4,073
In the third to fifth years, inclusive	—	—	79,640
Beyond five years	—	—	34,882
Total	3,305	1,670	121,161

The Company

	As at 31 December 2023		
	Effective interest rates	Maturity	RMB'000
Current			
Discounted unmatured bills	0.76%~1.49%	2024	999

	As at 31 December 2024		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured (<i>note (ii)</i>)	3.30%~3.40%	2025	498
Discounted unmatured bills	0.76%~1.49%	2025	1,172
Total			1,670

	As at 31 December 2025		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — secured (<i>note(ii)</i>)	2.80%~2.89%	2026	401

APPENDIX I

ACCOUNTANTS’ REPORT

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 and other borrowings repayable:			
Within one year or on demand	999	1,670	401

Notes:

- (i) The Group’s bank loans and other borrowings are all denominated in RMB.
- (ii) Certain bank loans with the carrying amounts of nil, RMB498,000 and RMB401,000 as at 31 December 2023, 2024 and 2025 were guaranteed by controlling shareholders namely Mr. Wang Gang and Mr. Zhang Quan. Further details are included in note 37 to the Historical Financial Information.
- (iii) Certain right of use assets (land use right assets) with net carrying amounts of approximately nil, nil and RMB35,310,000 as at 31 December 2023, 2024 and 2025, were pledged as security for bank facilities and other loans granted to the Group.

31. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Expected credit losses on financial and contract assets RMB'000	Inventory provision RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	676	1,391	16,954	12,884	—	2	31,907
Deferred tax credited/(charged) to profit or loss	(125)	2,110	14,442	(864)	—	133	15,696
Gross deferred tax assets at 31 December 2023 and 1 January 2024	551	3,501	31,396	12,020	—	135	47,603
Deferred tax credited/(charged) to profit or loss	206	1,750	(569)	(1,605)	86	205	73
Gross deferred tax assets at 31 December 2024 and 1 January 2025	757	5,251	30,827	10,415	86	340	47,676
Deferred tax credited/(charged) to profit or loss	(96)	(1,181)	(7,834)	(743)	1,959	319	(7,576)
Gross deferred tax assets at 31 December 2025	661	4,070	22,993	9,672	2,045	659	40,100

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Expected credit losses on financial and contract assets RMB'000	Inventory provision RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	898	1,106	11,878	2,888	977	17,747
Deferred tax credited/(charged) to profit or loss	(166)	931	10,040	(889)	134	10,050
Gross deferred tax assets at 31 December 2023 and 1 January 2024	732	2,037	21,918	1,999	1,111	27,797
Deferred tax credited/(charged) to profit or loss	419	(763)	(2,578)	(1,169)	52	(4,039)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	1,151	1,274	19,340	830	1,163	23,758
Deferred tax credited/(charged) to profit or loss	(449)	(1,185)	—	(325)	67	(1,892)
Gross deferred tax assets at 31 December 2025	702	89	19,340	505	1,230	21,866

Deferred tax liabilities

The Group

	Right-of-use assets RMB'000	Depreciation difference between the useful lives of long-term assets RMB'000	Fair value adjustments of investments measured at FVTPL RMB'000	Unrealised losses arising from intra-group transactions RMB'000	Fair value adjustments of financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2023	11,683	230	158	27	—	12,098
Deferred tax charged/(credited) to profit or loss	(1,463)	(37)	(23)	41	—	(1,482)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	10,220	193	135	68	—	10,616
Deferred tax charged/(credited) to profit or loss	(1,700)	(39)	1,982	(68)	—	175
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	8,520	154	2,117	—	—	10,791
Deferred tax charged/(credited) to profit or loss	(861)	(35)	1,252	—	3	359
Gross deferred tax liabilities at 31 December 2025	7,659	119	3,369	—	3	11,150

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Right-of-use assets RMB'000	Depreciation difference between the useful lives of long-term assets RMB'000	Fair value adjustments of investments measured at FVTPL RMB'000	Total RMB'000
At 1 January 2023	2,691	230	158	3,079
Deferred tax charged/(credited) to profit or loss	(914)	(37)	(23)	(974)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	1,777	193	135	2,105
Deferred tax charged/(credited) to profit or loss	(1,090)	(38)	1,982	854
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	687	155	2,117	2,959
Deferred tax charged/(credited) to profit or loss	(284)	(36)	1,252	932
Gross deferred tax liabilities at 31 December 2025	403	119	3,369	3,891

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	36,987	36,885	28,950
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

The Company

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	25,692	20,799	17,975
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

As at 31 December 2023, 2024 and 2025, the Group had unutilised tax losses of approximately RMB191,805,000, RMB182,657,000 and RMB151,643,000 arising in Chinese mainland, which will expire in one to ten years for offsetting against future taxable profits, and nil, RMB6,000, RMB1,373,000 respectively arising in Hong Kong, the United Kingdom and other countries.

As at 31 December 2023, 2024 and 2025, deferred tax assets have not been recognised in respect of tax losses of RMB7,774,000, RMB7,780,000 and RMB9,553,000, as they have arisen in 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 can be utilised.

APPENDIX I

ACCOUNTANTS’ REPORT

32. SHARE CAPITAL

The Group and the Company

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Issued and fully paid:			
Ordinary shares of RMB1.00 each	80,000	80,000	80,000

A summary of movements in the Company’s paid-in capital/share capital is as follows:

	Number of shares in issue '000	Paid-in capital/ Share capital RMB'000
At 1 January 2023	11,212	11,212
Conversion of the Company into a joint stock company (<i>note</i>)	68,788	68,788
At 31 December 2023, 2024 and 2025	80,000	80,000

Note:

In July 2023, the Company was converted to a joint stock limited liability company. A total of 68,788,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders.

The Company entered into separate agreements with certain investors (collectively the “**Pre-[REDACTED] Investors**”) regarding their investment with the consideration amount totaling approximately RMB822,580,000 by ways of capital injection into the Company or share transfers between shareholders (collectively the “**Pre-[REDACTED] Investments**”). Pursuant to the agreements, the Pre-[REDACTED] Investors were granted by the Company and certain shareholders including Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan and Mr. Zhao Zhe (collectively the “**Certain Shareholders**”) with special rights (“**Special Rights**”) which included redemption rights, anti-dilution rights and liquidation preference rights.

On 8 June 2023, the Company and the Pre-[REDACTED] Investors entered into supplemental agreements that the Special Rights granted by the Company to Pre-[REDACTED] Investors have been irrecoverably terminated and shall be void ab initio. Meanwhile, the Company did not provide any form of guarantee in connection with any potential failure of the Certain Shareholders to fulfill their obligations relating to the Special Rights granted by the Certain Shareholders. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the Company’s directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity. Hence, no financial liability arising from the Special Rights was recorded throughout the Relevant Periods.

There was no exercise of redemption rights, anti-dilution rights and liquidation preference rights under which the Company bears any obligations throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at the present value of the redemption amount prior to entering into the supplemental agreements, the impact to the net loss, basic and diluted loss per share for the year ended 31 December 2023 would have been:

	Year ended 31 December 2023 RMB'000
Finance costs associated with the financial liabilities arising from the Special Rights	(19,146)
Total net loss attributable to owners of the parent	(18,267)
Loss per share attributable to ordinary equity holders of the parent	
Basic and diluted (RMB)	(0.23)

33. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve/share premium

Capital reserve of the Company represents the difference between the value of the paid-up capital and the consideration received before its conversion into a joint stock company.

APPENDIX I

ACCOUNTANTS’ REPORT

Share premium of the Company represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company.

(b) Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the material accounting policy set out in note 2.3.

(c) 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 to maintenance, production and other similar funds. The funds can be used for the maintenance of production and improvements of safety and are not available for distribution to shareholders.

(d) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve/Share premium RMB'000	Statutory reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 January 2023	528,236	—	(134,271)	393,965
Profit and total comprehensive income for the year	—	—	12,269	12,269
Conversion into a joint stock company	(171,217)	—	102,429	(68,788)
At 31 December 2023	357,019	—	(19,573)	337,446
At 1 January 2024	357,019	—	(19,573)	337,446
Profit and total comprehensive income for the year	—	—	58,731	58,731
Appropriation to statutory reserves	—	5,873	(5,873)	—
At 31 December 2024	357,019	5,873	33,285	396,177
At 1 January 2025	357,019	5,873	33,285	396,177
Profit and total comprehensive income for the year	—	—	35,828	35,828
Appropriation to statutory reserves	—	3,583	(3,583)	—
At 31 December 2025	357,019	9,456	65,530	432,005

34. 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 reduction to right-of-use assets of RMB2,333,000, RMB7,060,000, and nil, and non-cash reduction to lease liabilities of RMB2,497,000, RMB7,677,000 and nil, respectively, in respect of early termination of lease arrangements for buildings premises.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of nil, RMB1,255,000 and nil and non-cash additions to lease liabilities of nil, RMB1,255,000, nil, respectively, in respect of lease arrangements for buildings.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reduction to bills receivable of nil, RMB999,000 and RMB1,172,000, and non-cash reduction to interest-bearing borrowings of nil, RMB999,000 and RMB1,172,000, respectively, in respect of bills receivable discounted that are not derecognised in their entirety.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	—	60,231	60,231
Changes from financing cash flows	3,295	(6,266)	(2,971)
Accretion of interest during the year	10	2,742	2,752
Lease termination	—	(2,497)	(2,497)
At 31 December 2023 and 1 January 2024	3,305	54,210	57,515
Changes from financing cash flows	(740)	(5,745)	(6,485)
New leases	—	1,255	1,255
Accretion of interest during the year	104	2,212	2,316
Derecognition of discounted bills receivable upon their maturity	(999)	—	(999)
Lease termination	—	(7,677)	(7,677)
At 31 December 2024 and 1 January 2025	1,670	44,255	45,925
Changes from financing cash flows	119,845	(5,776)	114,069
Derecognition of discounted bills receivable upon their maturity	(1,172)	—	(1,172)
Accretion of interest during the year	818	2,017	2,835
At 31 December 2025	121,161	40,496	161,657

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within operating activities	3,186	1,986	3,236
Within financing activities	6,266	5,745	5,776
	9,452	7,731	9,012

35. PLEDGE OF ASSETS

Details of the Group’s assets pledged are included in note 16, note 25 and note 30 to the Historical Financial Information at the end of each of the Relevant Periods.

36. COMMITMENTS

The Group had the following contractual commitments at the end of the Relevant Periods:

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Contracted but not provided: Property, plant and equipment	1,106	104,348	31,868

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Mr. Wang Gang	Controlling shareholder of the Group, Chairman of the Board and Executive Director of the Company
Mr. Zhang Quan	Controlling shareholder of the Group, Executive Director of the Company
Mr. Xiao Shengduan	A shareholder of the Company, Executive Director & Deputy President of the Company
Mr. Zhao Zhe	A shareholder of the Company
Guangzhou Shengzhuoya Clothing Co., Ltd.	An entity controlled by a close family member of a controlling shareholder

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material related party transactions during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of goods and services			
Guangzhou Shengzhuoya Clothing Co., Ltd.	112	29	29

Note:

The directors of the Company are of the opinion that the above sales to related parties and purchase from related parties were conducted in the ordinary course of business and on mutually-agreed commercial terms.

(c) Outstanding balances with related parties:

The Group had the following outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from related parties			
Mr. Wang Gang	—	650	—
Amounts due to related parties			
Mr. Zhao Zhe	—	19	—
Mr. Xiao Shengduan	—	65	—
Total	—	84	—

At the end of each of the Relevant Periods, all the remaining balances were traded in nature.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Compensation of key management personnel of the Group:			
Salaries, bonuses, allowances and benefits in kind	2,391	2,737	2,766
Pension scheme contributions and social welfare	546	538	556
Total	2,937	3,275	3,322

(e) Related party guarantees of the Group:

Guarantors	Guaranteed parties	Maximum available amount of guarantee provided RMB'000	Outstanding balances of guaranteed loans RMB'000	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed
As at 31 December 2024:						
Mr. Wang Gang	The Company	50,000	200	9/9/2024	9/8/2025	Yes
Mr. Wang Gang/Mr. Zhang Quan	The Company	80,000	298	4/23/2024	4/22/2025	Yes
As at 31 December 2025:						
Mr. Wang Gang	The Company	50,000	200	12/15/2025	12/14/2026	No
Mr. Wang Gang/Mr. Zhang Quan	The Company	80,000	200	4/23/2025	4/22/2026	No

APPENDIX I

ACCOUNTANTS’ REPORT

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Financial assets at fair value through other comprehensive income:			
Bills receivable, measured at fair value through other comprehensive income	13,008	33,582	98,952
Financial instruments measured at FVTPL:			
Investments measured at FVTPL	17,819	31,037	39,382
Financial assets at FVTPL	—	—	4,029
	17,819	31,037	43,411
Financial assets at amortised cost:			
Trade receivables	45,963	46,296	74,625
Bills receivable, carried at amortised cost	10,266	10,380	20,664
Financial assets included in prepayments, deposits and other receivables	4,494	4,242	2,356
Pledged and restricted deposits	4,148	21,905	92,862
Cash and cash equivalents	96,527	109,265	261,699
	161,398	192,088	452,206
Total	192,225	256,707	594,569
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and bills payables	153,549	248,849	504,521
Financial liabilities included in other payables and accruals	1,367	416	5,465
Interest-bearing bank and other borrowings	3,305	1,670	121,161
Total	158,221	250,935	631,147

Transfers of financial assets

Financial assets that are derecognised in their entirety

Bills endorsed or discounted

During the years ended 31 December 2023, 2024 and 2025, the Group, endorsed or discounted certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivable to banks in Chinese mainland, together the “Derecognised Bills” with a carrying amount in aggregate of RMB262,076,000, RMB274,688,000 and RMB669,143,000. The Derecognised Bills had a maturity of one to twelve months at the end of the reporting period. 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 and the associated trade payables. 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 2023, 2024 and 2025, the Group has recognised losses on the date of transfer of the Derecognised Bills amounting to RMB370,000, RMB578,000 and RMB1,022,000 respectively. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets that are not derecognised in their entirety

Bills endorsed or discounted

The Group discounted or endorsed certain bills receivable accepted by banks in Chinese mainland (the “**Discounted and Endorsed Bills**”) with a carrying amount of RMB7,630,000, RMB7,958,000 and RMB6,811,000 to certain banks and independent third parties as at 31 December 2023, 2024 and 2025. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted and Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted and Endorsed Bills and the associated borrowings or trade payables. Subsequent to the discounting and endorsing, the Group did not retain any rights on the use of the Discounted and Endorsed Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the borrowings recognised during the year was RMB999,000, RMB1,172,000 and RMB2,086,000 as at 31 December 2023, 2024 and 2025. The aggregate carrying amount of the trade payables that endorsed by such bills receivable during the year was RMB6,630,000, RMB6,783,000 and RMB4,721,000 as at 31 December 2023, 2024 and 2025.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

As at 31 December 2023

	Carrying amounts RMB’000	Fair values RMB’000
Financial assets		
Investments measured at FVTPL	17,819	17,819

As at 31 December 2024

	Carrying amounts RMB’000	Fair values RMB’000
Financial assets		
Investments measured at FVTPL	31,037	31,037

As at 31 December 2025

	Carrying amounts RMB’000	Fair values RMB’000
Financial assets		
Investments measured at FVTPL	39,382	39,382
Financial assets at FVTPL	4,029	4,029
Total	43,411	43,411
Financial liabilities		
Interest-bearing bank and other borrowing (non-current portion)	118,595	120,821

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, pledged deposits, trade and bills payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, trade and bills payables, and short-term bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. For deposits, Management has assessed that their fair value is equal to their book value, mainly because these deposits are collateral for bills and the fair value fluctuates less and the maturity is short.

The carrying amounts of the non-current interest-bearing bank borrowings at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

The Group’s finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at FVTPL, which represent wealth management products issued by banks in Chinese mainland. The Group has estimated the fair values of these structured deposits based on the net values announced by the banks at the end of each of the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

The fair values of unlisted investments measured at FVTPL have been estimated using valuation technique primarily comprise recent transaction prices approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The financial instruments in bills receivable are the bank acceptance bills registered by the acceptance bank with high credit, and the group’s management model aims at both collecting the contractual cash flow and selling the financial assets. There is no significant unobservable inputs to the valuation of financial instruments as at 31 December 2023, 2024 and 2025.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Financial instruments measured at fair value:

As at 31 December 2023

	Quoted prices in active markets (Level 1) RMB’000	Fair value measurement using Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Financial assets				
Investments measured at FVTPL	—	—	17,819	17,819
Bills receivable, measured at fair value through other comprehensive income	—	13,008	—	13,008
Total	—	13,008	17,819	30,827

As at 31 December 2024

	Quoted prices in active markets (Level 1) RMB’000	Fair value measurement using Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Financial assets				
Investments measured at FVTPL	—	—	31,037	31,037
Bills receivable, measured at fair value through other comprehensive income	—	33,582	—	33,582
Total	—	33,582	31,037	64,619

As at 31 December 2025

	Quoted prices in active markets (Level 1) RMB’000	Fair value measurement using Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	Total RMB’000
Financial assets				
Investments measured at FVTPL	—	—	39,382	39,382
Bills receivable, measured at fair value through other comprehensive income	—	98,952	—	98,952
Financial assets at FVTPL	—	4,029	—	4,029
Total	—	102,981	39,382	142,363

APPENDIX I

ACCOUNTANTS’ REPORT

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

The following tables illustrate the fair value measurement hierarchy of the Group’s Level 3 financial instruments:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value of the input
Financial assets				
Investments measured at FVTPL				
Unlisted investments	Recent transaction prices	Recent transaction prices	N/A	N/A

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s floating-rate interest-bearing bank borrowings.

The directors believe that there is no material interest rate risk inherent in the Group’s outstanding balance of interest-bearing bank borrowings.

