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Application Proof of

DYNESS

Dyness Digital Energy Technology Co., Ltd.
大秦數字能源技術股份有限公司

(the "**Company**")

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

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Dyness Digital Energy Technology Co., Ltd.
大秦數字能源技術股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [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]	:	**[REDACTED]**

Sole Sponsor, [REDACTED]

國泰海通 GUOTAI HAITONG | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL

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

Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the maximum [REDACTED] of HK$[REDACTED] for each [REDACTED] together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] as finally determined is less than HK$[REDACTED].

The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document (which is HK$[REDACTED] to HK$[REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.dyness.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. See "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" sections for further details.

Prospective [REDACTED] of the [REDACTED] should note that the obligations of the [REDACTED] under the [REDACTED] are subject to termination by [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See "[REDACTED]" section for further details.

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 or to, or for the account or benefit of US persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] may be [REDACTED], sold or delivered only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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CONTENTS

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].

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

OVERVIEW

Our Mission

Bringing sustainable energy accessible to everyone.

Our Vision

Empower every home and business with intelligent energy solutions.

Who we are

We are an early mover in the energy storage system ("**ESS**") industry among Chinese players focusing on the R&D, manufacturing and sales of residential and C&I ESS products. According to Frost & Sullivan, we were the fifth largest residential ESS provider worldwide by shipment volume in 2025, with shipments of approximately 2.5 GWh. Our commercial and industrial ("**C&I**") ESS shipments in 2025 were approximately 0.6 GWh, bringing our total ESS shipments to approximately 3.1 GWh. We also have one of the widest global footprint among Chinese ESS companies.

We offer a comprehensive product portfolio built on years of hands-on experience serving a large number of customers across different markets and energy environments. Such experience endows us with a granular understanding of how energy storage needs vary from one region to the next. Our products are designed with standardized, modular architectures, which allow them to be flexibly configured to support a wide range of applications based on different customer needs and market conditions. They span the full range of energy storage applications, including photovoltaic self-generation and self-consumption, peak shaving and, load shifting electricity price arbitrage, emergency power supply, and microgrid construction, serving both residential and commercial and industrial customers worldwide.

We are one of the first Chinese companies to focus on overseas ESS markets. From the outset, we adopted a globalized operating model supported by localized service, entering each market with products tailored to local requirements. Over time, we built a distribution network spanning Europe, Asia Pacific, the Americas, Africa and the Middle East and have accumulated on-the-ground knowledge of grid conditions, energy consumption patterns and end user behavior across dozens of markets. These market insights enable us to adapt quickly to the needs of different markets and provide products that are suited to local application scenarios.

In 2025, 95.1% of our revenue was generated outside of the Chinese mainland, with sales of residential ESS products accounting for 75.7% of our total revenue. Our C&I business is growing rapidly, as more and more commercial and industrial operators seek cost-effective and reliable energy management solutions in response to rising electricity prices and increasing grid instability. As of December 31, 2025, our products had been deployed across more than 100 countries and regions, and cumulative ESS battery shipments reached over 1,000,000 units.

We are committed to advancing the digital evolution of energy, making sustainable energy accessible to everyone and empowering homes and businesses through intelligent energy solutions. As the global energy transition accelerates, we believe the demand for distributed energy storage will continue to grow, and we are well positioned to capture that opportunity through our global footprint, localized expertise and continued investment in product innovation.

Our business comprises two principal product lines:

- **Residential ESS**. We develop and sell small-scale ESS products for residential end users, including residential ESS batteries, which typically comprise battery modules and supporting components, such as battery management system ("**BMS**") and aerosol fire extinguisher, and all-in-one ESS, which typically integrates ESS batteries, energy management system ("**EMS**") and inverter into a single product for quick and easy installation. Our residential ESS products are designed to address the challenges faced by households across different regions, including high electricity costs, unreliable grid supply and the need to maximize solar generation. By storing energy when it is low-cost or abundant and dispatching it when needed, our systems give homeowners greater control over their energy consumption and the opportunity to benefit from dynamic electricity pricing.