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

For trade and bills receivables, contract assets and deposits and other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

Maximum exposure and year-end staging as at 31 December 2023, 2024 and 2025

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		Simplified approach	Total
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	49,208	49,208
Bills receivable, carried at amortised cost	—	—	—	10,266	10,266
Bills receivable, measured at fair value through other comprehensive income	—	—	—	13,008	13,008
Contract asset*	—	—	—	43,309	43,309
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,600	—	—	—	4,600
— Doubtful**	—	—	—	—	—
Pledged and restricted deposits					
— Not yet past due	4,148	—	—	—	4,148
Cash and cash equivalents					
— Not yet past due	96,527	—	—	—	96,527
Total	105,275	—	—	115,791	221,066

As at 31 December 2024

	12-month ECLs	Lifetime ECLs		Simplified approach	Total
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	51,209	51,209
Bills receivable, carried at amortised cost	—	—	—	10,380	10,380
Bills receivable, measured at fair value through other comprehensive income	—	—	—	33,582	33,582
Contract asset*	—	—	—	37,910	37,910
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,373	—	—	—	4,373
— Doubtful**	—	—	—	—	—
Pledged and restricted deposits					
— Not yet past due	21,905	—	—	—	21,905
Cash and cash equivalents					
— Not yet past due	109,265	—	—	—	109,265
Total	135,543	—	—	133,081	268,624

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	77,298	77,298	77,298
Bills receivable, carried at amortised cost	—	—	—	20,664	20,664	20,664
Bills receivable, measured at fair value through other comprehensive income	—	—	—	98,952	98,952	98,952
Contract asset*	—	—	—	103,070	103,070	103,070
Financial assets included in prepayments, deposits and other receivables						
— Normal**	2,497	—	—	—	2,497	2,497
— Doubtful**	—	—	—	—	—	—
Pledged and restricted deposits						
— Not yet past due	92,862	—	—	—	92,862	92,862
Cash and cash equivalents						
— Not yet past due	261,699	—	—	—	261,699	261,699
Total	357,058	—	—	299,984	657,042	657,042

* For contract assets and trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the individual-based assessment or the provision matrix is disclosed in note 21 and note 23 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables are disclosed in note 21 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. The Group has concentration of credit risk as 76.5%, 49.5%, 53.3% of the Group’s total trade receivables were due from the Group’s largest customer as at 31 December 2023, 2024 and 2025, and 81.2%, 89.6%, 70% of the Group’s total trade receivables were due from the Group five largest customers as at 31 December 2023, 2024, and 2025 respectively.

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 and projected cash flows from operations.

The Group’s objective is to maintain continuity of funding. The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	153,549	—	—	—	153,549
Financial liabilities included in other payables and accruals	1,367	—	—	—	1,367
Interest-bearing bank and other borrowings	3,348	—	—	—	3,348
Lease liabilities	7,612	7,916	16,220	43,163	74,911
	165,876	7,916	16,220	43,163	233,175

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2024				Total RMB'000
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	
Trade and bills payables	248,849	—	—	—	248,849
Financial liabilities included in other payables and accruals	416	—	—	—	416
Interest-bearing bank and other borrowings	1,687	—	—	—	1,687
Lease liabilities	5,776	5,931	10,533	39,994	62,234
	<u>256,728</u>	<u>5,931</u>	<u>10,533</u>	<u>39,994</u>	<u>313,186</u>
	As at 31 December 2025				Total RMB'000
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	
Trade and bills payables	504,521	—	—	—	504,521
Financial liabilities included in other payables and accruals	5,465	—	—	—	5,465
Interest-bearing bank and other borrowings	6,927	8,422	86,740	35,725	137,814
Lease liabilities	5,931	4,242	9,507	36,778	56,458
	<u>522,844</u>	<u>12,664</u>	<u>96,247</u>	<u>72,503</u>	<u>704,258</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total liabilities	<u>508,031</u>	<u>535,836</u>	<u>1,163,832</u>
Total assets	<u>907,348</u>	<u>986,428</u>	<u>1,684,055</u>
Gearing ratio	<u>55.99%</u>	<u>54.32%</u>	<u>69.11%</u>

Note: Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

41. EVENTS AFTER THE RELEVANT PERIODS

No significant events have occurred to the Company, or the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

42. 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.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

I. TAXATION OF SECURITY HOLDERS

Taxation on income and capital gains for holders of H Shares shall be subject to the laws and practices of the People’s Republic of China and the jurisdictions in which the holders of H Shares are located or subject to taxes for other reasons. The following summary of certain relevant tax regulations is based on the laws and practices in effect as of the Latest Practicable Date. Such laws and practices are subject to change or adjustment, and may have retrospective effect. Therefore, the following summary of tax regulations does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to [REDACTED] in the H Shares, nor does it take into account the specific circumstances of any particular investors, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of [REDACTED] in the H Shares.

The discussion does not address any PRC or Hong Kong tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of holding and [REDACTED] of H Shares.

(I) Taxation on Dividends

1. Individual investors

According to the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) (the “**Individual Income Tax Law**”), as amended by the Standing Committee of the National People’s Congress on August 31, 2018 and effective from January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》), as amended by the State Council on December 18, 2018 and effective from January 1, 2019, when a PRC enterprise distributes dividends to individual investors, income tax shall be withheld and prepaid at a uniform rate of 20%. For foreign individuals who are not PRC residents, dividends received from PRC enterprises are generally subject to individual income tax at a rate of 20%, unless specifically exempted by the tax authorities of the State Council or reduced under relevant tax treaties.

According to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》), issued by the Ministry of Finance, the State Administration of Taxation, and the CSRC on September 7, 2015 and effective from September 8, 2015, for stocks of listed companies acquired by individuals from public offerings or the transfer market, if the holding period exceeds one year, the dividend and bonus income is temporarily exempted from individual income tax; if the holding period is less than one month (inclusive), the full amount of dividend and bonus income is included in the taxable income; if the holding period is more than one month but less than one year (inclusive), 50% of the income is temporarily included in the taxable income; the aforesaid income is subject to individual income tax at a uniform rate of 20%.

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》) (the “**Arrangement**”) signed on August 21, 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 gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and is the beneficial owner of the dividends and satisfies other conditions, such tax shall not exceed 5% of the gross amount of the dividends payable by the PRC company.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

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 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》) (the “**The Fifth Protocol**”), effective from December 6, 2019, stipulates that the above provisions shall not apply to arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits.

In addition, the application of the dividend clauses of tax agreements is subject to the provisions set out in PRC tax laws and regulations, including the guidelines specified in the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》(國稅函[2009]81號)), which took effect on February 20, 2009. Compliance with such regulations is necessary for determining the tax applicable to dividends under the Arrangement.

2. *Enterprise investors*

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), promulgated by the National People’s Congress on March 16, 2007, last amended on and effective from December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007 and last amended on December 6, 2024, if a non-resident enterprise has no establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income derived from the PRC is not directly connected with such establishment or place of business, such non-resident enterprise shall be subject to a 10% enterprise income tax on its income derived from the PRC (including dividends from PRC resident enterprises). The aforesaid withholding tax payable by a non-resident enterprise shall be withheld at source, whereby the payer of the income must withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted under an applicable treaty for the avoidance of double taxation.

The Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Holders Which Are Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), promulgated and implemented by the SAT on November 6, 2008, further clarifies that when a PRC resident enterprise distributes dividends for 2008 and subsequent years to its non-resident enterprise shareholders of overseas H Shares, it must withhold and pay enterprise income tax at a uniform rate of 10%. In addition, the Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》(國稅函[2009]394號)), promulgated and implemented by the State Administration of Taxation on July 24, 2009, further provides that any PRC resident enterprise listed on an overseas stock exchange must withhold and pay enterprise income tax at a rate of 10% on the annual dividends distributed to its non-resident enterprise shareholders in 2008 and thereafter. The above-mentioned tax rate may be further modified pursuant to the tax treaty that the PRC has concluded with the relevant jurisdiction.

Pursuant to the Arrangement, 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 gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and is the beneficial owner of the dividends and satisfies other conditions, such tax shall not exceed 5% of the gross amount of

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

the dividends payable by the PRC company. The Fifth Protocol stipulates that the above provisions shall not apply to arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits.

In accordance with applicable regulations, the Company intends to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise shareholders of H Shares (including HKSCC Nominees Limited). Non-PRC resident enterprises entitled to a reduced tax rate under an applicable income tax treaty will need to apply to the PRC tax authorities for a refund of the portion of the withheld tax that exceeds the applicable treaty rate, and such refund is subject to verification by the PRC tax authorities.

3. *Tax treaties*

Non-PRC resident investors whose country or jurisdiction of residence has signed an agreement for the avoidance of double taxation with the PRC may be entitled to a reduced rate of enterprise income tax on dividends received from PRC companies. The PRC currently has treaties or arrangements for the avoidance of double taxation with multiple countries and regions, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement must apply to the PRC tax authorities for a refund of the enterprise income tax exceeding the treaty rate, and the refund application is subject to the approval of the PRC tax authorities.

(II) Taxes on Transfer of Shares

1. *Individual investors*

According to the Individual Income Tax Law and its implementation regulations, gains realized from the sale of equity in a PRC resident enterprise are subject to individual income tax at a rate of 20%. According to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Income from the Transfer of Stocks (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)), jointly issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, income derived by individuals from the transfer of shares of listed companies has been temporarily exempted from individual income tax since January 1, 1997.

Although the Individual Income Tax Law and its implementation regulations do not explicitly state whether the exemption of individual income tax on gains from the transfer of listed shares by individuals continues, according to the Circular on Relevant Issues Concerning the Collection of Individual Income Tax on Income 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 promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009 and effective from January 1, 2010, and the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax on Income 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 promulgated on November 10, 2010, income derived by individuals from the transfer of listed shares on specific domestic stock exchanges (including the Shenzhen Stock Exchange) continues to be exempt from individual income tax, with the exception of restricted shares.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

As of the Latest Practicable Date, the above provisions have not explicitly stipulated whether individual income tax should be levied on the gains derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange). In practice, the PRC tax authorities have not collected income tax on the gains derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

2. Enterprise investors

According to the EIT Law and its implementation regulations, if a non-resident enterprise has no establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its income derived from the PRC is not actually connected with such establishment or place of business, the non-resident enterprise shall be subject to enterprise income tax at a rate of 10% on its income derived from the PRC (including gains from the sale of equity in PRC resident enterprises). The aforesaid income tax payable by a non-resident enterprise shall be withheld at source, with the payer of the income acting as the withholding agent, who must withhold the income tax upon each payment or when the payment becomes due. Such tax may be reduced or exempted under an applicable treaty for the avoidance of double taxation.

(III) Value-Added Tax on Transfer of Shares

According to the Circular on Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改征增值稅試點的通知》(財稅[2016]36號)), which was implemented by the Ministry of Finance and the State Administration of Taxation from May 1, 2016 and subsequently amended multiple times, entities and individuals engaged in the sale of services in the PRC are subject to value-added tax, and “sale of services in the PRC” refers to transactions where the service provider or recipient is located within the PRC. The transfer of financial products (including the transfer of ownership of marketable securities) is subject to a 6% value-added tax on the taxable income (i.e., the balance of the sales price after deducting the purchase price). This VAT liability applies to general and foreign VAT payers. It is worth noting that individuals who transfer financial products are exempt from value-added tax.

According to the above provisions, non-resident individuals who sell or dispose of H Shares are exempt from PRC value-added tax. However, if the holder is a non-resident enterprise and the buyer of the H Shares is an individual or entity located outside the PRC, the holder may not be required to pay PRC value-added tax; conversely, if the buyer of the H Shares is an individual or entity located within the PRC, the holder may be required to pay PRC value-added tax. Given the lack of explicit provisions, it remains uncertain in practice whether a non-PRC resident enterprise is required to pay PRC value-added tax on the disposal of H Shares.

Meanwhile, VAT payers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge, which typically amount to 12% of the actual VAT payable (if any).

(IV) Stamp Duty

According to the Stamp Tax Law of the People’s Republic of China (《中華人民共和國印花稅法》), promulgated by the Standing Committee of the National People’s Congress on June 10, 2021 and effective from July 1, 2022, PRC stamp tax applies to all types of documents that are legally binding and protected by PRC law in the PRC. Therefore, PRC stamp tax does not apply to the purchase or sale of H Shares outside the PRC.

(V) Estate Duty

Under current PRC law, the PRC does not currently levy an estate duty.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

(VI) Tax Policies for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The Ministry of Finance, the State Administration of Taxation, and the CSRC jointly issued the Circular on Tax Policies for the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) on October 31, 2014 and the Circular on Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) on November 5, 2016, which stipulate that for Mainland enterprise investors investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the gains from transfer price differences and dividend income shall be included in their total income and subject to enterprise income tax in accordance with the law. Among these, dividend income obtained by Mainland resident enterprises from continuously holding H Shares for 12 months is exempted from enterprise income tax in accordance with the law. H-share companies do not withhold income tax on dividends for Mainland enterprise investors; the tax payable shall be declared and paid by the enterprises themselves.

For dividends obtained by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the H-share company shall apply to the China Securities Depository and Clearing Corporation Limited (“CSDC”), which will provide the H-share company with a list of Mainland individual investors, and the H-share company shall withhold individual income tax at a rate of 20%. Individual investors may apply for tax credits for withholding tax already paid overseas by presenting valid tax deduction certificates to the competent tax authority of CSDC. For dividend income obtained by Mainland securities investment funds from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the above provisions.

According to the Announcement on Continuing the Implementation of Individual Income Tax Policies related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect and Mutual Recognition of Funds between the Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on August 21, 2023, the gains derived by Mainland individual investors from the transfer of stocks listed on The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and the gains from the transfer of Hong Kong fund units through the mutual recognition of funds, continue to be temporarily exempted from individual income tax. This announcement is effective until December 31, 2027.

II. PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

(I) Enterprise Income Tax

According to the EIT Law, in the PRC, enterprises and other organizations that derive income are taxpayers of enterprise income tax, and the statutory enterprise income tax rate is 25%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》), promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008, amended on January 29, 2016 and effective from January 1, 2016, enterprises recognized as high and new-technology enterprises may apply to enjoy a preferential enterprise income tax rate of 15% in accordance with the relevant provisions of the EIT Law, with each recognition being valid for three years.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

(II) Value-Added Tax

The Value-added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), promulgated by the Standing Committee of the NPC on December 25, 2024 and effective from January 1, 2026, provides that entities and individuals engaging in the sale of goods, services, intangible assets, real properties and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the law.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, the current main VAT rates are: 13% (applicable to the sale of goods, tangible movable property leasing services and imported goods), 9% (applicable to the sale of construction services, real estate and land use rights, etc.) and 6% (applicable to the sale of other services and intangible assets). The levy rate applicable to small-scale taxpayers is 3% (1% applies in some cases).

III. FOREIGN EXCHANGE CONTROL

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange, under the People’s Bank of China, is responsible for managing all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People’s Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and effective from April 1, 1996 (subsequently amended on January 14, 1997 and August 5, 2008, hereinafter referred to as the “**Foreign Exchange Control Regulations**”), all international payments and transfers are classified into current account items and capital account items. The amended Foreign Exchange Control Regulations specify that the state does not impose any restrictions on international payments and transfers under the current account; for capital accounts, foreign institutions and individuals making direct investments in the PRC shall, after approval by the relevant competent authorities, register with the foreign exchange administration authorities, and the foreign exchange and settled funds under capital accounts shall be used for the purposes approved by the relevant competent authorities and foreign exchange administration authorities.

According to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on June 20, 1996 and effective from July 1, 1996, while abolishing various other restrictions on foreign exchange conversion under the current account, the existing restrictions on foreign exchange transactions under the capital account are still retained.

According to the Announcement on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the People’s Bank of China on July 21, 2005, since July 21, 2005, the PRC has implemented a managed floating exchange rate system based on market supply and demand with reference to a basket of currencies, and the RMB exchange rate is no longer pegged to the U.S. dollar. The People’s Bank of China announces the closing rate of the Renminbi against trading currencies such as the U.S. dollar in the inter-bank foreign exchange market after the market closes on each business day, which serves as the central parity rate for the trading of that currency against the Renminbi on the following business day.

According to the relevant PRC laws and regulations, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for current account transactions may, without the approval of the foreign exchange administration authorities, make payments through foreign exchange accounts opened with designated foreign exchange banks, provided that valid transaction receipts or vouchers are provided. 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

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

may, on the strength of decisions of the Board of Directors or the shareholders’ meetings on the distribution of profits, effect payment from foreign exchange accounts at designated foreign exchange banks or conduct exchange and payment at designated foreign exchange banks.

According to the Decision of the State Council on Cancelling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院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 and implemented by the State Council on October 23, 2014, the approval requirement of the State Administration of Foreign Exchange and its branches for the repatriation and settlement of funds raised from overseas listed foreign shares has been cancelled.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) promulgated and implemented by the State Administration of Foreign Exchange on December 26, 2014: (i) the State Administration of Foreign Exchange and its branches shall supervise, manage and inspect the business registration, account opening and use, cross-border receipts and payments, and fund conversion related to the overseas listing of domestic companies; (ii) a domestic company shall, within 15 working days from the end of its overseas listing and issuance, register its overseas listing with the local branch of the State Administration of Foreign Exchange at its place of registration; (iii) funds raised from the overseas listing of a domestic company may be repatriated to the corresponding domestic entity or kept overseas, and the use of funds shall be consistent with the relevant content listed in the documents and other public disclosure documents; (iv) after the overseas listing of a domestic company, if its domestic shareholders intend to increase or decrease their holdings of overseas shares in accordance with relevant regulations, they shall, within 20 working days before the proposed increase or decrease, register their overseas shareholdings with the local foreign exchange bureau with relevant materials; (v) domestic companies (excluding banking financial institutions) shall, based on their overseas listing business registration certificates, open a “special foreign exchange account for overseas listing of domestic companies” with a domestic bank for their initial public offering (or additional offering) and repurchase businesses to handle the fund conversion and transfer for related businesses.

According to the Notice of the State Administration of Foreign Exchange 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 the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, two administrative approval items, namely the approval of foreign exchange registration for domestic direct investment and the approval of foreign exchange registration for overseas direct investment, have been cancelled. Instead, banks shall directly review and handle foreign exchange registration for domestic direct investment and overseas direct investment, and the State Administration of Foreign Exchange and its branches shall exercise indirect supervision over the foreign exchange registration of direct investment through banks.

According to the Circular of the SAFE on Reforming and Regulating Policies for the Administration 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)), promulgated by the State Administration of Foreign Exchange on June 9, 2016 and amended on December 4, 2023, foreign exchange receipts under capital accounts subject to discretionary settlement (including foreign exchange capital, foreign debt funds, and repatriated funds from overseas listings) may be settled with banks according to the actual business needs of domestic institutions; the discretionary settlement ratio for foreign exchange receipts under the capital accounts of domestic institutions is temporarily set at 100%, and the State Administration of Foreign Exchange may adjust the said ratio based on the balance of payments situation.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

According to the Circular of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局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》(匯發[2017]3號)), promulgated and implemented by the State Administration of Foreign Exchange on January 18, 2017, the scope of settlement for domestic foreign exchange loans was further expanded, allowing domestic foreign exchange loans with a background in goods trade exports to be settled; funds under domestic guarantees for foreign loans are allowed to be repatriated for domestic use; settlement of domestic foreign exchange accounts of foreign institutions within free trade pilot zones is allowed; and unified management of domestic and foreign currency for all outbound loans is implemented, whereby the total outstanding balance of domestic and foreign currency outbound loans by a domestic institution shall not exceed 30% of its owner’s equity in the audited financial statements of the previous year.

According to the Circular on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)), promulgated by the State Administration of Foreign Exchange on October 23, 2019 and amended on December 4, 2023, all foreign-invested enterprises are allowed to use the Renminbi converted from their foreign currency-denominated capital for equity investment within the PRC, provided that the relevant equity investment projects within the PRC are authentic and compliant and conform to the Negative List for foreign investment; eligible enterprises in pilot areas are allowed to use income under capital accounts such as capital, foreign debt, and overseas listings for domestic payments without providing authenticity supporting materials to the bank on a case-by-case basis in advance, provided that their use of funds is authentic, compliant, and in line with the current administrative regulations on the use of capital account income.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) by the SAFE, promulgated and implemented by the State Administration of Foreign Exchange on April 10, 2020, the reform to facilitate the payment of capital account income is promoted nationwide, allowing eligible enterprises to use income under capital accounts such as capital, foreign debt, and overseas listings for domestic payments without providing authenticity supporting materials to the bank on a case-by-case basis in advance, provided that the use of funds is authentic, compliant, and in line with the current administrative regulations on the use of capital account income.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

This appendix outlines the laws and regulations governing companies and securities in China. The main purpose of this summary is to provide an overview of the principal laws and regulations applicable to the Company. Laws and regulations concerning Chinese taxation are elaborated in “Appendix III — Taxation and Foreign Exchange”. For laws and regulations governing specifically regulating the Company’s business, refer to the “Regulatory Overview” section.

I. CHINA’S LEGAL SYSTEM

China’s legal system is based on the Constitution of the People’s Republic of China (《中華人民共和國憲法》) (the “Constitution”). It comprises statutory laws, administrative regulations, local regulations, autonomous regulations, special regulations, departmental rules of the State Council, local government rules, laws of separate administrative regions, international treaties concluded by the Chinese government and other normative documents. Court precedents are not legally binding, yet may serve as judicial reference and guidance.

In accordance with the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》) (the “Legislation Law”), the National People’s Congress (the “NPC”) and its Standing Committee are authorized to exercise the legislative power of the state. The NPC has the power to enact and amend basic laws governing criminal offenses, civil affairs, state organs and other matters. The Standing Committee of the NPC enacts and amends laws other than those formulated by the NPC. When the NPC is not in session, it may partially supplement and amend laws enacted by the NPC, provided that such supplements and amendments do not contradict the basic principles of the aforementioned laws.

The State Council is the highest organ of state administration and may formulate administrative regulations in accordance with the Constitution and laws.

The people’s congresses and their standing committees of provinces, autonomous regions and municipalities directly under the Central Government may formulate local regulations based on the specific conditions and practical needs of their respective administrative regions, provided that such regulations do not contradict the Constitution, laws and administrative regulations. The people’s congresses and their standing committees of cities divided into districts may formulate local regulations covering urban and rural construction and management, ecological civilization development, historical and cultural preservation and grassroots governance based on local actual conditions and practical demands, provided that such regulations do not contradict the Constitution, laws, administrative regulations and local regulations of the affiliated provinces and autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Local regulations of cities divided into districts must be reported to the standing committee of the people’s congress of the province or autonomous region for approval before implementation.

The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office, directly affiliated institutions with administrative management functions, and institutions prescribed by law, may formulate departmental rules within the scope of their respective authority, in accordance with laws and the administrative regulations, decisions, and orders of the State Council. The people’s governments of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts, and autonomous prefectures may formulate rules and regulations in accordance with laws, administrative regulations, and the local regulations of their respective provinces, autonomous regions, or municipalities directly under the Central Government.

The Constitution has the highest legal effect; no laws, administrative regulations, local regulations, autonomous regulations, separate regulations, or rules shall contradict the Constitution. Laws take precedence over administrative regulations, local regulations, and rules; administrative regulations take precedence over local regulations and rules; local regulations take precedence over the rules of local governments at the same level and lower levels.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

In accordance with the Constitution and the Legislation Law, the power to interpret laws rests with the Standing Committee of the National People’s Congress. According to the Resolution of the Standing Committee of the National People’s Congress on 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》), adopted on June 10, 1981, issues concerning the specific application of laws and decrees in the judicial work of the courts shall be interpreted by the Supreme People’s Court; issues concerning the specific application of laws and decrees in the procuratorial work of the procuratorates shall be interpreted by the Supreme People’s Procuratorate; and issues concerning the specific application of other laws and decrees falling outside the scope of judicial and procuratorial work shall be interpreted by the State Council and its competent departments. The State Council and its ministries and commissions also have the authority to interpret the administrative regulations and departmental rules they promulgate. At the local level, the power to interpret provisions of local regulations is vested in the local legislative and administrative bodies that promulgated the relevant provisions.

II. CHINA’S JUDICIAL SYSTEM

According to the Constitution, the Law of Organization of the People’s Courts of the People’s Republic of China (2018 Revision) (《中華人民共和國人民法院組織法(2018修訂)》), and the Law of Organization of the People’s Procuratorates of the People’s Republic of China (2018 Revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people’s courts of China are divided into the Supreme People’s Court, local people’s courts at various levels, and specialized people’s courts. Local people’s courts at various levels are divided into three tiers: basic people’s courts, intermediate people’s courts, and higher people’s courts. The Supreme People’s Court is the highest judicial organ. It supervises the trial work of local people’s courts at various levels and of specialized people’s courts; higher people’s courts supervise the trial work of lower people’s courts.

People’s courts adopt a two-instance final-judgment system, meaning that a judgment or ruling at second instance by a people’s court is a final judgment or ruling. Parties may appeal from a first-instance judgment or ruling by a local people’s court, and a people’s procuratorate may, in accordance with legal procedures, lodge a protest with the people’s court at the next higher level. If, within the prescribed period, the parties have not appealed and the people’s procuratorate has not lodged a protest, the judgment or ruling of that people’s court is a final judgment or ruling. Judgments or rulings at second instance handed down by intermediate people’s courts, higher people’s courts, and the Supreme People’s Court are final judgments or rulings. Judgments or rulings at first instance by the Supreme People’s Court are likewise final judgments or rulings. However, if the Supreme People’s Court or a higher people’s court discovers that a final judgment or ruling of a lower people’s court that has taken effect is clearly in error, or if the president of a people’s court at any level discovers that a final judgment of that court that has taken effect is clearly in error, the case may be retried in accordance with the procedure for judicial supervision.

The Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》) (the “Civil Procedure Law of China”), promulgated on April 9, 1991 and subsequently revised in 2007, 2012, 2017, 2021 and 2023, provides for the conditions for bringing civil actions, the jurisdiction of people’s courts, civil procedure, and the enforcement of civil judgments or rulings. Civil cases are generally heard by the court at the place of the defendant’s domicile. Parties to a contract may expressly agree in writing on the choice of court for civil litigation, provided that the court with jurisdiction must be situated at the place of domicile of either the plaintiff or the defendant, the place of contract performance, the place of contract formation, the place where the subject matter of the action is situated, or any other place having a direct connection with the dispute. At the same time, the aforesaid choice shall under no circumstances contravene provisions concerning hierarchical jurisdiction and exclusive jurisdiction.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

Foreign nationals, stateless persons, foreign enterprises, and organizations enjoy equal litigation rights and obligations with citizens, legal persons, and other organizations of the People’s Republic of China when instituting or responding to lawsuits in people’s courts. Where foreign nationals, stateless persons, foreign enterprises and organizations intend to engage legal counsel for litigation representation before people’s courts, they must appoint lawyers practicing within the territory of the People’s Republic of China. In accordance with international treaties concluded or acceded to by the People’s Republic of China, or based on the principle of reciprocity, people’s courts and foreign courts may request each other to serve documents, investigate and collect evidence, and conduct other acts of litigation.

Civil judgments and rulings that have taken legal effect must be performed by the parties. If any party to a civil action refuses to abide by a judgment or ruling rendered by a people’s court or an award issued by a Chinese arbitral tribunal, the opposing party may file an application with the people’s court for enforcement within two years. If a legally effective judgment or ruling made by a People’s Court involves a judgment debtor or property located outside the territory of the People’s Republic of China, the party seeking enforcement may directly apply to a competent foreign court for recognition and enforcement, or the People’s Court may, in accordance with international treaties concluded or acceded to by the People’s Republic of China, or based on the principle of reciprocity, request foreign courts to recognize and enforce it.

III. COMPANY LAW, ADMINISTRATIVE MEASURES FOR OVERSEAS LISTING, AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES (《上市公司章程指引》)

Joint stock limited companies incorporated in China and listed on the Stock Exchange of Hong Kong are primarily subject to the following laws and regulations:

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (“Company Law”), adopted by the Fifth Session of the Standing Committee of the Eighth National People’s Congress on December 29, 1993, came into effect on July 1, 1994, and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised version shall enter into force on July 1, 2024.

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》) (“Administrative Measures for Overseas Listing”) and the five supporting guidelines promulgated by the China Securities Regulatory Commission (“CSRC”) on February 17, 2023 came into force on March 31, 2023. They apply to both direct and indirect overseas share subscriptions and listings by domestic companies, and set out the filing-based administration measures and regulatory requirements for the overseas issuance and listing of securities by domestic enterprises.

In accordance with the Administrative Measures for Overseas Listing and the supporting guideline entitled Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), domestic enterprises that directly issue and list overseas shall comply with the relevant provisions of the Administrative Measures for Overseas Listing. They shall also, with reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (Guidelines for Articles of Association), promulgated by the CSRC on December 16, 1997 and most recently revised on March 28, 2025, and other relevant CSRC regulations on corporate governance, formulate their articles of association and regulate corporate governance.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

Incorporation

A joint stock limited company is an enterprise legal person incorporated in China in accordance with the Company Law, having independent legal-person property and enjoying legal-person property rights. The company is liable for its own debts to the extent of all its assets, and the shareholders are liable to the company to the extent of their subscribed shares.

A company may be established by initiation or fundraising. A company shall have a minimum of one but not more than 200 promoters, more than half of whom shall have their domicile within the territory of China. Where a company is established by promotion, the registered capital shall be the total share capital subscribed by all promoters as registered with the company registration authority. Where a joint stock limited company is established by fundraising, the shares to be subscribed by the promoters shall be not less than thirty-five per cent of the total number of shares to be issued upon the company’s establishment as stipulated in the articles of association; provided that where laws or administrative regulations provide otherwise, such provisions shall prevail.

Where a joint stock limited company is established by fundraising, the promoters shall convene the company’s inaugural meeting within thirty days of the date on which the capital contributions for the shares to be issued upon the company’s establishment have been fully paid. The promoters shall notify each subscriber of the date of the inaugural meeting or make a public announcement fifteen days before the meeting. The inaugural meeting may be held only if subscribers holding more than half of the voting rights are present. The board of directors shall apply to the company registration authority for registration of the company’s establishment within thirty days after the conclusion of the inaugural meeting. Upon approval of the registration and issuance of a business license by the relevant company registration authority, the company is formally established and acquires legal personality.

Share Capital

Promoters may contribute capital in currencies or non-monetary assets that can be appraised with monetary value and lawfully transferred, such as in kind, intellectual property rights, land use rights, stock rights or creditor’s rights; except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. Where non-monetary assets are contributed, the contributed assets shall be assessed and the assets verified in accordance with laws or administrative regulations on valuation, and shall not be overvalued or undervalued.

The capital of a company is divided into shares. A company shall, in accordance with its articles of association, adopt either par value shares or no-par value shares for all of its shares. Where par value shares are adopted, each share shall be of equal amount. The issue of shares shall be conducted in accordance with the principles of fairness and impartiality, and each share of the same class shall carry equal rights. Shares of the same class issued in the same issue shall be subject to identical issue conditions and price per share; any subscriber (whether a body corporate or an individual) shall pay the same price per share. The issue price of par value shares may be at par or above par, but shall not be below par.

Increase in Share Capital

Pursuant to the Company Law, where a company proposes to increase its capital by issuing new shares, such increase shall be subject to approval by the shareholders’ meeting. In addition, the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “Securities Law”) stipulates the following conditions for a company to issue new shares by way of public offering:

- (1) it has a sound and well-functioning organizational structure;

APPENDIX IV**SUMMARY OF PRINCIPLE LEGAL AND
REGULATORY PROVISIONS**

- (2) it has the ability to continue as a going concern;
- (3) its financial statements for the last three years have been issued with unqualified audit reports;
- (4) neither the issuer nor its controlling shareholder or actual controller has committed any criminal offence involving corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the last three years; and
- (5) other conditions as may be prescribed by the securities regulatory authority under the State Council with the approval of the State Council.

After the new shares issued by the company have been fully paid up, the company shall apply to the company registration authority for registration of the change and publish an announcement.

Reduction of Share Capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (1) The company shall prepare a balance sheet and a list of assets;
- (2) The shareholders’ meeting shall pass a resolution to reduce the registered capital;
- (3) The company shall notify its creditors within 10 days of the resolution to reduce its registered capital, and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days after making the resolution;
- (4) The creditors of the company may, within 30 days after receipt of the notice, or within 45 days after the date of the announcement if they have not received the notice, require the company to repay its debts or provide relevant guarantees; and
- (5) The company shall apply to the company registration authority for registration of the change.

Repurchase of Shares

Pursuant to the Company Law, a company may not repurchase its own shares, except in the following circumstances:

- (1) reduction of its registered capital;
- (2) merger with another company that holds its shares;
- (3) use of its shares to implement an employee stock ownership plan or an equity incentive plan;
- (4) request from shareholders who object to a resolution of a shareholders’ general meeting on merger or division of the company to acquire their shares by the company
- (5) use of shares for the conversion of corporate bonds issued by a listed company that are convertible into stock; and
- (6) where necessary for a listed company to maintain corporate value and shareholders’ interests.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

Where a company acquires its own shares for the reasons specified in items (1) and (2) above, the acquisition must be approved by a resolution of the shareholders meeting. If a company acquires its own shares for the circumstances specified in items (3), (5) and (6) above, it may do so pursuant to a resolution adopted by the board of directors at a meeting at which at least two-thirds of the directors are present, in accordance with its articles of association or under authorization of the shareholders meeting.

After a company acquires its own shares in accordance with the above provisions, the shares must be canceled within 10 days after the acquisition in the case of item (1); transferred or canceled within six months in the case of items (2) and (4); and in the case of items (3), (5) and (6), the aggregate number of shares held by the company may not exceed 10% of the company’s total issued shares, and such shares must be transferred or canceled within three years. If a listed company acquires its own shares, it must fulfill its disclosure obligations under the Securities Law. A company may not accept its own shares as the subject of pledges.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with law. Under the Company Law, a shareholder transferring shares must do so on a lawfully established securities exchange or in such other manner as may be prescribed by the State Council. A transfer of registered shares by a shareholder must be effected by endorsement or in such other manner as may be prescribed by law or administrative regulation. Upon transfer of registered shares, the company must record the name and address of the transferee in the shareholder register. No change registration in the shareholder register shall be made within 20 days prior to a shareholders’ meeting or within 5 days prior to the base date for the company’s dividend distribution.

Pursuant to the Company Law, shares issued by a company prior to its public offering may not be transferred within one year from the date on which the company’s shares begin trading on the Stock Exchange. However, where laws, administrative regulations, or the securities regulatory authority under the State Council provide otherwise regarding the transfer of shares held by shareholders or actual controllers of a listed company, such provisions shall govern. Directors, supervisors, and senior officers of the company must report to the company their shareholdings and any changes therein. Such persons may not transfer more than 25% of the total shares they hold in the company in any year during their term of office. In addition, they may not transfer shares held by them in the company within one year from the listing date of the company’s shares on the Stock Exchange, or within six months after leaving office. The company’s articles of association may impose other restrictions on the transfer of shares held by directors, supervisors, and senior officers.

Pursuant to the Administrative Measures for Overseas Listing, if a domestic enterprise directly issues and lists securities overseas, shareholders holding its unlisted domestic shares who apply to convert such unlisted domestic shares into overseas-listed shares for listing and trading on an overseas exchange must comply with applicable CSRC regulations and entrust the domestic enterprise to file with the CSRC.