- **C&I ESS**. We provide C&I ESS batteries and all-in-one ESS products for commercial and industrial customers. These systems enable the storage, conversion and dispatch of electrical energy at scale and are widely deployed across settings such as industrial parks and commercial complexes. By optimizing energy management strategies, our C&I ESS products help users reduce electricity costs, manage peak demand and ensure continuity of power supply.

Residential ESS

C&I ESS

Our key business highlights and achievements are illustrated in the following chart:

Scale	Brand Recognition
Fifth largest residential ESS provider worldwide by shipment volume in 2025 Annual production capacity of 3 GWh as of December 31, 2025 Revenue of RMB2,525.5 million in 2025, representing a year-on-year increase of 244.3%	Recognized as the "*Best PV/ESS Brand*" by EUPD Research across Brazil, South Africa, the Czech Republic, Romania and Poland *"2025–2026 Solar Consumer Award"* by EUPD Research

Coverage	R&D and Technology
Products deployed in over 100 countries and regions Cumulative ESS battery shipments over 1,000,000 units as of December 31, 2025 Flagship residential ESS product DL5.0C: cumulative sales approximately 200,000 units since debut in 2023	244 patents and 41 copyrights as of the Latest Practicable Date Proprietary BMS, EMS, power conversion system ("**PCS**") and smart cloud platform

Research and Development

Our products are designed to meet a broad range of application requirements of our customers. By closely monitoring industry trends and maintaining close collaboration with our customers, we ensure that our products align with their performance needs, operational goals and evolving requirements. To continue developing competitive products and bringing them to market efficiently, we have implemented an IPD system, bringing together R&D, procurement, manufacturing, sales and marketing and quality functions throughout the product development process and enabling efficient cross-functional collaboration. As part of the R&D process, we have developed pre-engineered hardware and software design modules that can be flexibly combined across different product lines, allowing us to reuse proven technical solutions efficiently across different products and markets, improving R&D efficiency and accelerating product development.

We continue to invest in key battery and power electronics technologies, algorithmic capabilities and system integration capabilities, establishing an R&D system covering BMS, EMS, PCS, cloud platforms and energy management algorithms.

Our Customers

During the Track Record Period, we primarily sold our ESS products through distributors. In 2023, 2024 and 2025, sales to our distributors amounted to RMB624.5 million, RMB678.4 million and RMB2,480.5 million, accounting for 86.4%, 92.5% and 98.2% of our total revenue in the respective periods.

Our distributors have overseas sales experience and local channel resources, including market access, distribution networks and local support capabilities, which help us achieve faster market penetration and expansion. As our products typically require professional installation, commissioning, grid connection and after-sales support, our distributors are well positioned to provide these services locally and assist with region-specific grid standards, regulatory requirements and certification processes. This model also helps us manage the capital and operational risks of overseas expansion by allowing distributors to share inventory, working capital and market development costs, while strong market demand, customer satisfaction and the performance, reliability and support of our products incentivize distributors to continue promoting our ESS products.

In 2023, 2024 and 2025, sales to our five largest customers, all of whom were our distributors except for Customer H mentioned below, amounted to RMB515.2 million, RMB211.3 million and RMB609.7 million, accounting for 71.3%, 28.8% and 24.1% of our total revenue in the respective years. See "Business — Sales and Marketing — Our Customers" for details.

Our Suppliers

Our suppliers are mainly suppliers of raw materials, equipment and logistics services. We have established and maintain stable and long-term relationships with our major suppliers.

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB689.7 million, RMB221.4 million and RMB947.2 million, accounting for 76.3%, 47.0% and 48.4% of our total purchases in the respective periods. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB333.2 million, RMB103.1 million and RMB316.0 million, accounting for 36.9%, 21.9% and 16.1% of our total purchases in the respective periods. See "Business — Supply Chain — Our Suppliers" for details.