Shareholders

Pursuant to the Company Law and the Guidance for Articles of Association of Listed Companies, shareholders’ rights include:

- (1) the right to receive returns on assets, participate in major decisions, and select the management;

APPENDIX IV**SUMMARY OF PRINCIPLE LEGAL AND
REGULATORY PROVISIONS**

- (2) the right to petition a court to revoke any resolution of the shareholders’ meeting or or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of laws, administrative regulations, or the articles of association, or any resolution whose content violates laws, administrative regulations, or the articles of association. Such petitions must be filed within 60 days of the adoption of the resolution;
- (3) the right to legally transfer their shares;
- (4) the right to attend shareholders’ meetings in person or by proxy and to exercise voting rights;
- (5) the right to inspect and copy the articles of association, shareholder register, minutes of shareholders’ meetings, board resolutions, supervisory board resolutions, and financial reports, and to make suggestions or inquiries with respect to the company’s operations;
- (6) the right to receive dividends in proportion to their shareholdings;
- (7) the right to participate in the distribution of the company’s remaining assets in proportion to their shareholdings upon the company’s liquidation; and
- (8) any other rights of shareholders provided by law, administrative regulations, other normative documents, and the articles of association.

Shareholders are obligated to comply with the articles of association, pay the subscription monies in respect of the shares subscribed for, be liable to the company only to the extent of their subscribed shares, and fulfill any other obligations of shareholders provided by the articles of association. Pursuant to the Administrative Measures for Overseas Listing, a domestic enterprise that issues and lists securities overseas must file with the CSRC in accordance with these Measures, submitting filing reports, legal opinions, and other relevant materials, and provide a true, accurate, and complete explanation of shareholder information and other matters.

Shareholders’ Meeting

The shareholders’ meeting is the company’s organ of power and exercises powers in accordance with the relevant provisions of the Company Law. The shareholders’ meeting may exercise the following powers:

- (1) to elect and replace directors and supervisors, and determine their compensation;
- (2) to review and approve reports of the board of directors;
- (3) to review and approve reports of the board of supervisors;
- (4) to review and approve the company’s profit distribution plans and loss recovery plans;
- (5) to decide on any increase or reduction of the company’s registered capital;
- (6) to decide on the issue of corporate bonds;
- (7) to decide on the company’s merger, division, dissolution, liquidation, or change in corporate form;
- (8) to amend the company’s articles of association; and
- (9) other powers provided in the company’s articles of association.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

In accordance with the Company Law and the Guidelines for Articles of Association, a shareholders’ meeting must be held annually. An extraordinary general meeting must be convened within two months if any of the following occurs:

- (1) the number of directors is less than the number prescribed by law or two-thirds of the number prescribed by the company’s articles of association;
- (2) the company’s unrecovered losses equal or exceed one-third of its total paid-in capital;
- (3) shareholders holding, individually or in aggregate, 10% or more of the company’s shares request that an extraordinary general meeting be convened;
- (4) the board of directors determines that it is necessary;
- (5) the board of supervisors requests the convening of the meeting; or
- (6) other circumstances provided in the company’s articles of association.

Shareholders’ meetings shall be convened by the board of directors and presided over by the chairman of the board. If the board of directors is unable or fails to perform its duty to convene a shareholders’ meeting, the board of supervisors shall promptly convene and preside over the meeting; if the board of supervisors fails to convene and preside over the meeting, shareholders who have held, individually or in aggregate, 10% or more of the company’s shares for 90 consecutive days or more may themselves convene and preside over the meeting.

In accordance with the Company Law, notice of the time, place and matters to be considered at a shareholders’ meeting shall be given to all shareholders 20 days prior to the meeting. Notice of an extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. Shareholders holding, individually or in aggregate, 1% or more of the company’s shares may submit an interim proposal in writing to the board of directors 10 days before a shareholders meeting; the board of directors shall notify the other shareholders within two days after receiving the proposal and submit the proposal to the shareholders’ meeting for consideration. A shareholders’ meeting may not decide on matters not specified in the notice.

According to the Company Law, each share held by a shareholder (excluding holders of class of shares) attending a shareholders meeting carries one vote; however, shares held by the company in itself carry no voting rights. The passing of any resolution at the shareholders’ meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the meeting. However, shareholders’ meeting resolutions to amend the company’s articles of association, increase or decrease the registered capital, or merge, divide, dissolve, or change the corporate form of the company require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the meeting. Shareholders may attend shareholders meetings by proxy, and the proxy shall specify the scope of the voting rights to be exercised.

Board of Directors

A company must establish a board of directors consisting of at least three members. The term of office of a director is prescribed by the articles of association, but may not exceed three years per term. Upon expiration of a director’s term, the director may be re-elected and serve consecutive terms.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

According to the Company Law, the board of directors may exercise the following powers:

- (1) to convene shareholders’ meetings and report its work to the shareholders’ meeting;
- (2) to implement resolutions of shareholders’ meetings;
- (3) to decide on the company’s business plans and investment proposals;
- (4) to formulate the company’s profit distribution plans and loss recovery plans;
- (5) to formulate plans for the company to increase or decrease its registered capital and to issue corporate bonds;
- (6) to formulate plans for the company’s merger, division, dissolution, or change in corporate form;
- (7) to decide on the establishment of the company’s internal management bodies;
- (8) to decide on the appointment or removal of the company manager and the manager’s compensation, and, based on the manager’s nomination, to decide on the appointment or removal of deputy managers and the financial officer and their compensation;
- (9) to formulate the company’s basic management systems; and
- (10) other powers provided in the company’s articles of association or granted by the shareholders’ meeting.

The board of directors shall hold at least two meetings each year. Notice of each meeting must be given to all directors and supervisors ten days prior to the meeting. Shareholders representing one-tenth of the voting rights, one-third of the directors, or the board of supervisors may propose that an extraordinary general meeting of the board of directors be convened. A meeting of the board of directors may be held only if a majority of the directors are present. Resolutions of the board of directors must be approved by a majority of all directors. Each director shall have one vote when voting on board resolutions.

If a resolution of the board of directors violates any law, administrative regulation, articles of association, or resolution of the shareholders meeting, and causes serious losses to the company, the directors who participated in that resolution are liable to compensate the company. However, if it is proven that a director dissented from the resolution when voting on it and such dissent was recorded in the minutes, that director may be exempt from liability for that resolution.

A joint stock limited company may, in accordance with its articles of association, establish an audit committee within the board of directors consisting of directors to exercise the powers of the board of supervisors under the Company Law, without establishing a board of supervisors or supervisors. The audit committee consists of at least three members. A majority of the members may not hold any position in the company other than as a director, and may not have any relationship with the company that could affect their independent and objective judgment.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

Manager and Senior Management

In accordance with the relevant provisions of the Company Law, a company must have a manager, who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercises his or her powers in accordance with the company’s articles of association or as authorized by the board of directors. The manager shall attend board meetings as a non-voting member. In accordance with the relevant provisions of the Company Law, senior management means the manager, deputy managers, financial officer, the board secretary of a listed company, and other personnel provided for in the articles of association.

Duties of Directors and Senior Management

According to the Company Law, directors and senior management must comply with applicable laws, administrative regulations, and the articles of association, and owe the company duties of loyalty and care. They must avoid conflicts between their personal interests and the interests of the company, and may not use their positions to obtain improper benefits.

Directors and senior management shall not:

- (1) embezzle company property or misappropriate company funds;
- (2) deposit company funds in accounts opened in their own name or in the names of other individuals;
- (3) use their positions to engage in bribery or to accept other illegal income;
- (4) accept commissions from transactions with the company for their own benefit;
- (5) disclose company secrets without authorization; or
- (6) engage in other acts that violate their duty of loyalty to the company.

Finance and Accounting

In accordance with the Company Law, a company must establish its financial and accounting systems in accordance with laws, administrative regulations, and the regulations of the finance department of the State Council. The company must prepare financial reports at the end of each fiscal year and have them audited by an accounting firm in accordance with law. The company’s financial accounting reports must be made available at the company 20 days before the annual shareholders’ meeting for inspection by shareholders. A joint stock limited company that publicly issues shares must publish its financial accounting reports.

When distributing annual after-tax profits, the company must allocate 10% of its after-tax profits to its statutory common reserve fund. However, once the cumulative amount of the statutory surplus reserve exceeds 50% of the company’s registered capital, no further allocation is required. If the company’s statutory common reserve fund is insufficient to offset losses from prior years, the company must use current-year profits to offset such losses before making any allocation to the statutory surplus reserve. After allocating to the statutory common reserve fund from after-tax profits, the company may, by resolution of the shareholders meeting, make further appropriations to discretionary common reserve fund from after-tax profits. After offsetting losses and making appropriations to discretionary surplus reserves, the remaining after-tax profits must be distributed in proportion to shareholdings, unless otherwise provided in the articles of association. Shares held by the company itself are not entitled to any distribution of profits.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

The company’s common reserve fund must be used to offset the company’s losses, expand the company’s business operations, or increase the company’s capital. When the statutory common reserve fund is converted to capital, the remaining balance of that reserve must not be less than 25% of the company’s registered capital before the conversion. The company may not maintain accounting books other than the statutory accounting books. Company assets may not be deposited in any account opened in the name of any individual.

Appointment and Removal of Auditors

According to the Company Law, the appointment and removal of the accounting firm engaged to conduct the company’s audit are determined by the shareholders meeting, the board of directors, or the board of supervisors, as provided in the articles of association. When the shareholders’ meeting, board of directors, or board of supervisors votes on the removal of an accounting firm, the company shall permit the accounting firm to state its views. The company shall provide the accounting firm it has engaged with true and complete accounting vouchers, accounting books, financial reports, and other accounting materials, and may not refuse to provide, conceal, or misrepresent such materials.

Profit Distribution

According to the Company Law, a company may not distribute profits before offsetting losses and allocating to its statutory common reserve fund. Additionally, according to the Administrative Measures for Overseas Listing, domestic enterprises that issue and list securities overseas may raise funds and distribute dividends in foreign currency or Renminbi.

Amendment of the Articles of Association

According to the Company Law, all resolutions of the shareholders meeting to amend the company’s articles of association require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the meeting. According to the Guidelines for Articles of Association, if an amendment to the articles of association approved by the shareholders meeting requires approval by a competent authority, it must be submitted to that authority for approval; if the amendment involves company registration matters, the company must apply for change registration in accordance with law.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (1) expiration of the business term or occurrence of other dissolution events provided in the company’s articles of association;
- (2) resolution of the shareholders’ meeting to dissolve the company;
- (3) dissolution required due to merger or division;
- (4) revocation of the company’s business license by operation of law, or the company being ordered to close or be dissolved; or
- (5) serious difficulties in the company’s operation and management, where the company’s continued existence would cause significant losses to shareholder interests and such difficulties cannot be resolved through other means, and shareholders holding more than 10% of the company’s total voting rights may petition the People’s Court to dissolve the company.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

If a company is dissolved due to the circumstances in item (1) or (2) above and has not yet distributed assets to shareholders, it may continue to exist by amending its articles of association or by resolution of the shareholders meeting. Any amendment to the articles of association under the foregoing provisions must be approved by more than two-thirds of the voting rights held by shareholders in attendance at the shareholders meeting.

If a company is dissolved due to the circumstances in items (1), (2), (4), or (5) above, a liquidation committee must be formed within 15 days after the occurrence of the cause for dissolution to commence liquidation. Liquidation committee members must be directors, unless the articles of association provide otherwise or the shareholders meeting resolves to select other persons. If a liquidation committee is not established within the required period, interested parties may apply to the People’s Court to designate persons to form a liquidation committee.

The liquidation committee may exercise the following powers during the liquidation:

- (1) to take stock of the company’s assets and prepare a balance sheet and an inventory of assets;
- (2) to notify creditors and issue public notices;
- (3) to deal with the Company’s outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred during the liquidation process;
- (5) to settle the company’s claims and debts;
- (6) to distribute the company’s remaining assets after payment of its debts; and
- (7) to represent the Company in civil litigation activities.

The remaining assets of the company after payment of liquidation expenses, employee wages, social insurance premiums, statutory compensation, outstanding taxes, and company debts shall be distributed in proportion to the shares held by shareholders. Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders meeting or the People’s Court for confirmation, file it with the company registration authority, apply for cancellation of the company’s registration, and publish a notice of the company’s termination.

Overseas Listing

According to the Administrative Measures for Overseas Listing, if a domestic enterprise submits an application for an initial public offering to a competent overseas regulatory authority or an overseas stock exchange, the issuer must file with the CSRC within 3 working days after submitting the application documents. An overseas issuance or listing is prohibited if any of the following circumstances applies:

- (1) laws, administrative regulations, or relevant national provisions explicitly prohibit listing for financing;
- (2) the relevant departments of the State Council have determined upon lawful review that the overseas issuance or listing may endanger national security;
- (3) the domestic enterprise, or its controlling shareholder or actual controller, has committed a criminal offense involving corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order within the past 3 years;

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

- (4) the domestic enterprise is under lawful investigation for suspected criminal conduct or material violations of laws or regulations, and no conclusive determination has been reached; or
- (5) there is a material dispute over title to the equity held by the controlling shareholder or by shareholders under the control of the controlling shareholder or actual controller.

If any of the following major events occurs after a domestic enterprise issues and lists securities overseas, the enterprise must report the relevant particulars to the CSRC within 3 working days after the occurrence and public announcement of the event: a change of control; becoming subject to investigations, penalties, or other measures by overseas securities regulatory authorities or relevant departments; a change in listing status or transfer to a different listing board; or voluntary or mandatory termination of listing.

Lost Share Certificates

In the event of theft, loss, or destruction of registered shares, a shareholder may petition the People’s Court to declare such shares void in accordance with the public summons procedure under the Civil Procedure Law of China. After the People’s Court declares such shares void, the shareholder may apply to the company for a reissue of the share certificates.

Merger and Division

According to the Company Law, if companies merge, a merger agreement shall be signed, and the relevant companies must prepare their respective balance sheets and asset lists. The companies must notify their respective creditors within 10 days after adoption of the merger resolution, and publish a notice of the merger in a newspaper within 30 days. Creditors may, within 30 days after receipt of the notice or within 45 days after the date of the public notice if they have not received the notice, require the companies to pay outstanding debts or provide corresponding security. In a merger, the claims and debts of the merging parties are assumed by the surviving company or the newly formed company.

If a company divides, its assets must be divided accordingly, and the company must prepare a balance sheet and an inventory of assets. If a resolution for division is adopted, the company must notify all of its creditors within 10 days after adoption of the resolution, and publish a notice of the division in a newspaper within 30 days. Liabilities of the company existing prior to the division (unless the company and its creditors have entered into a written agreement on the settlement of pre-division debts) must be jointly assumed by the companies resulting from the division. Changes in registration items resulting from a merger or division must be filed with the relevant administration for industry and commerce.

Financial Assistance for the Acquisition of Shares

Under the Company Law and the Guidelines for Articles of Association, a company (including its subsidiaries) may not provide any financial assistance in the form of gifts, advances, guarantees, indemnities, or loans to any person purchasing or intending to purchase the company’s shares, except where the company implements an employee stock ownership plan. For the benefit of the company, and by resolution of the shareholders meeting or by resolution of the board of directors as authorized by the shareholders meeting or provided in the articles of association, the company may provide financial assistance to enable others to acquire shares in the company or its parent company; provided that the aggregate amount of such financial assistance may not exceed 10% of the total issued share capital. The board of directors may adopt such a resolution only with the approval of more than two-thirds of all directors.

APPENDIX IV

SUMMARY OF PRINCIPLE LEGAL AND REGULATORY PROVISIONS

IV. SECURITIES LAWS, REGULATIONS, AND THE REGULATORY SYSTEM IN CHINA

China has promulgated a series of regulations relating to the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Commission and the China Securities Regulatory Commission (CSRC). In April 1998, the State Council merged these two agencies and reorganized the CSRC.

On April 22, 1993, the State Council promulgated the Interim Regulations on the Administration of Share Issuance and Trading, which prescribed the application and approval procedures for public offerings, the issuance and trading of shares, acquisitions of listed companies, the custody, clearing and transfer of shares, information disclosure by listed companies, investigations, penalties, and dispute resolution.

The Securities Law became effective on July 1, 1999, and was subsequently amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019. The most recent amendments took effect on March 1, 2020. The Securities Law is China’s first nationwide securities law, comprehensively regulating securities market activities in China. It is divided into 14 chapters and 226 articles, covering securities issuance and trading, acquisitions of listed companies, stock exchanges, securities companies, securities registration and clearing institutions, and the duties of securities regulatory bodies. Article 224 of the Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly, or listing their shares for trading overseas, must comply with the relevant regulations of the State Council. Currently, the issuance and trading of overseas-issued securities (including shares) are primarily regulated by regulations and rules promulgated by the State Council and the CSRC.

V. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Standing Committee of the National People’s Congress adopted the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “Arbitration Law”) on August 31, 1994. The Law took effect on September 1, 1995, and was most recently amended on September 12, 2025. The Arbitration Law applies to, among other things, economic disputes involving foreign parties where the parties have entered into a written agreement to submit the matter to an arbitration commission constituted under the Arbitration Law. If the parties have agreed to arbitration for the resolution of disputes and one party brings an action in a People’s Court, the court must decline to accept the case unless the arbitration agreement is invalid.

In accordance with the Arbitration Law and the Civil Procedure Law of China, arbitration follows a system of single-award finality, and an arbitral award is binding on the parties. If a party fails to comply with an arbitral award, the other party may apply to a People’s Court for enforcement of the award. However, a People’s Court may refuse to enforce an arbitral award if the arbitral procedure violates the law (including but not limited to irregularities in the composition of the arbitration commission, the award exceeding the scope of the arbitration agreement, or the arbitration commission lacking jurisdiction).

Where a party seeks to enforce an award of a Chinese foreign-related arbitration institution, and the party against whom enforcement is sought or its property is outside China, the applicant may apply to a competent foreign court for recognition and enforcement of the award. Likewise, Chinese courts may recognize and enforce arbitral awards rendered by overseas arbitration institutions under the principle of reciprocity or any international convention to which China is a party.

APPENDIX IV**SUMMARY OF PRINCIPLE LEGAL AND
REGULATORY PROVISIONS**

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”) adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. Upon China’s accession to the Convention, the Standing Committee of the National People’s Congress made the following declarations: (1) China will apply the Convention to the recognition and enforcement of arbitral awards made in the territory of other parties only on the basis of reciprocity; and (2) the New York Convention applies only to disputes arising from contractual or non-contractual commercial legal relationships as recognized under Chinese law.

An agreement on the mutual enforcement of arbitral awards has been reached between Hong Kong and the Supreme People’s Court. The Supreme People’s Court adopted the Arrangement on Reciprocal Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which took effect on February 1, 2000. The Supreme People’s Court issued the Supplementary Arrangement on Reciprocal Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《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》) on November 26, 2020, which took effect on November 27, 2020. Under this arrangement, awards rendered by Mainland arbitration institutions may be enforced in Hong Kong, and awards rendered by Hong Kong arbitration institutions may be enforced in the Mainland. If a court in the Mainland determines that enforcement in the Mainland of an award rendered by a Hong Kong arbitration institution would violate the public policy of the Mainland, the court may refuse to enforce the award.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains a summary of the main provisions of the Company’s Articles of Association, which will take effect from the date when the H shares are [REDACTED] on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

I. ISSUANCE OF SHARES

The shares of the Company shall take the form of share certificates. All shares issued by the Company are ordinary shares and shall be registered shares, including domestic unlisted shares and overseas listed shares (i.e., H shares). A share certificate is a certificate issued by the Company to certify the shares held by a shareholder.

The issuance of the Company’s shares shall adhere to the principles of openness, fairness, and impartiality, and each share of the same class shall have the same rights. For the same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any organization or individual, the price payable for each of such shares shall be the same.

The shares issued by the Company shall have a par value denominated in Renminbi, with a par value of RMB1 per share.

The Company shall not provide any gift, loan, guarantee, or other financial assistance for others to acquire shares of the Company, unless the Company implements an employee stock ownership plan. The Company may, in the interest of the Company, provide financial assistance for others to acquire shares of the Company by a resolution of the shareholders’ meeting or a resolution of the Board of Directors adopted in accordance with these Articles of Association or as authorized by the shareholders’ meeting, but the cumulative total of financial assistance shall not exceed 10% of the total issued share capital. Any resolution of the Board of Directors shall be adopted by two-thirds or more of all directors.

II. INCREASE/REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

(I) Increase in Registered Capital

Based on its operational and development needs, and in accordance with relevant laws and administrative regulations, the Company may increase its registered capital in the following manners upon respective resolutions at general meetings:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Capitalization of capital reserve;
- (5) Any other means permitted by laws and administrative regulations, as well as securities regulatory rules and normative documents of the place where the Company’s shares are listed.

(II) Reduction in Registered Capital

The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the Company Law and other relevant regulations, as well as the procedures stipulated in these Articles.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

(III) Repurchase of Shares

The Company shall not repurchase its own shares unless it does so under any of the following circumstances:

- (1) Decrease the Company’s registered capital;
- (2) Merger with another company that holds shares in the Company;
- (3) Use the shares for employee stock ownership plans or equity incentive plans;
- (4) Where shareholders request the Company to repurchase their shares due to their objection to a resolution of the shareholders’ meeting on the merger or division of the Company;
- (5) Use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;
- (6) Where it is necessary for the Company to maintain its value and protect shareholders’ interests;
- (7) Other circumstances under which the Company may repurchase its own shares in accordance with laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company’s shares are listed.

Where the Company repurchases its own shares due to the circumstances specified in Items (1) and (2) above, a resolution shall be made at the shareholders’ meeting; where the Company repurchases its own shares due to the circumstances specified in Items (3), (5), and (6) above, a resolution shall be made at a Board meeting attended by more than two-thirds of the directors.

After the Company repurchases its own shares in accordance with the above provisions, shares purchased under Item (1) shall be canceled within ten days from the date of acquisition; for the circumstances specified in Items (2) and (4), such shares shall be transferred or canceled within six months; for the circumstances described under Items (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the Company’s total issued shares, and such shares shall be transferred or canceled within three years.

III. Transfer of Shares

The Company’s shares may be transferred in accordance with the law. The Company shall not accept any pledge created upon its shares.

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the Company’s public offering shall not be transferred within one year from the date the Company’s shares are listed and traded on a stock exchange.

Directors and other senior management of the Company shall report to the Company their shareholdings in the Company and any changes thereto. During their term of office, the number of shares transferred by each of them each year shall not exceed 25% of the total number of shares of the Company held by him/her. The shares of the Company held by them shall not be transferred within one year from the date the Company’s shares are listed and traded on a stock exchange. The aforementioned individuals shall not transfer the shares of the Company held by them within six months after their resignation.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

IV. SHAREHOLDERS AND THEIR RIGHTS AND OBLIGATIONS**(I) Register of Shareholders**

The Company shall establish a register of shareholders in accordance with the Company Law, other relevant regulations, and the provisions of these Articles of Association. The register of shareholders serves as sufficient evidence to prove that a shareholder holds shares of the Company. The original register of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong and made available for inspection by shareholders. However, the Company may suspend shareholder registration procedures in accordance with applicable laws and regulations, as well as the securities regulatory rules of the place where the Company's shares are listed. When the Company intends to convene a shareholders' meeting, distribute dividends, carry out liquidation, or engage in other activities requiring determination of shareholdings, the Board of Directors or the convener of the shareholders' meeting shall decide on the record date. Shareholders whose names appear in the register of shareholders at the end of the record date are considered shareholders of the Company who are entitled to relevant rights and interests.

(II) Rights of Shareholders

Shareholders of the Company shall enjoy the following rights:

- (1) To receive dividends and other forms of profit distribution in proportion to the shares they hold;
- (2) To propose, convene, preside over, attend, or appoint a proxy to attend shareholders' meetings and to exercise the corresponding voting rights in accordance with laws;
- (3) To supervise the Company's operations, and put forward proposals or raise inquiries;
- (4) To transfer, donate, or pledge the shares held by them in accordance with laws, administrative regulations, and the provisions of these Articles of Association;
- (5) To consult and copy these Articles of Association, the register of shareholders, minutes of shareholders' meetings, resolutions of Board meetings, and financial accounting reports;
- (6) To participate in the distribution of the remaining assets of the Company in proportion to the shares they hold upon the termination or liquidation of the Company;
- (7) To require the Company to repurchase their shares if they dissent from resolutions of the shareholders' meeting on the merger or division of the Company;
- (8) Other rights stipulated by laws, administrative regulations, departmental rules, or these Articles of Association.

If directors or senior management, other than members of the Audit Committee, violate laws, administrative regulations, or these Articles of Association in the course of performing their duties, and cause losses to the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall have the right to request in writing the Audit Committee to initiate legal proceedings with the People's Court. Where the Company incurs losses as a result of the Audit Committee members' violation of any laws, administrative regulations, or these Articles of Association in the course of performing their duties for the Company, the aforementioned shareholders may request in writing the Board to initiate legal proceedings with the People's Court. In the event that the Audit Committee or the Board refuses to initiate legal proceedings after receiving the written request

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company’s interests, shareholders specified in the preceding paragraph shall have the right to directly initiate legal proceedings with the People’s Court in their own names for the interest of the Company.

(III) Obligations of Shareholders

The Company’s shareholders shall assume the following obligations:

- (1) To comply with laws, administrative regulations, and these Articles of Association;
- (2) To pay subscription monies in accordance with the number of shares subscribed and the method of subscription;
- (3) Not to withdraw their capital contributions, unless otherwise provided by laws and administrative regulations;
- (4) Not to abuse shareholders’ right to harm the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of the Company’s creditors;
- (5) To fulfill other obligations stipulated by laws, administrative regulations, and these Articles of Association.

If any shareholder holding 5% or more of the voting shares of the Company pledges the Company’s shares held by it, the shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

(IV) Restrictions on the Rights of Controlling Shareholders

The controlling shareholder, actual controller, directors, and senior management of the Company shall not use their related party relationships to harm the interests of the Company. Any of them who commits a violation that causes losses to the Company shall be liable for compensation.

The controlling shareholder and actual controller of the Company shall fulfill the obligation of good faith to the Company and other shareholders. The controlling shareholder shall exercise the rights of capital contributors strictly in accordance with the law, and shall not damage the legitimate rights and interests of the Company and other shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantees, or other methods, nor shall it abuse its controlling status to harm the interests of the Company and other shareholders.

V. SHAREHOLDERS’ MEETING**(I) General Provisions for Shareholders’ Meetings**

The shareholders’ meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (1) To elect and replace directors who are not employee representatives, and decide on their remunerations;
- (2) To consider and approve reports of the Board of Directors;
- (3) To consider and approve the Company’s profit distribution plans and loss recovery plans;

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

- (4) To pass resolutions on increases or reductions of the Company’s registered capital;
- (5) To pass resolutions on the issuance of corporate bonds;
- (6) To pass resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the Company;
- (7) To amend the Articles of Association;
- (8) To pass resolutions on the appointment or removal of accounting firms responsible for the Company’s audit;
- (9) To deliberate and approve matters relating to the guarantees stipulated in Article 39 of these Articles of Association;
- (10) To deliberate the purchase or disposal of any major assets within one year in an amount in excess of 30% of the Company’s total assets as audited in the latest period;
- (11) To deliberate the Company’s equity incentive plans and employee stock ownership plans;
- (12) To deliberate other matters which, according to laws, administrative regulations, departmental rules, or these Articles of Association, must be decided by the shareholders’ meeting.

The functions and powers of the shareholders’ meeting mentioned above shall not be authorized to the Board of Directors or other organizations or individuals.

Any of the following external guarantees to be provided by the Company must be deliberated and approved by the Board of Directors before being submitted to the shareholders’ meeting for deliberation and approval: a single guarantee whose amount exceeds 10% of the Company’s net assets as audited in the latest period; any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries has exceeded 50% of the Company’s net assets as audited in the latest period; any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company’s total assets as audited in the latest period; any guarantee to be provided after the total amount of guarantees provided by the Company to others within one year has exceeded 30% of the Company’s total assets as audited in the latest period; any guarantee to be provided for any subject with a liability-asset ratio of more than 70%; any guarantee to be provided for shareholders, actual controllers, or their related parties; and other external guarantee matters as required by laws, administrative regulations, departmental rules, and these Articles of Association to be considered and approved by the shareholders’ meeting.

Shareholders’ meetings include annual shareholders’ meetings and extraordinary shareholders’ meetings. Annual shareholders’ meeting shall be held once a year, within 6 months after the end of the previous fiscal year. The Company shall hold an extraordinary shareholders’ meeting within two months from the occurrence of any of the following circumstances: (1) The number of directors falls below the number stipulated by the Company Law or is less than 2/3 of the number stipulated in these Articles of Association; (2) The Company’s uncovered losses are in excess of 1/3 of the Company’s total paid-in capital; (3) Shareholders individually or jointly holding 10% or more of the Company’s shares request to hold an extraordinary general meeting; (4) The Board of Directors considers it necessary to hold such a meeting; (5) The Audit Committee proposes to convene such a meeting; (6) Other circumstances stipulated by laws, administrative regulations, departmental rules, or these Articles of Association.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

(II) Convening of the Shareholders’ Meeting

Shareholders’ meetings shall be convened by the Board of Directors in accordance with the law. With the consent of more than half of all independent directors, independent directors have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting and shall submit such a proposal to the Board of Directors in writing. The Board of Directors shall provide written feedback on whether to convene the meeting or not within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary shareholders’ meeting, it shall issue a notice thereon within 5 days after the relevant resolution of the Board of Directors is made.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting and shall submit such a proposal to the Board of Directors in writing. The Board of Directors shall provide written feedback on whether to convene the meeting or not within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the meeting, it shall issue a notice thereon within 5 days after the relevant resolution of the Board of Directors is made (any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee). Should the Board of Directors disagree to convene the said meeting of shareholders, or fail to reply within ten days upon receiving the request, the Board of Directors shall be considered unable or failing to perform the obligation to convene shareholders’ meetings, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders individually or jointly holding 10% or more of the Company’s shares have the right to request the Board of Directors to convene an extraordinary shareholders’ meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall provide written feedback within 10 days upon receiving the request. Should the Board of Directors disagree to convene the meeting or fail to provide feedback within 10 days, shareholders have the right to propose to the Audit Committee that the meeting be convened. The Audit Committee shall issue a notice thereon within 5 days after receipt of the request. If the Audit Committee fails to issue such a notice within the prescribed period, shareholders individually or jointly holding 10% or more of the Company’s shares for 90 consecutive days or more may convene and preside over the meeting on their own.

(III) Proposals and Notices for Shareholders’ Meetings

The content of a proposal for a shareholders’ meeting shall fall within the scope of authority of the shareholders’ meeting, include definite topics for discussion and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, and these Articles of Association.

When the Company convenes a shareholders’ meeting, the Board of Directors, the Audit Committee, and shareholders individually or jointly holding 1% or more of the Company’s shares have the right to submit proposals to the Company. Shareholders individually or jointly holding 1% or more of the Company’s shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders’ meeting. The convener shall issue a supplementary notice of the shareholders’ meeting within 2 days after receiving the proposal.

The convener shall notify each shareholder 21 days prior to the annual shareholders’ meeting, and 15 days prior to an extraordinary shareholders’ meeting. The notice for a shareholders’ meeting shall include the following: (1) The time, venue, and duration of the meeting; (2) The matters and proposals to be discussed at the meeting; (3) A prominent written statement that all shareholders are entitled to attend the shareholders’ meeting and may appoint a proxy in writing to attend and vote at the meeting; (4) The name and telephone number of the permanent contact person for meeting affairs; (5) Voting time and voting procedures by other means; (6) Other matters stipulated by laws, regulations, and normative documents.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

(IV) Convening of Shareholders’ Meetings

All the shareholders listed in the register of shareholders or their proxies are entitled to attend shareholders’ meeting and exercise their voting rights in accordance with relevant laws, regulations, and these Articles of Association. Shareholders may either attend the shareholders’ meeting in person or appoint a proxy to attend and vote at such meeting on their behalf. The proxy is not required to be a shareholder of the Company. If a shareholder is a recognized clearing house (or its proxy), the shareholder may authorize one or more persons as it sees fit to act as its proxy or representative at any shareholders’ meeting. Such a proxy may attend the meeting and exercise the rights of the recognized clearing house (or its proxy) on its behalf in the same manner as the individual shareholder of the Company.

The shareholders’ meetings shall be presided over by the Chairman of the Board. If the Chairman of the Board is unable or fails to perform his or her duties, the meetings shall be presided over by a director jointly recommended by more than half of the directors. A shareholders’ meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. A shareholders’ meeting convened by shareholders themselves shall be presided over by a representative elected by the conveners.

When a shareholders’ meeting is convened, all directors and the Board Secretary of the Company shall attend the meeting. The President and other senior management shall be present at the meeting. Directors and senior management shall make response to and give explanation of the inquiries and suggestions made by shareholders at the shareholders’ meeting.

(V) Voting and Resolutions at Shareholders’ Meetings

Resolutions of a shareholders’ meeting shall be classified as ordinary resolutions and special resolutions. Ordinary resolutions of the shareholders’ meeting shall be passed by more than half of the voting rights represented by shareholders (including proxies) present at the meeting. Special resolutions of the shareholders’ meeting shall be passed by more than two-thirds of the voting rights represented by shareholders (including proxies) present at the meeting.

The following matters shall be passed by ordinary resolutions at the shareholders’ meeting:

- (1) Work reports of the Board of Directors;
- (2) Profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) Appointment and dismissal of directors, their remuneration, and payment methods;
- (4) Matters other than those which are required to be passed by special resolutions according to laws, administrative regulations, the Listing Rules of The Stock Exchange of Hong Kong Limited, other securities regulatory rules of the place where shares of the Company are listed, or these Articles of Association.

The following matters shall be passed by special resolutions of the shareholders’ meeting:

- (1) Increase or reduction of the Company’s registered capital;
- (2) Division, spin-off, merger, dissolution, and liquidation of the Company;
- (3) Amendments to the Articles of Association;
- (4) Equity incentive plans;

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

- (5) Any purchase or sale of major assets or the provision of guarantees within any one year in an amount in excess of 30% of the Company’s total assets as audited in the latest period;
- (6) Other matters that are required by laws, administrative regulations, the Listing Rules of The Stock Exchange of Hong Kong Limited, other securities regulatory rules of the place where shares of the Company are listed, or these Articles of Association, or that are determined by an ordinary resolution of the shareholders’ meeting to have a significant impact on the Company and shall be decided by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, with each share entitling one vote (except where individual shareholders are required to abstain from voting on certain matters in accordance with the securities regulatory rules of the place where shares of the Company are listed). Shares held by the Company itself shall carry no voting rights, and such shares shall not be counted as part of the total number of voting shares represented at the shareholders’ meeting.

Where the shareholders’ meeting deliberates on any matter concerning related party transactions, related shareholders shall not participate in the voting, and the number of voting shares they represent shall not be included in the total valid votes. The resolution of the shareholders’ meeting shall fully disclose the voting results of non-related shareholders.