Production

We manufacture our ESS products in our production facilities in Suzhou, Jiangsu, Taizhou, Jiangsu and Zhuhai, Guangdong, PRC. In addition to our in-house manufacturing operations, we engaged (i) a limited number of third-party contract manufacturers to produce certain residential low-voltage ESS batteries and C&I ESS batteries and (ii) certain third-party ODM partners to support the production of certain to-C residential ESS products. See "Business — Production" for details.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will continue to drive our future growth: (i) established global footprint built on early-mover advantage, (ii) global distribution network and localized operating capabilities, (iii) brand trust and long-term service capabilities, (iv) proven and market-driven product portfolio, (v) platform-based R&D and technology capabilities, (vi) robust manufacturing and supply chain capabilities and (vii) experienced management with deep industry insights and a global perspective.

OUR GROWTH STRATEGIES

We will pursue the following strategies to drive further growth: (i) deepening global market presence and brand recognition, (ii) broadening our product portfolio across new applications and markets, (iii) building AI-powered capabilities and strengthening core technology, (iv) strengthening manufacturing and logistics capabilities, (v) deepening value chain collaboration, and (vi) investing in global talent and organizational excellence.

COMPETITION

According to Frost & Sullivan, the ESS market is highly competitive. To maintain and grow our business, we must continue to meet our customers' requirements and deliver differentiated, high-performance products that meet their evolving needs. We believe our global footprint, differentiated product portfolio and ability to adapt products to local market requirements position us well to compete effectively in this market. See "Industry Overview" for details relating to our competitive landscape.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of financial data from our historical financial information during the Track Record Period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements as set out in the Accountants' Report in Appendix I to this Document, including the related notes. Our historical financial information was prepared in accordance with the IFRS Accounting Standards.

Results of Operations

	Year ended 31 December					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Revenue	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**
Cost of sales	(703,503)	(97.3)	(879,670)	(119.9)	(1,940,821)	(76.8)
Gross profit/(loss)	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**
Other net income	36,574	5.1	34,624	4.7	88,961	3.5
Selling and distribution expenses	(90,192)	(12.5)	(129,285)	(17.6)	(195,639)	(7.7)
Administrative expenses	(64,222)	(8.9)	(48,660)	(6.6)	(85,749)	(3.4)
Research and development costs	(58,527)	(8.1)	(81,630)	(11.1)	(103,876)	(4.1)
Impairment reversal/(loss) on trade and other receivables	3,864	0.5	(4,279)	(0.6)	(46,366)	(1.8)
(Loss)/Profit from operations	**(153,138)**	**(21.2)**	**(375,293)**	**(51.1)**	**241,995**	**9.7**
Changes in carrying amount of financial instruments with preferential rights	(61,923)	(8.6)	(90,889)	(12.4)	(90,640)	(3.6)
Other finance costs	(6,121)	(0.8)	(5,991)	(0.8)	(1,769)	(0.1)
Finance costs	(68,044)	(9.4)	(96,880)	(13.2)	(92,409)	(3.7)
Share of losses of associates	—	—	—	—	(466)	0.0
(Loss)/Profit before tax	(221,182)	(30.6)	(472,173)	(64.4)	149,120	5.9
Income tax benefit/(expense)	38,928	5.4	94,456	12.9	(23,846)	(0.9)
(Loss)/Profit for the year	**(182,254)**	**(25.2)**	**(377,717)**	**(51.5)**	**125,274**	**5.0**

Revenue

During the Track Record Period, we generated revenue from sales of residential ESS, C&I ESS and other products.

By product category

	Year ended 31 December					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	717,593	99.3	625,936	85.3	1,911,437	75.7
ESS Battery	717,593	99.3	622,311	84.8	1,890,189	74.8
Low-voltage Battery	585,925	81.1	503,702	68.7	1,352,662	53.6
High-voltage Battery	131,668	18.2	118,609	16.2	537,527	21.3
All-in-one ESS	—	0.0	3,625	0.5	21,248	0.8
C&I ESS	1,599	0.2	89,403	12.2	603,373	23.9
ESS Battery	—	—	6,313	0.9	342,858	13.6
All-in-one ESS	1,599	0.2	83,090	11.3	260,515	10.3
Others(1)	3,676	0.5	18,268	2.5	10,675	0.4
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses, and scrap materials.