VI. DIRECTORS AND THE BOARD OF DIRECTORS

(I) Directors

The Company’s directors shall be natural persons. Any person with one of the following situations shall not act as the Company’s director: (1) A person without civil capacity or with limited capacity for civil conduct; (2) A person who has been given criminal sentence for corruption, bribery, encroachment of property, misappropriation of property or disruption of the socialist market economy, or has been deprived of political rights due to the commitment of any crime and five years have not elapsed since the date on which execution of the sentence was completed, or it has not been two years since the date on which the probation period expires, if a probation is announced; (3) A person who was a former director, factory director or general manager of a company or enterprise that had gone bankrupt and been liquidated and whereby such person was personally liable for the bankruptcy of such company or enterprise, and 3 years have not elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise; (4) A person who was the legal representative of a company or enterprise that was revoked of a business license or ordered to close for violation of laws and whereby such person was personally liable, and 3 years have not elapsed since the date when the company or enterprise was revoked of its business license or ordered to close; (5) A person who has a relatively large amount of debt that has not been repaid at maturity and is listed as a dishonest judgment debtor by a people’s court; (6) A person who is banned from the securities market by CSRC and the ban period has not expire; (7) A person who is publicly identified by a stock exchange as unsuitable to serve as director, and the relevant term has not yet expired; (8) Other contents regulated by laws, administrative regulations, or departmental rules.

Non-employee representative directors shall be elected or replaced by the shareholders’ meeting and may be removed by the shareholders’ meeting before the expiration of their term of office. However, such removal shall not affect any claim for damages that such directors may bring under any contract. The term of office for each Board of Directors shall be three years, and directors may be re-elected and re-appointed upon the expiration of their term. The Company shall have one employee representative director.

Directors shall abide by laws, administrative regulations, and these Articles of Association, and shall shoulder the duties of loyalty and due diligence to the Company.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

(II) Board of Directors

The Company shall establish a Board of Directors, which shall be accountable to the shareholders’ meeting. The Board of Directors shall consist of nine directors, including three independent directors.

The Board of Directors shall exercise the following functions and powers:

- (1) To convene shareholders’ meetings and report its work to the shareholders’ meeting;
- (2) To implement resolutions of shareholders’ meetings;
- (3) To decide on the Company’s business plans and investment proposals;
- (4) To formulate the Company’s annual financial budget and final accounts plans;
- (5) To formulate the Company’s profit distribution and loss recovery plans;
- (6) To formulate plans for the increase or reduction of the Company’s registered capital, the issuance of bonds or other securities, and listing;
- (7) To formulate plans for the Company’s important acquisitions, repurchase of its own shares, or merger, division, dissolution, and changes in the form of the Company;
- (8) To determine, to the extent authorized by these Articles of Association or the shareholders’ meeting, on such matters as the Company’s external investments, acquisition or sale of assets, asset pledge, external guarantees, entrusted wealth management, related party transactions, and external donations;
- (9) To decide on the Company’s internal management structure;
- (10) To decide on the appointment or dismissal of the Company’s president, Board secretary, and other senior management, and determine their remuneration, rewards, and penalties; based on the president’s recommendations, to appoint or remove the Company’s vice president, chief financial officer (CFO), and other senior management;
- (11) To formulate the Company’s fundamental management system;
- (12) To propose to the shareholders’ meeting the engagement or replacement of the accounting firm that does auditing for the Company;
- (13) To exercise other powers and functions conferred by laws, administrative regulations, departmental rules, or these Articles of Association.

A Board resolution must be passed by more than half of all directors present at the meeting. Matters exceeding the scope of authorization of the shareholders’ meeting shall be submitted to the shareholders’ meeting for deliberation.

The Company’s Board of Directors shall set up specialized committees for audit, strategy, nomination, remuneration and assessment. The specialized committees are accountable to the Board of Directors and shall perform their duties in accordance with these Articles of Association and the authorization granted by the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All members of the specialized committees shall be directors, and the convener of the audit committee shall be an accounting professional. The Board of Directors is responsible for formulating the working procedures of the specialized committees and standardizing their operations.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

The Board of Directors shall hold at least four meetings each year, and the meetings shall be convened by the Chairman. A written notice shall be given to all directors 14 days prior to such meetings, along with necessary materials, including relevant background information on the agenda items. To convene an interim meeting of the Board of Directors, a written notice of the meeting shall be sent five days prior to the meeting. In case of any emergency, meeting notices may be given orally at any time.

The chairman shall exercise the following functions and powers: to preside over shareholders’ meetings and to convene and preside over Board meetings; to supervise and inspect the implementation of Board resolutions; to exercise the powers and functions of the legal representative; to sign important documents of the Board of Directors and other documents required to be signed by the Company’s legal representative; and to exercise other powers and functions granted by the Board of Directors.

VII. SENIOR MANAGEMENT

The Company shall have one president, several vice presidents, one chief financial officer (CFO), and one Board secretary, all of whom shall be appointed or dismissed by the Board of Directors. The Company’s senior management shall refer to the president, vice presidents, chief financial officer (CFO), Board secretary, and other personnel appointed by the Board of Directors.

The president shall serve for a term of three years and may be reappointed by the Board of Directors. The president is accountable to the Board of Directors and shall attend Board meetings.

The circumstances under which a person may not serve as a director as set forth in these Articles of Association shall apply equally to senior management. The provisions in these Articles concerning the directors’ duties of loyalty and due diligence shall also apply to senior management. Any person who holds positions other than director in the Company’s controlling shareholder, actual controller, or other enterprises controlled by them shall not serve as the Company’s senior management. Senior management shall receive their remuneration solely from the Company, and such remuneration shall not be paid by the controlling shareholder on behalf of the Company.

VIII. FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**(I) Financial and Accounting System**

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and relevant regulations of national authorities. The Company shall prepare its annual financial and accounting reports within 4 months after the end of each fiscal year, and its interim financial and accounting reports within two months after the end of the first 6 months of each fiscal year. The aforementioned financial and accounting reports shall be prepared and disclosed in accordance with relevant laws, administrative regulations, departmental rules, the Listing Rules of The Stock Exchange of Hong Kong Limited, and other securities regulatory rules of the place where the Company’s shares are listed. The Company shall not keep financial accounts other than those required by law. The Company’s assets shall not be deposited in accounts opened in the name of any individual.

(II) Profit Distribution

When distributing after-tax profits for the current year, the Company shall allocate 10% of such profit to the Company’s statutory reserve fund. Where the Company’s accumulated amount of the statutory reserve fund exceeds 50% of its registered capital, no further allocation shall be required. Where the Company’s statutory reserve fund is insufficient to cover losses of previous years, such losses shall first be made up with the current year’s profits before any allocation to the statutory reserve fund is made in accordance with the preceding paragraph.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

After making allocations to the statutory reserve fund from its after-tax profit, the Company may also allocate discretionary reserve funds from its after-tax profit, subject to a resolution of the shareholders’ meeting. After the Company has covered its losses and made allocations to the reserve fund, the remainder of the after-tax profits shall be distributed to the shareholders in proportion to their share holdings. Shares of the Company held by the Company itself shall not participate in profit distribution.

The Company may distribute profits by means of cash or shares. After the shareholders’ meeting has resolved on a profit distribution plan, the Board of Directors shall complete the distribution of dividends (or shares) within 2 months after the shareholders’ meeting is held.

(III) Engagement of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law to provide services such as financial statement audits, net asset verification, and other related consulting services. The term of engagement shall be 1 year and may be renewed. The engagement of an accounting firm by the Company shall be subject to the decision of the shareholders’ meeting. Where the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 5 working days in advance. When the shareholders’ meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to state its opinions.

IX. MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

(I) Merger and Division

The Company may adopt two forms for merger: merger by absorption and merger by consolidation. In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days from the date of adopting the merger resolution and shall make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if no notice is received, require the Company to repay the debts or provide corresponding guarantees. Upon a merger, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

When the Company is divided, its property shall be divided accordingly, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within ten days from the date of adopting the division resolution and shall make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Debts incurred before the division shall be assumed jointly and severally by the companies arising from the division, unless otherwise agreed upon in a written agreement between the Company and its creditors regarding the repayment of the debts prior to the division.

(II) Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons: (1) The business term set forth herein expires or any other grounds for dissolution prescribed herein have arisen; (2) The shareholders’ meeting has adopted a resolution to dissolve the Company; (3) Dissolution is required due to the merger or division of the Company; (4) The Company’ business license is revoked, or the Company is ordered to be closed down or be revoked in accordance with laws; (5) Where serious difficulties have arisen in the operation of the Company, the continuation of

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

the Company would certainly damage the shareholders’ interests to a significant extent, and there are no other solutions, shareholders representing more than 10% of all voting rights may petition the people’s court to dissolve the Company.

Where the Company is to be dissolved pursuant to Items (1), (2), (4), or (5) above in these Articles of Association, a liquidation process shall be carried out. The directors shall be the obligors for the Company’s liquidation and shall form a liquidation group to carry out liquidation within 15 days from the date the dissolution event occurs. The liquidation group shall exercise the following functions and powers during the liquidation period: to liquidate the Company’s assets and prepare a balance sheet and an inventory of assets respectively; to notify the Company’s creditors by way of notice or announcement; to handle and settle the outstanding business of the Company that relates to the liquidation; to repay taxes owed and the tax occurring in the process of liquidation in full; to liquidate the claims and debts; to dispose of the remaining assets after repaying the Company’s debts; to participate in civil litigations on behalf of the Company.

The liquidation group shall notify the creditors within 10 days after the date of its establishment and make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if no notice is received, declare their claims to the liquidation group. After the Company’s assets have been used to pay liquidation expenses, employee wages, social insurance premiums, and statutory compensation, to settle outstanding taxes, and to repay company debts, the remaining assets shall be distributed among shareholders in proportion to their shareholdings.

X. Amendment to the Articles of Association

The Company shall amend its Articles of Association under any of the following circumstances: (1) After the amendment of the Company Law or relevant laws and administrative regulations, the matters stipulated in these Articles of Association conflict with the provisions of the amended laws and administrative regulations; (2) The situation of the Company has changed, causing inconsistency with the matters recorded in these Articles of Association; (3) The shareholders’ meeting decides to amend these Articles of Association.

Where an amendment to the Articles of Association adopted by a resolution of the shareholders’ meeting requires approval from the competent authority, it shall be reported to the competent authority for approval. If the amendment involves the Company’s registration items, the procedures for registration of change shall be handled in accordance with the law. The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting and the approval opinions from the relevant competent authorities.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was a limited liability company established in the PRC on April 11, 2014 which was converted into a joint stock company with limited liability on July 12, 2023. As at the Latest Practicable Date, the registered capital of our Company was RMB80,000,000, divided into 80,000,000 Shares with a nominal value of RMB1.00 each.

The registered office of our Company is at Unit 101–301, Building 3, No. 9 Shinan 2nd Road, Huijiang, Dashi Street, Panyu District, Guangzhou, Guangdong Province, the PRC. [Our Company has established a place of business in Hong Kong at [•].] Our Company [was registered] as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on [•]. Ms. Yeung Lai Shan of Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, a Hong Kong resident, has been appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V of this document, respectively.

2. Changes in share capital of our Company

As of the date of our establishment, our registered capital was RMB2.0 million. On July 12, 2023, our Company was converted into a joint stock company with limited liability.

Save as disclosed in the “History and Corporate Structure — Corporate Development and Major Shareholding Changes”, 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 share capital of our subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this document.

There has been no alternation in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on May 25, 2026, the following resolutions, among other things, were duly passed:

- (a) the [REDACTED] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be [REDACTED] shall not be more than 20% of the total issued share capital of our Company as enlarged by the [REDACTED] (without taking into account of the [REDACTED]);
- (c) subject to the filing with CSRC is completed, upon completion of the [REDACTED], the Domestic Unlisted Shares will be [REDACTED] into H Shares on a one-for-one basis;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and the [REDACTED] of H Shares on the Stock Exchange; and
- (e) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

5. Restrictions on Repurchase

Please refer to “Appendix IV — Summary of Principal Legal and Regulatory Provisions — Company Law, Administrative Measures for Overseas Listing, and Guidelines for Articles of Association of Listed Companies” and “Appendix V — Summary of Articles of Association — Increase/Reduction of Capital and Repurchase of Shares” to this document for details.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

Our Group has entered into the following contracts (not being contract 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) a share compensation agreement dated May 10, 2026 entered into among the Company, Guangzhou Dingfeng, EHolly Yixing, Guangzhou Zhicheng and the then Shareholders, including, among others, Mr. Wang Gang, Mr. Zhang Quan, Mr. Zhao Zhe and Mr. Xiao Shengduan, pursuant to which Mr. Wang Gang, Mr. Zhang Quan, Mr. Zhao Zhe and Mr. Xiao Shengduan agreed to transfer a total of 1,217,830 Shares held by them to the relevant compensation transferees at nil consideration; and
- (b) the [REDACTED].

2. Intellectual Property Rights

As at the Latest Practicable Date, the following intellectual property rights are material to our Group’s business:

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registered owner	Class	Registration number	Registration date	Expiry date
1.		Our Company	9	40757235	September 2, 2019	July 6, 2031
2.		Our Company	7	29293335	February 12, 2018	August 27, 2029
3.		Our Company	7, 9, 37, 42	307148638	May 18, 2026	January 3, 2036

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(b) *Patents*

As at the Latest Practicable Date, we have registered the following patents in the PRC which, in the opinion of our Directors are material in relation to our Company’s business:

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
1.	A lithium-ion battery slitting electrode piece burr detection method, system, equipment and medium (一種鋰電池分切極片毛刺檢測方法、系統、設備及介質)	Our Company	202311213033.X	Invention	September 19, 2023
2.	A bare cell detection and blanking device (一種裸電芯檢測下料裝置)	Our Company	202411948488.0	Invention	December 27, 2024
3.	A pouch battery secondary packaging production line (一種軟包電池二次封裝生產線)	Our Company	202411324307.7	Invention	September 23, 2024
4.	A wide winding machine for battery cells (一種電芯寬幅捲繞機)	Our Company	202411797133.6	Invention	December 9, 2024
5.	A screening method, screening device and detection system for weld defects (一種焊縫缺陷的篩選方法、篩選裝置及其檢測系統)	Our Company	202511028669.6	Invention	July 25, 2025
6.	A correction method, correction device and coating machine for battery electrode coating (一種電池極片塗布的糾偏方法、糾偏裝置及塗布機)	Our Company	202411077602.7	Invention	August 7, 2024
7.	A gradient optimization method based on distributed computing and a parametric model (一種基於分布式計算的梯度優化方法以及參數化模型)	Our Company	202510117863.5	Invention	January 24, 2025

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
8.	A precision positioning method for the center of rotation, a positioning device for the center of rotation and a correction system (一種旋轉中心精定位方法、旋轉中心定位裝置及糾偏系統)	Our Company	202510732978.5	Invention	June 4, 2025
9.	A slitting and correction method, device and slitting correction system for battery electrode sheets (一種電池極片的分切糾偏方法、裝置及分切糾偏系統)	Our Company	202510549312.6	Invention	April 29, 2025
10.	A method and system to achieve large-scale data cleaning (一種實現大規模數據清洗的方法及系統)	Our Company	202311069614.0	Invention	August 24, 2023
11.	A method of measuring lug residual material, device and system (一種極耳餘料測量方法、裝置及系統)	Our Company	202510221291.5	Invention	February 27, 2025
12.	A labeling control method, device and defect labeling system based on dynamic cache (一種基於動態緩存的貼標控制方法、裝置及缺陷貼標系統)	Our Company	202510174633.2	Invention	February 18, 2025
13.	Nickel sheet positioning methods, devices, electronic devices and storage media (鎳片定位方法、裝置、電子設備及存儲介質)	Our Company	202310610743.X	Invention	May 26, 2023
14.	A false weld detection method, detection device and detection system of welds (一種焊縫的虛焊檢測方法、檢測裝置及其檢測系統)	Our Company	202411319429.7	Invention	September 23, 2024
15.	A lug detection method, device, system and storage medium for lithium-ion battery electrode sheets (一種鋰電池極片的極耳檢測方法、裝置、系統和存儲介質)	Our Company	202310300331.6	Invention	March 24, 2023
16.	Double-sided adhesive device (雙側貼膠裝置)	Our Company	202410372847.6	Invention	March 29, 2024
17.	A high-real-time industrial defect detection method, device, electronic equipment and storage medium (一種高實時性的工業缺陷檢測方法、裝置、電子設備及存儲介質)	Our Company	202410671699.8	Invention	May 28, 2024

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
18.	An automatic image target annotation method and system based on image grayscale value (一種基於圖片灰度值的圖片目標自動標注方法及系統)	Our Company	202411173374.3	Invention	August 26, 2024
19.	A high-precision electrode piece cutting device and method (一種高精度極片裁切裝置及方法)	Our Company	202410698841.8	Invention	May 31, 2024
20.	Control method, device and automatic winding system of lithium-ion battery electrode piece (鋰電池極片自動收卷的控制方法、裝置及自動收卷系統)	Our Company	202411280918.6	Invention	September 13, 2024
21.	An adapter pad detection method and system (一種轉接片焊盤檢測方法及系統)	Our Company	202411061320.8	Invention	August 5, 2024
22.	A method, device and system for electrode cutting and correction (一種極片裁切糾偏方法、裝置和系統)	Our Company	202410209221.3	Invention	February 26, 2024
23.	A method and device for scribed grooves (一種劃線槽檢測方法及裝置)	Our Company	202411259868.3	Invention	September 10, 2024
24.	A method and system for detecting NG product marking paper instead of color code sensor with camera (一種相機代替色標傳感器檢測NG產品打標紙的方法及系統)	Our Company	202411140821.5	Invention	August 20, 2024
25.	A laser field lens dirt detection method, detection system and dirt identification device (一種激光場鏡髒污檢測方法、檢測系統和髒污識別裝置)	Our Company	202310810326.X	Invention	July 3, 2023
26.	An online high-speed and high-precision burr detection method, device and storage medium (一種在線高速高精度毛刺檢測方法、裝置及存儲介質)	Our Company	202410347093.9	Invention	March 26, 2024
27.	Image recognition methods, devices, computer equipment and storage media (圖像識別方法、裝置、計算機設備及存儲介質)	Our Company	202311515064.0	Invention	November 15, 2023
28.	A hard disk image storage optimization method and system based on machine vision multi-camera (一種基於機器視覺多相機的硬盤存圖優化方法及系統)	Our Company	202410271241.3	Invention	March 11, 2024

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
29.	Battery cell lug spacing correction method, device and standard lug spacing acquisition method (電芯極耳間距糾正方法、裝置及標準極耳間距獲取方法)	Our Company	202410389338.4	Invention	April 2, 2024
30.	An online high-speed and high-precision marking device, method and storage medium (一種在線高速高精度打標裝置、方法及存儲介質)	Our Company	202410347109.6	Invention	March 26, 2024
31.	A method, device, electronic device and storage medium for generating images of industrial defect samples (一種工業缺陷樣本圖像生成的方法、裝置、電子設備及存儲介質)	Our Company	202410194383.4	Invention	February 22, 2024
32.	An image transmission method, device, and computer storage medium (一種圖像傳輸方法、裝置、設備和計算機存儲介質)	Our Company	202310203355.X	Invention	March 3, 2023
33.	Image annotation consistency evaluation methods, devices, electronic devices and storage media (圖像標注一致性評價方法、裝置、電子設備及存儲介質)	Our Company	202310214320.6	Invention	March 7, 2023
34.	A defect identification method, device, electronic device and storage medium (一種缺陷識別方法、裝置、電子設備及存儲介質)	Our Company	202310214302.8	Invention	March 7, 2023
35.	Cooling device and control method of main roll bearing housing of lithium-ion battery electrode sheet roller press (一種鋰電池極片輥壓機主輥軸承座冷卻裝置及控制方法)	Our Company	202311330988.3	Invention	October 16, 2023
36.	Electrode conductor rolling skew correction equipment (電極導體輥壓偏斜糾正設備)	Our Company	202311290821.9	Invention	October 8, 2023
37.	An ideal contour generation algorithm, device and storage medium based on reinforcement learning (一種基於強化學習的理想輪廓生成算法、裝置及存儲介質)	Our Company	202310234431.3	Invention	March 10, 2023
38.	A surface display method and system based on multi-resolution LOD model (一種基於多分辨率LOD模型的曲面顯示方法及系統)	Our Company	202310378625.0	Invention	April 11, 2023

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
39.	Contour identification methods, devices, equipment, and computer storage media for industrial parts (工業零件的輪廓識別方法、裝置、設備和計算機存儲介質)	Our Company	202310033713.7	Invention	January 10, 2023
40.	An automated inspection method, device and system for products (一種針對產品的自動化檢測方法、裝置和系統)	Our Company	202310820475.4	Invention	July 6, 2023
41.	A defect detection method, device and computer storage medium for electrode pieces (一種極片的缺陷檢測方法、裝置、設備和計算機存儲介質)	Our Company	202211696446.3	Invention	December 28, 2022
42.	Program variables configuration methods, devices, electronic devices and storage media (程序變量配置方法、裝置、電子設備及存儲介質)	Our Company	202211720999.8	Invention	December 30, 2022
43.	A detection system and method for on-line dimensional spot inspection of lithium batteries (一種鋰電池在線尺寸點檢的檢測系統及方法)	Our Company	202211190221.0	Invention	September 28, 2022
44.	A coating detection device (一種塗布檢測裝置)	Our Company	202310856089.0	Invention	July 13, 2023
45.	A detection method, device and system for the folding of the tabs (一種針對極耳翻折情況的檢測方法、裝置和系統)	Our Company	202310813705.4	Invention	July 5, 2023
46.	A method and system for detecting the number of lithium-ion battery tabs (一種鋰電池極耳數量檢測方法及系統)	Our Company	202310864164.8	Invention	July 14, 2023
47.	A dynamic analysis method and system for industrial protocols (一種工業協議動態解析方法及系統)	Our Company	202310300209.9	Invention	March 24, 2023
48.	A defect detection system and method for lithium-ion battery electrode anti-breaking band (一種鋰電池極片防斷帶的缺陷檢測系統及方法)	Our Company	202211196573.7	Invention	September 28, 2022
49.	A tension adjustment device for a fabric inspection machine (一種驗布機用張緊力調節裝置)	Our Company	202310768575.7	Invention	June 28, 2023
50.	A pole piece detection device (一種極片檢測裝置)	Our Company	202310830376.4	Invention	July 7, 2023

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
51.	A slicing system and method based on the lug spacing of lithium batteries (一種基於鋰電池極耳間距的分片系統及方法)	Our Company	202211196574.1	Invention	September 28, 2022
52.	A data transmission method and a method for realizing the docking of business functions of business classes (一種數據傳輸方法和實現業務類business功能對接的方法)	Our Company	202211481879.7	Invention	November 24, 2022
53.	An MES communication interface device, test method, test equipment and computer storage medium (一種MES通訊接口裝置、測試方法、測試設備和計算機存儲介質)	Our Company	202211343333.5	Invention	October 31, 2022
54.	A battery appearance detection device (一種電池外觀檢測裝置)	Our Company	202310665529.4	Invention	June 7, 2023
55.	A system and method for intelligent matching of lithium batteries (一種鋰電池智能匹配物料的系統及方法)	Our Company	202211200400.8	Invention	September 29, 2022
56.	A spot inspection method for visual inspection system (一種視覺檢測系統的點檢方法)	Our Company	202310036447.3	Invention	January 9, 2023
57.	Workflow execution methods, devices, and storage media for vision systems (視覺系統的工作流執行方法、裝置、設備及存儲介質)	Our Company	202211362698.2	Invention	November 2, 2022
58.	Industrial interconnection software operation methods, devices, electronic equipment and storage media (工業互聯軟件運行方法、裝置、電子設備及存儲介質)	Our Company	202211587108.6	Invention	December 12, 2022
59.	A detection method and device and electronic equipment for gluing lithium-ion battery cells (一種鋰電池電芯塗膠的檢測方法及裝置、電子設備)	Our Company	202211196563.3	Invention	September 28, 2022
60.	An image fusion method, device and storage medium based on feature pyramid (一種基於特徵金字塔的圖像融合方法、裝置及存儲介質)	Our Company	202310256655.4	Invention	March 17, 2023
61.	A generation method, device, and system for configuring interfaces (一種配置界面的生成方法、裝置和系統)	Our Company	202310293903.2	Invention	March 24, 2023

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
62.	Industrial computer performance evaluation methods, devices, electronic equipment and storage media (工控機性能評估方法、裝置、電子設備及存儲介質)	Our Company	202310231357.X	Invention	March 13, 2023
63.	A roll slitting machine for lithium-ion battery electrodes (一種用於鋰電池極片的輥壓分切一體機)	Our Company	202310120161.3	Invention	February 16, 2023
64.	Dual-axis displacement adjustment tooling and dual-laser lug cutting device (雙軸位移調整工裝及雙激光極耳切割裝置)	Our Company	202310361352.9	Invention	April 7, 2023
65.	A high-speed online image distortion correction method, device and storage medium (一種高速在線矯正圖像畸變的方法、裝置及存儲介質)	Our Company	202310043074.2	Invention	January 29, 2023
66.	A thickness correction device for roll pressing and slitting machine (一種輥壓分切一體機厚度矯正裝置)	Our Company	202310152569.9	Invention	February 23, 2023
67.	Communication resolution methods, devices, devices, and storage media (通信解析方法、裝置、設備和存儲介質)	Our Company	202211405559.3	Invention	November 10, 2022
68.	A lithium-ion battery die-cutting roll-change system and method (一種鋰電池模切換卷系統及方法)	Our Company	202211025477.6	Invention	August 25, 2022
69.	The methods, devices, electronic devices and storage media for sequentially storing out-of-order data sources (亂序數據源依序儲存的方法、裝置、電子設備及存儲介質)	Our Company	202211230818.3	Invention	October 10, 2022
70.	Appearance defect detection equipment (外觀缺陷檢測設備)	Our Company	202110741649.9	Invention	June 30, 2021
71.	A high-precision lithium-ion battery nickel sheet and bar piece spacing detection method and device (一種高精度的鋰電池鎳片與巴片間距的檢測方法及裝置)	Our Company	202211269414.5	Invention	October 18, 2022
72.	Appearance defect detection equipment (外觀缺陷檢測設備)	Our Company	202110745031.X	Invention	June 30, 2021

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
73.	A die-cutting device and method for lithium-ion battery electrodes (一種鋰電池極片的模切裝置及方法)	Our Company	202210754772.9	Invention	June 30, 2022
74.	A wide slitting machine (一種寬幅分切機)	Our Company	202111386071.6	Invention	November 22, 2021
75.	A winding needle device with variable reel diameter (一種可變卷徑的卷針裝置)	Our Company	202210662429.1	Invention	June 13, 2022
76.	A lithium-ion battery winding OverHang centering correction control system and method (一種鋰電池捲繞OverHang對中糾偏控制系統及方法)	Our Company	202210443143.4	Invention	April 26, 2022
77.	A real-time misalignment correction system and method for lithium-ion battery winding lugs (一種鋰電池捲繞極耳錯位實時糾偏系統及方法)	Our Company	202111300924.X	Invention	November 4, 2021
78.	Electrode sheet slitting machine (極片分切機)	Our Company	202111171371.2	Invention	October 8, 2021
79.	Laser die-cutting machine and die-cutting method (激光模切機及模切方法)	Our Company	201911301308.9	Invention	December 17, 2019
80.	Defect detection methods, devices, testing equipment and storage media for battery electrode sheets (電池極片的缺陷檢測方法、裝置、檢測設備和存儲介質)	Our Company	201811501728.7	Invention	December 10, 2018
81.	A fully automatic intelligent soldering and packaging line (一種全自動智能焊接封裝線)	Our Company	201711256746.9	Invention	December 3, 2017
82.	An automatic equipment for electrode piece inspection and sorting (一種極片檢測分選自動化設備)	Our Company	201610410988.8	Invention	June 13, 2016
83.	A lithium-ion battery inspection and glue welding machine (一種鋰電池檢測貼膠焊接一體機)	Our Company	201610109565.2	Invention	February 25, 2016
84.	A method and system for geometric analysis of appearance (一種外觀幾何分析方法及系統)	Our Company	202310517795.2	Invention	April 28, 2023
85.	Methods, devices, equipment, and storage media for managing product quality traceability data (產品質量追溯數據的管理方法、裝置、設備及存儲介質)	Our Company	202310482606.2	Invention	April 28, 2023
86.	一種補焊位置確定方法和裝置	Our Company	202310686108.X	Invention	May 31, 2023
87.	一種火焰噴槍機構	Our Company	202410615255.2	Invention	May 17, 2024

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Patentee(s)	Application No.	Patent type	Date of application
88.	一種大分辨率圖像的工程目標檢測方法及裝置	Our Company	202411340878.X	Invention	September 25, 2024

As at the Latest Practicable Date, 36 applications have been made for the registration of patents in the PRC which, in the opinion of our Directors, are material to our business:

No.	Patent name	Applicant	Application No.	Patent type	Date of application
1.	Calculation methods and modules, screening methods, and installation of depth values for weld pinhole defects (焊縫針孔缺陷的深度值計算方法及模塊、篩選方法及裝置)	Our Company	202511033513.7	Invention	July 25, 2025
2.	Calculation method and module, screening method, and device for depth values of weld pit defects (焊縫凹坑缺陷的深度值計算方法及模塊、篩選方法及裝置)	Our Company	202511033507.1	Invention	July 25, 2025
3.	A lithium-ion battery visual inspection and verification method, device, system, and storage medium (一種鋰電視覺檢測與驗證方法、裝置、系統及存儲介質)	Our Company	202610286105.0	Invention	March 10, 2026
4.	An industrial defect sample generation method, device, electronic equipment, and storage medium (一種工業缺陷樣本生成方法、裝置、電子設備及存儲介質)	Changzhou EHolly	2023117763381	Invention	December 21, 2023
5.	A thickness gauge and a thickness measurement method (一種測厚儀及測厚方法)	Changzhou EHolly	202510745720.9	Invention	June 5, 2025
6.	A lithium-ion battery electrode sheet rewinding mechanism and lithium-ion battery electrode sheet winding device (一種鋰電池極片換卷機構和鋰電池極片收卷裝置)	Changzhou EHolly	202521182783.X	Utility model	June 10, 2025
7.	A lithium-ion battery electrode sheet winding device and its feeding mechanism (一種鋰電池極片收卷裝置及其推料機構)	Changzhou EHolly	202521184436.0	Utility model	June 10, 2025
8.	A separator hot pressing mechanism for lithium-ion battery cells (一種鋰電芯的隔膜熱壓機構)	Changzhou EHolly	202521965845.4	Utility model	September 12, 2025

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Applicant	Application No.	Patent type	Date of application
9.	A cell material correction mechanism and a cell winding device (一種電芯物料糾正機構以及電芯捲繞裝置)	Changzhou EHolly	202522087471.7	Utility model	September 28, 2025
10.	A winding device and its deviation correction mechanism (一種捲繞設備及其糾偏機構)	Changzhou EHolly	202522087750.3	Utility model	September 28, 2025
11.	A roll surface cleaning scraper mechanism and roll pressing mill for roll pressing and rolling mills (一種用於輥壓軋機的輥面清潔刮刀機構和輥壓軋機)	Changzhou EHolly	202522171247.6	Utility model	October 14, 2025
12.	A tab-detection method, device, system, and storage medium for lithium-ion battery electrodes (一種鋰電池極片的極耳檢測方法、裝置、系統和存儲介質)	Changzhou EHolly	202511952280.0	Invention	December 23, 2025
13.	Detection method and network for misalignment between front and back of electrode sheets in different positions (不在同一位置的極片正反面錯位檢測方法及網絡)	Changzhou EHolly	202511992621.7	Invention	December 26, 2025
14.	A method, device, and system for detecting weld crowning defects (一種焊縫拱起缺陷的檢測方法、檢測裝置及其檢測系統)	Changzhou EHolly	202610135424.1	Invention	January 30, 2026
15.	A detection method, device, and system for detecting relative protruding defects in welds (一種焊縫相對凸起缺陷的檢測方法、檢測裝置及其檢測系統)	Changzhou EHolly	202610135404.4	Invention	January 30, 2026
16.	A detection method, device, and system for detecting weld protruding defects (一種焊縫凸起缺陷的檢測方法、檢測裝置及其檢測系統)	Changzhou EHolly	202610135392.5	Invention	January 30, 2026
17.	A method, device, and system for detecting weld bulging defects (一種焊縫鼓起缺陷的檢測方法、檢測裝置及其檢測系統)	Changzhou EHolly	202610135422.2	Invention	January 30, 2026
18.	An automatic waste discharge mechanism for electrode sheet roller pressing (一種用於極片輥壓後的自動排廢機構)	Changzhou EHolly	202620715229.1	Utility model	May 20, 2026

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Applicant	Application No.	Patent type	Date of application
19.	A waste removal device used after electrode sheet rolling (一種用於極片輥壓後的剔廢裝置)	Changzhou EHolly	202620715233.8	Utility model	May 20, 2026
20.	A cylindrical battery cell rubber overlay device (一種圓柱電池電芯包膠設備)	Changzhou Yizhong	202510116377.1	Invention	January 24, 2025
21.	A device for precise adhesive overlaying on the tabs of a cylindrical cell's manifold tab (一種在圓柱電池的集流片極耳上精準包膠的設備)	Changzhou Yizhong	202510674166.X	Invention	May 23, 2025
22.	A cylindrical cell rubber coating device (一種圓柱電芯包膠裝置)	Changzhou Yizhong	202510674172.5	Invention	May 23, 2025
23.	A film cutting process for cylindrical battery defilm equipment (一種圓柱電池脫膜設備的切膜工序)	Changzhou Yizhong	202510850468.8	Invention	June 24, 2025
24.	A laser decoating device for cylindrical battery surface coatings (一種圓柱電池表面包膜的激光脫膜設備)	Changzhou Yizhong	202510850463.5	Invention	June 24, 2025
25.	A feeding and buffering process for cylindrical battery defilm equipment (一種圓柱電池脫膜設備的上料及緩存工序)	Changzhou Yizhong	202521309616.7	Utility model	June 24, 2025
26.	A tooling fixture and device for welding after battery cell overmolding (一種電芯包膠後焊接工裝夾具和電芯包膠後焊接裝置)	Changzhou Yizhong	202521436945.8	Utility model	July 9, 2025
27.	A tooling fixture and its pressing assembly for welding after battery cell overmolding (一種電芯包膠後焊接工裝夾具及其壓膠組件)	Changzhou Yizhong	202521431319.X	Utility model	July 9, 2025
28.	A battery short-circuit testing device and its rotary drive mechanism (一種電池短路測試裝置及其旋轉驅動機構)	Changzhou Yizhong	202521555656.X	Utility model	July 23, 2025
29.	A battery short circuit testing device (一種電池短路測試裝置)	Changzhou Yizhong	202521549470.3	Utility model	July 23, 2025
30.	A battery cell overmolding mechanism and overmolding equipment (一種電芯包膠機構和包膠設備)	Changzhou Yizhong	202521636231.1	Utility model	July 23, 2025
31.	A device for battery cell overmolding (一種電芯包膠設備)	Changzhou Yizhong	202521630910.8	Utility model	July 23, 2025
32.	An integrated device for cell welding and overhanging (一種電芯焊接包膠一體設備)	Changzhou Yizhong	202521867406.X	Utility model	August 29, 2025