During the Track Record Period, residential ESS was our largest revenue contributor. Leveraging our established capabilities in residential ESS across various markets, we expect revenue from this business line to continue to grow and remain as a key revenue contributor. We achieved strong growth of our C&I ESS business during the Track Record Period, with its revenue contribution growing from less than 1% in 2023 to 23.9% in 2025. As we continue to execute our growth strategies, we anticipate the C&I ESS business to become an increasingly significant revenue driver going forward.

By geographical location(1)

	Year ended 31 December					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Europe	143,478	19.9	363,675	49.6	1,541,115	61.0
Middle East	30,250	4.2	84,732	11.6	320,405	12.7
Africa	98,355	13.6	116,181	15.8	263,202	10.4
Asia Pacific (excluding the Chinese Mainland)	24,156	3.3	66,299	9.0	233,396	9.2
Chinese Mainland(2)	411,435	56.9	87,892	12.0	122,743	4.9
The Americas	15,194	2.1	14,828	2.0	44,624	1.8
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Notes:

(1) The geographical location of customers is presented based on the location where the goods were delivered.

(2) In 2023, the majority of revenue generated in the Chinese mainland was mainly attributable to shipments to Chinese mainland-based distributors, who subsequently sold our products overseas. In 2024 and 2025, certain products sold to Chinese distributors were also subsequently exported overseas.

During the Track Record Period, we actively diversified and expanded our geographical coverage. As of December 31, 2025, our distribution network spanned across more than 100 countries and regions.

Sales Volume and Average Selling Price

	Year Ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price[1]	Sales volume	Average selling price	Sales volume	Average selling price
	(kWh)	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*
Residential ESS	546,817.8	1.3	724,315.4	0.9	2,479,161.1	0.8
ESS Battery	546,817.8	1.3	722,994.5	0.9	2,465,038.2	0.8
Low-voltage Battery	464,500.4	1.3	611,633.8	0.8	1,999,003.7	0.7
High-voltage Battery	82,317.4	1.6	111,360.7	1.1	466,034.5	1.2
All-in-one ESS	—	—	1,320.9	2.7	14,122.9	1.5
C&I ESS	1,290.0	1.2	73,551.0	1.2	613,691.5	1.0
ESS Battery	—	—	7,020.0	0.9	358,689.5	1.0
All-in-one ESS	1,290.0	1.2	66,531.0	1.2	255,002.0	1.0

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Our sales volume of residential ESS increased significantly in 2025, with substantial growth across different regions; our sales volume of C&I ESS increased as we continued to launch new products and expand our product portfolio during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, (ii) cost of labor, (iii) cost of manufacturing and (iv) impairment loss/(reversal) of inventories.

We recorded impairment loss of inventories of RMB50.6 million and RMB84.6 million in 2023 and 2024, which was mainly in connection with the Legacy Inventory. See "— Our Gross Loss in 2024" for details. We recorded an inventory reversal of RMB10.0 million, reflecting the normalization of pricing and inventory levels following the clearance of Legacy Inventory for sale and improved demand visibility in 2025.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of raw materials	605,203	86.0	724,648	82.4	1,763,979	90.9
Cost of labor	8,455	1.2	19,977	2.3	36,666	1.9
Cost of manufacturing	18,084	2.6	17,697	2.0	43,144	2.2
Impairment loss/(reversal) of inventories	50,571	7.2	84,610	9.6	(10,037)	(0.5)
Others[1]	21,190	3.0	32,738	3.7	107,069	5.5
Total	**703,503**	**100.0**	**879,670**	**100.0**	**1,940,821**	**100.0**

Note:

(1) Mainly including cost of logistics and warranty costs.

Gross Profit and Gross Profit Margin

By product category

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin[2]	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	19,272	2.7	(157,567)	(25.2)	383,798	20.1
ESS Battery	19,272	2.7	(158,069)	(25.4)	381,340	20.2
Low-voltage Battery	15,098	2.6	(62,484)	(12.4)	279,490	20.7
High-voltage Battery	4,174	3.2	(95,585)	(80.6)	101,850	18.9
All-in-one ESS	—	—	502	13.8	2,458	11.6
C&I ESS	(555)	(34.7)	21,495	24.0	200,452	33.2
ESS Battery	—	—	1,583	25.1	115,503	33.7
All-in-one ESS	(555)	(34.7)	19,912	24.0	84,949	32.6
Others[1]	648	17.6	(9,991)	(54.7)	414	3.9
Total	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Notes:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

(2) The overall gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding period and multiplied by 100%.

By geographical location

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Amount before impairment loss of inventories						
Europe	(1,768)	(1.2)	(62,476)	(17.2)	384,846	25.0
Middle East	4,331	14.3	5,645	6.7	61,817	19.3
Africa	9,128	9.3	(21,178)	(18.2)	54,510	20.7
Asia Pacific (excluding the Chinese mainland)	4,575	18.9	5,189	7.8	41,119	17.6
Chinese Mainland	50,272	12.2	8,748	10.0	18,781	15.3
The Americas	3,398	22.4	2,619	17.7	13,554	30.4
Sub-total	**69,936**	**9.7**	**(61,453)**	**(8.4)**	**574,627**	**22.8**
Impairment loss/(reversal) of inventories	50,571	—	84,610	—	(10,037)	—
Gross profit/(loss) and gross profit/(loss) margin	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

For detailed analyses on our results of operations, please see "Financial Information — Period-to-Period Comparison of Results of Operations". As a result of the cumulative effects of the changes in our revenue, cost of sales and various expenses, we recorded loss for the year of RMB182.3 million and RMB377.7 million for 2023 and 2024, respectively, and a profit for the year of RMB125.3 million for 2025.

Summary of consolidated statements of financial position

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
				(unaudited)
Total non-current assets	**93,505**	**214,621**	**448,714**	**267,363**
Total current assets	**2,106,902**	**1,833,316**	**3,326,610**	**4,580,494**
Total current liabilities	**922,781**	**1,025,309**	**3,821,203**	**4,760,729**
Total non-current liabilities	**1,224,997**	**1,323,979**	**92,158**	**116,218**
Net current assets/(liabilities)	**1,184,121**	**808,007**	**(494,593)**	**(180,235)**
Net assets/(liabilities)	**52,629**	**(301,351)**	**(138,037)**	**(29,090)**
Capital and reserves				
Share capital	112,024	112,024	112,024	112,025
Reserves	(59,395)	(413,375)	(262,478)	(153,433)
Total equity/(deficit) attributable to equity shareholders of the Company	52,629	(301,351)	(150,454)	(41,408)
Non-controlling interests	—	—	12,417	12,318
Total equity	**52,629**	**(301,351)**	**(138,037)**	**(29,090)**

Our net current assets decreased from RMB1,184.1 million as of December 31, 2023 to RMB808.0 million as of December 31, 2024, primarily due to a decrease in inventories, a decrease in time deposits and a decrease in financial assets measured at FVPL, partially offset by an increase in trade and other receivables, an increase in cash and cash equivalents and an increase in restricted time deposits. Our net current position shifted from net current assets of RMB808.0 million as of December 31, 2024 to net current liabilities of RMB494.6 million as of December 31, 2025, primarily due to the financial instruments with preferential rights, an increase in trade and other payables and an increase in contract liabilities, partially offset by an increase in restricted bank deposits, an increase in trade and other receivables, an increase in inventories and an increase in time deposits. Our net current liabilities decreased from RMB494.6 million as of December 31, 2025 to RMB180.2 million as of April 30, 2026, primarily due to an increase in cash and cash equivalents, an increase in inventories and an increase in trade and other receivables, partially offset by an increase in trade and other payables, a decrease in restricted bank deposits, time deposits and an increase in contract liabilities. See "Financial Information — Liquidity and Capital Resources — Net Current Assets/Liabilities" for details.