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent name	Applicant	Application No.	Patent type	Date of application
33.	An integrated device for cell tab bending mechanism and cell welding and overhanging (一種電芯極耳折彎機構和電芯焊接包膠一體設備)	Changzhou Yizhong	202521867611.6	Utility model	August 29, 2025
34.	An integrated device for current collector welding device and cell welding and overmolding (一種集流盤焊接裝置和電芯焊接包膠一體設備)	Changzhou Yizhong	202521864955.1	Utility model	August 29, 2025
35.	A cell flipping welding mechanism and collector plate welding device (一種電芯翻轉焊接機構和集流盤焊接裝置)	Changzhou Yizhong	202521867381.3	Utility model	August 29, 2025
36.	A manifold feeding mechanism and welding device for manifold trays (一種集流盤上料機構和集流盤焊接裝置)	Changzhou Yizhong	202521865161.7	Utility model	August 29, 2025

(c) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which, in the opinion of our Directors, are material to our business:

No.	Domain name	Registrant	Date of registration	Expiration date
1	gzeholly.com	Our Company	April 4, 2014	April 4, 2029
2	yizhanzn.com	Changzhou Yizhan	October 31, 2025	October 31, 2028

(d) Software Copyrights

As at the Latest Practicable Date, we have registered the following copyrights which, in the opinion of our Directors, are material to our business:

No.	Copyright	Registrant	Registration number	Registration date
1.	Laser die-cutting and slitting visual inspection system (激光模切分切視覺檢測系統)	Our Company	2021SR1902828	November 25, 2021
2.	Lithium-ion battery lug folding visual inspection system (鋰電池極耳翻折視覺檢測系統)	Guangzhou Dingfeng	2023SR0984872	August 30, 2023
3.	Pole piece size measuring machine inspection software (極片尺寸測量機檢測軟件)	Guangzhou Dingfeng	2023SR0984540	August 30, 2023
4.	Visual inspection system of the core surface (合芯面視覺檢測系統)	Guangzhou Dingfeng	2023SR0957875	August 21, 2023

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registrant	Registration number	Registration date
5.	Winding visual inspection system (捲繞視覺檢測系統)	Guangzhou Dingfeng	2023SR0451052	April 7, 2023
6.	Cold press pre-slitting inspection software (冷壓預分切檢測軟件)	Guangzhou Dingfeng	2023SR0450931	April 7, 2023
7.	Laser die-cutting machine inspection software (激光模切機檢測軟件)	Guangzhou Dingfeng	2023SR0442806	April 6, 2023
8.	Adapter post-weld vision inspection system (轉接片焊後視覺檢測系統)	Guangzhou Dingfeng	2021SR1380359	September 15, 2021
9.	Ultrasonic post-welding visual inspection system (超聲波焊後視覺檢測系統)	Guangzhou Dingfeng	2021SR1375292	September 14, 2021
10.	Visual inspection system for flanging after top cover welding (頂蓋焊後翻邊視覺檢測系統)	Guangzhou Dingfeng	2021SR1372679	September 14, 2021
11.	Aluminum shell/blue film appearance visual inspection system (鋁殼／藍膜外觀視覺檢測系統)	Guangzhou Dingfeng	2021SR1141555	August 3, 2021
12.	Roll slitting visual inspection system (輥壓分切視覺檢測系統)	Guangzhou Dingfeng	2021SR1029415	July 13, 2021
13.	Pre-weld gap visual inspection system (預焊間隙視覺檢測系統)	Guangzhou Dingfeng	2021SR1026246	July 13, 2021
14.	Sealing nail welding visual inspection system (密封釘焊後視覺檢測系統)	Guangzhou Dingfeng	2021SR1026756	July 13, 2021
15.	Visual inspection system after top cover welding (頂蓋焊後視覺檢測系統)	Guangzhou Dingfeng	2021SR1026763	July 13, 2021
16.	Mylar in-shell visual inspection system (Mylar入殼視覺檢測系統)	Guangzhou Dingfeng	2021SR1029397	July 13, 2021
17.	Laser die-cutting winding visual inspection system (激光模切捲繞視覺檢測系統)	Guangzhou Dingfeng	2021SR1026773	July 13, 2021
18.	Laser die-cutting and slitting visual inspection system (激光模切分切視覺檢測系統)	Guangzhou Dingfeng	2021SR1018845	July 12, 2021
19.	Coating machine AB surface misalignment visual inspection system (塗布機AB面錯位視覺檢測系統)	Guangzhou Dingfeng	2021SR1020935	July 12, 2021
20.	Visual inspection system for the appearance of bare cells (裸電芯外觀視覺檢測系統)	Guangzhou Dingfeng	2021SR1013883	July 9, 2021

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(1) *Disclosure of interests of Directors and chief executive of our Company*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the [REDACTED] in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are [REDACTED]:

Name	Capacity/Nature of Interest	Type of Shares	Number of Shares	Approximate Percentage of Interest	
				In the Relevant Type of Shares upon the Completion of the [REDACTED]	In the Total Share Capital of our Company Upon the Completion of the [REDACTED] ⁽²⁾
Mr. Wang Gang	Beneficial owner Interest held jointly with other persons ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhang Quan	Beneficial owner Interest held jointly with other persons ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Xiao Shengduan	Beneficial owner	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) Assuming the [REDACTED] is not exercised and no further Shares are issued under the Pre-[REDACTED] Share Option Scheme.
- (3) Pursuant to the acting-in-concert agreement dated May 18, 2022 entered into between Mr. Wang Gang and Mr. Zhang Quan, Mr. Wang Gang and Mr. Zhang Quan are deemed to be jointly interested in the Shares held by them under the SFO.

(2) *Substantial Shareholders*

(i) *Interests in our Company*

Save as disclosed in the section headed “Substantial Shareholders” in this document, immediately following the completion of the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(ii) *Interests of the substantial shareholders of other members of our Group*

Save as set out above and in the table below, as of the Latest Practicable Date, our Directors are not aware of any persons (other than our Directors or chief executive of our Company) who will, immediately following the 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.

Member of our Group	Registered share capital	Party with 10% or more equity interest	Approximate percentage of shareholding (%)
Guangzhou Zhicheng	RMB10,000,000	CHO SEOG JIN	35.00%
Changzhou Yizhan	RMB10,000,000	Pingxiang Shenhua Enterprise Management Consulting Co., Ltd.	49.00%
Changzhou Yizhong	RMB5,000,000	Dalian Dafenqi Intelligent Technology Partnership (Limited Partnership)	45.00%

2. Particulars of the Directors’ Service Contracts

Each of our Directors [entered] into a service contract or a letter of appointment with our Company. The service contracts and letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

3. Remuneration of Directors

For details of the Directors’ remuneration, see “Directors and Senior Management — Remuneration Policy” and Note 10 to the Accountants’ Report as set out in Appendix I.

Under the arrangements currently in force, we estimate that the aggregate amounts of emoluments (including salaries, allowances and benefits in kind, pension scheme contributions and social welfare) payable to our Directors for the year ending December 31, 2026 will be approximately RMB3.6 million.

Save as disclosed in this document, no other emoluments have been paid or are payable, in respect of the years ended December 31, 2023, 2024 and 2025, by us to our Directors.

4. Agency fees or commissions received

Save as disclosed in the section headed “[REDACTED] — [REDACTED] Arrangements and Expenses” in this document, no commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group was granted within the two years immediately preceding the date of this document.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

5. Disclaimers

- (a) Save as disclosed in the paragraph headed “C. Further Information about our Directors and Substantial Shareholders” in this Appendix, none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are [REDACTED] on the Stock Exchange;
- (b) None of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the Shares are [REDACTED] on the Stock Exchange;
- (c) Save as disclosed in the section headed “History and Corporate Structure” in this document, none of our Directors nor any of the parties listed in the section headed “E. Other Information — 8. Qualifications and Consents of Experts” in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) None of our Directors nor any of the parties listed in the section headed “E. Other Information — 8. Qualifications and Consents of Experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;
- (e) Save in connection with the [REDACTED], none of the parties listed in the section headed “E. Other Information — 8. Qualifications and Consents of Experts” in this Appendix: (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries; and
- (f) None of our Directors or their respective close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group in each year during the Track Record Period.

D. PRE-[REDACTED] SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-[REDACTED] Share Option Scheme adopted by the Shareholders at the extraordinary general meeting held on May 25, 2026. The terms of the Pre-[REDACTED] Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-[REDACTED] Share Option Scheme will not involve the grant of options by us to subscribe for new Shares once we have become a [REDACTED] issuer.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

1. Purpose

The purpose of the Pre-[REDACTED] Share Option Scheme is to establish and improve our Company’s long-term incentive mechanism, attract and retain the directors, senior management, and key personnel of our Group, fully mobilize their enthusiasm to enhance the cohesion of our core team and core competitiveness, so as to realize our Groups’ long-term objectives.

2. Administration

The Pre-[REDACTED] Share Option Scheme is subject to the approval of the shareholders’ (general) meeting of our Company which shall be responsible for considering and approving the implementation, alteration and termination of the Pre-[REDACTED] Share Option Scheme. The Board shall be responsible for the execution of the Pre-[REDACTED] Share Option Scheme under the authorization from the shareholders’ general meeting of the Company.

3. Eligibility

The eligible participants of the Pre-[REDACTED] Share Option Scheme are the Group’s directors (excluding independent non-executive directors), senior management, key technical and business personnel, as well as other employees of the Group who contribute to the future development and operating results of the Company and are deemed to be deserving of being incentivized by the Group. Each eligible participant under the Pre-[REDACTED] Share Option Scheme should be employed by or engaged with the Group.

4. Source and Total Number of Shares Subject to the Pre-[REDACTED] Share Option Scheme

The underlying Share Options granted under the Pre-[REDACTED] Share Option Scheme (the “**Share Option(s)**”) are the H Shares to be [REDACTED] upon the [REDACTED]. A total of 3,600,000 Share Options are to be granted under the Pre-[REDACTED] Share Option Scheme. The maximum number of Shares to be granted under the Pre-[REDACTED] Share Option Scheme shall not exceed 10% of the total issued share capital of the Company as at the approval of the Pre-[REDACTED] Share Option Scheme by the shareholders’ general meeting.

5. Date of Grant and Term of the Pre-[REDACTED] Share Option Scheme

The date on which the Share Options are granted shall be determined by the Board and the person under authorization from the shareholders’ general meeting. Under our Pre-[REDACTED] Share Option Scheme, the granting of the Share Options shall be completed within 60 days after the approval of the Pre-[REDACTED] Share Option Scheme, the failing of which shall lead to a termination of such scheme.

The Pre-[REDACTED] Share Option Scheme shall be effective from the date of the granting of the Share Options up to the date when all of the Share Options are fully exercised or have been cancelled, provided that the exercising period shall not exceed 48 months from the date of grant.

6. Conditions to the Grant of Share Options

The Share Options under the Pre-[REDACTED] Share Option Scheme will only be granted to the grantees if the following conditions are fulfilled:

- (i) with respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company’s accountants’ report for the most recent fiscal year;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association, or public commitments within the last 36 months;
 - (4) applicable laws and regulations prohibit the implementation of the Pre-[REDACTED] Share Option Scheme;
 - (5) other circumstances determined by the CSRC, the SFC or the Stock Exchange.
- (ii) with respect to a grantee, none of the following circumstances having occurred:
- (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
 - (3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) the grantee is prohibited from participating in any share scheme of companies according to applicable laws and regulation;
 - (6) other circumstances determined by the CSRC, the SFC or the Stock Exchange.

7. Exercise of Share Options

The Share Options shall only be exercised when (i) the [REDACTED] is completed; (ii) the conditions set out under paragraph (6) above are fulfilled; and (ii) the annual assessment and performance targets at the corporate level and at the individual level are achieved.

The Share Options may be exercised in three tranches of 40%, 30% and 30% respectively:

	Exercise Period	Percentage of Exercisable Share Options
The first tranche	Between the first trading day after the 12 months from the date of the [REDACTED] and the last trading day within the 18 months of the date of the [REDACTED]	40%
The second tranche	Between the first trading day after the 18 months from the date of the [REDACTED] and the last trading day within the 30 months of the date of the [REDACTED]	30%
The third tranche	Between the first trading day after the 30 months from the date of the [REDACTED] and the last trading day within the 42 months of the date of the [REDACTED]	30%

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

8. Exercise Price

The exercise price of the Share Options, which is determined with reference to our Company’s audited net asset value per share as of December 31, 2025, is RMB7.5 each.

9. Lock-up for Directors and Senior Management

Where the Share Options are exercised by the grantees, the Shares underlying such Share Options shall not be subject to lock up if transferred, provided such transfer is in compliance with the relevant laws and regulations (in terms of the Directors or senior management).

10. Details of the Outstanding Awards

As of the Latest Practicable Date, no Share Options had been granted under the Pre-[REDACTED] Share Option Scheme.

E. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, our Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors has made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the Shares in issue, the Shares to be [REDACTED] as mentioned in this document.

The Joint Sponsors satisfies the independence criteria applicable to the sponsor as set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$700,000 to act as the sponsor to our Company in connection with the [REDACTED]

4. Compliance Advisor

Our Company has appointed Altus Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of Holders of H Shares**(a) Hong Kong**

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the [REDACTED] of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(b) Consultation with Professional Advisers

Intending holders of the H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of [REDACTED] for, purchasing, holding or disposing of or [REDACTED] the H Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their [REDACTED], purchase, holding or disposal of or [REDACTED] the H Shares or exercise of any rights attaching to them.

7. Promoter

Information of our promoters at the time of our Company’s conversion into a joint stock company with limited liability on July 12, 2023 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage of shareholding
Mr. Wang Gang	17,045,040	21.31%
Mr. Zhang Quan	9,960,400	12.45%
Mr. Zhao Zhe	2,032,960	2.54%
Mr. Xiao Shengduan	2,032,960	2.54%
Nanjing Jingqian No.2	7,998,400	9.99%
Hainan Ferry Phase III	5,563,600	6.95%
Beijing New Motive	5,435,680	6.79%
Zhuhai Hidden Hill	4,659,120	5.82%
Tianjin Ferry	3,146,480	3.93%
Pingtian Jianfa No.2	2,998,800	3.75%
Renjun Yunyan	2,532,480	3.17%
Shanghai Zhiqi	2,502,160	3.13%
Sanya Rongquan	1,941,280	2.43%
Shanghai Miyi	1,466,320	1.83%
Haifu Growth	1,439,200	1.80%
Wuxi Lixing	1,165,040	1.46%
Feitu Xinyuan	1,164,800	1.46%
Beijing Yuanhui Ruize	1,048,720	1.31%
Beijing Yuanhui Phase I	815,520	1.02%
Wenzhou Jieyan	776,720	0.97%
Fuzhou Chenli	776,720	0.97%
China-Belgium Fund	719,600	0.90%
Yuecai Yuanhe	582,400	0.73%
Gongqingcheng Yunyong	543,600	0.68%
Panyu Qinglan	463,600	0.58%
Baika Tianqian	450,640	0.56%
Baika Dikun	388,240	0.49%
Yuanhui Ruize Venture Capital	349,520	0.44%
Total	80,000,000	100%

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the [REDACTED] and the related transactions described in this document.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

8. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
Guotai Junan Capital Limited	Corporation licensed to conduct Type 6 (advising on corporate finance) as defined under the SFO
Orient Capital (Hong Kong) Limited	Corporation licensed to conduct Type 6 (advising on corporate finance) as defined under the SFO
Jia Yuan Law Offices	PRC legal advisors to our Company
Ernst & Young	Certified public accountants and registered public interest entity auditor under the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

Save as disclosed in this document, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. 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 (WUMP) Ordinance so far as applicable.

10. Bilingual Document

The English language and the Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since December 31, 2025 (being the date to which our latest audited consolidated financial statements were made up).

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

12. Miscellaneous

- (a) Within the two years immediately preceding the date of this document:
 - (i) save as disclosed in the sections headed “Share Capital” and “Structure of the [REDACTED]” in this document and in this Appendix VI, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) save in connection with the [REDACTED], no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and
 - (iii) save in connection with the [REDACTED], no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share or debenture in our Company.
- (b) No share or loan capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.
- (c) Save as disclosed in “History and Corporate Structure” in this document, no founder, management or deferred shares of our Company or any of its subsidiary have been issued or have been agreed to be issued.
- (d) Our Company has no outstanding convertible debt securities or debentures.
- (e) The English text of this document shall prevail over their respective Chinese text.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived.
- (g) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.
- (h) Save for the proposed [REDACTED] the Stock Exchange, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

APPENDIX VII DOCUMENTS TO BE DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS TO BE DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contracts referred to in “B. Further Information About Our Business — 1. Summary of Material Contracts” of Appendix VI to this document; and
- (b) the written consents referred to in “E. Other Information — 8. Qualifications and Consents of Experts” of Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.gzeholly.com during a period of 14 days from the date of this document:

- (1) the Articles of Association;
- (2) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (3) the audited financial statements of the Group for each of the years ended December 31, 2023, 2024 and 2025;
- (4) the report on unaudited [REDACTED] financial information from Ernst & Young, the texts of which is set out in Appendix II to this document;
- (5) the PRC legal opinions prepared by Jia Yuan Law Offices, our legal advisors as to the PRC law, in respect of certain aspects of our Group;
- (6) the material contracts referred to in the paragraph headed “B. Further Information about Our Business — 1. Summary of Material Contracts” of Appendix VI to this document;
- (7) the written consents referred to in the paragraph headed “D. Other Information — 8. Qualifications and Consents of Experts” of Appendix VI to this document;
- (8) the service contracts and letters of appointment with Directors, referred to in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of the Directors’ Service Contracts” of Appendix VI to this document;
- (9) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this document; and
- (10) a copy of the PRC Company Law, the Securities Law of the PRC, and the Overseas Listing Trial Measures, together with unofficial English translations.