Our net assets, being the total equity, decreased from RMB243.0 million as of January 1, 2023 to RMB52.6 million as of December 31, 2023, primarily due to our loss for the year of RMB182.3 million and the recognition of financial instruments with preferential rights of RMB1,086.2 million, partially offset by the issuance of financial instruments with preferential rights of RMB1,005.0 million and equity-settled share-based payment expenses of RMB31.4 million. Our total equity turned from net assets of RMB52.6 million as of December 31, 2023 to net liabilities of RMB301.4 million as of December 31, 2024, primarily due to our loss for the year of RMB377.7 million and other comprehensive loss of RMB16.3 million, partially offset by equity-settled share-based payment expenses of RMB40.1 million. Our net liabilities decreased from RMB301.4 million as of December 31, 2024 to RMB138.0 million as of December 31, 2025, primarily due to our profit for the year of RMB125.3 million and equity-settled share-based transactions of RMB38.8 million, partially offset by other comprehensive loss of RMB13.2 million. Our total equity turned from net liabilities of RMB138.0 million as of December 31, 2025, to net assets of RMB29.1 million as of April 30, 2026. See "Consolidated Statements of Changes in Equity" in "Appendix I — Accountants' Report" for details.

Summary of consolidated statements of cash flows

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
Net cash (used in)/generated from operating activities	(213,510)	(376,963)	81,305
Net cash (used in)/generated from investing activities	(791,722)	373,135	(164,098)
Net cash generated from financing activities	1,069,982	165,155	31,675
Net increase/(decrease) in cash and cash equivalents	64,750	161,327	(51,118)
Cash and cash equivalents at January 1	49,606	114,133	274,746
Effect of foreign exchange rate changes	(223)	(714)	59,342
Cash and cash equivalents at December 31	114,133	274,746	282,970

In 2023 and 2024, we recorded net cash used in operating activities of RMB213.5 million and RMB377.0 million. In 2025, we recorded net cash generated from operating activities of RMB81.3 million, primarily due to the profits we generated in each of the respective periods.

See "Financial Information — Liquidity and Capital Resources — Cash Flows."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year/period indicated.

	Year ended December 31,		
	2023	2024	2025
Gross profit/(loss) margin(1)	2.7%	(19.9)%	23.2%
Current ratio(2)	2.3	1.8	0.9
Quick ratio(3)	1.4	1.3	0.7

Notes:

(1) Gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding year and multiplied by 100%.

(2) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.

(3) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, the Company was directly held as to approximately 41.10% by Mr. Liu and approximately 17.94% by Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou. Among which, each of Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou was controlled by Mr. Liu as its general partner. As such, Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou, collectively were entitled to control approximately 59.04% of the voting rights in the Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou will collectively control an aggregate of [REDACTED]% of the voting rights in the Company. Accordingly, Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou would constitute a group of Controlling Shareholders.

For more details, see "Relationship with the Controlling Shareholders."

PREVIOUS A-SHARE LISTING ATTEMPT

In December 2022, the Company planned to apply for listing on the Shenzhen Stock Exchange. In preparation for the Proposed A-Share Listing, Haitong was engaged by the Company to provide tutoring and preliminary compliance advice with regards to the requirements of the CSRC. In July 2023, the Company started to attend a pre-listing tutorial. The pre-listing tutoring has not been completed as of the Latest Practicable Date. The pre-listing tutorial did not constitute a listing application with the CSRC or the ChiNext of the Shenzhen Stock Exchange as confirmed by the PRC Legal Advisor and there was no proposed timetable for the Proposed A-Share Listing.

For more details, see "History and Development — Previous Listing Attempt."

RISK FACTORS

We face risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of risks, you should read the "Risk Factors" section in its entirety before you decide to [REDACTED] in our H Shares. Some of the major risks that we face include: (i) our future growth depends on attracting and retaining customers and distributors and developing ESS products that meet their needs; (ii) our business, gross profit margin and results of operations are highly susceptible to fluctuations in the price and availability of key raw materials; (iii) our business may be adversely affected by risks relating to distributors' performance and our relationships with distributors; (iv) our business is exposed to fluctuations in demand across the residential and C&I ESS markets in which we operate as well as broader market conditions affecting such demand; (v) we have limited control over our distributors, and our business may be adversely affected by risks relating to their compliance and conduct; (vi) our overseas expansion exposes us to legal, regulatory, political and operational risks that could adversely affect our business and financial performance; (vii) our results of operations and growth are dependent in part on our ability to effectively manage our production capacity; and (viii) we face intense competition in the global ESS industry.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK$[REDACTED] per H Share (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expense paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised). In line with our strategies, we intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to strengthen our core technological capabilities and support continuous product innovation in residential and C&I ESS with the aim of improving our products' performance, reliability and scalability.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for our capacity expansion and smart manufacturing capability upgrades to support our production expansion plans and improve manufacturing efficiency and quality control.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to develop our global marketing and after-sales service system in support of our expansion in key overseas markets.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for potential strategic investments or acquisitions to strengthen our technological leadership and market position in our core businesses.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for working capital and general corporate purposes.

[REDACTED] STATISTICS

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

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
[REDACTED] of our Shares upon the completion of the [REDACTED][1]	HK$[REDACTED]	HK$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share[2]	HK$[REDACTED] (RMB[REDACTED])	HK$[REDACTED] (RMB[REDACTED])

Notes:

(1) The calculation of [REDACTED] is based on [REDACTED] Shares (comprising [REDACTED] H Shares to be [REDACTED] in the [REDACTED] and [REDACTED] H Shares to be [REDACTED] from Unlisted Shares) expected to be issued immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). For details, see "Share Capital — Upon Completion of the [REDACTED]" in this document.

(2) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share is arrived at after the adjustments referred to in the section headed "Unaudited [REDACTED] Financial Information" in Appendix II to this document and on the basis that a total of [REDACTED] Shares were in issue immediately following the completion of the [REDACTED] assuming the [REDACTED] had been completed on [REDACTED] without taking into account any Shares which may be issued upon the exercise of the [REDACTED].

For the calculation of the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share, see the section headed "Unaudited [REDACTED] Financial Information" in Appendix II to this document.

[REDACTED] EXPENSES

Our [REDACTED] expenses are estimated to be approximately HK$[REDACTED] (including [REDACTED] commission), accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this document, and no exercise of the [REDACTED]). Among our [REDACTED] expenses, approximately HK$[REDACTED] is directly attributable to the [REDACTED] of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period, and expect to incur, would consist of approximately HK$[REDACTED] related expenses and fees (including but not limited to commissions and fees), approximately HK$[REDACTED] non-[REDACTED]-related expenses and fees of the legal advisors and reporting accountant and approximately HK$[REDACTED] for other non-[REDACTED]-related fees and expenses.

DIVIDEND POLICY

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval by our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. As of the Latest Practicable Date, we did not have any dividend policy. Regulations in the PRC currently permit payment of dividends of a PRC company only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DEFINITIONS

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

"**Accountants' Report**"	the accountants' report of the Company, the text of which is set out in Appendix I to this document
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	Accounting and Financial Reporting Council
"**Articles**" or "**Articles of Association**"	the articles of association of the Company with effect upon the [REDACTED] (as amended from time to time), a summary of which is set out in Appendix III to this document
"**associate(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Audit Committee**"	the audit committee of the Board
"**BIS**"	Bureau of Industry and Security of United States Department of Commerce
"**Board**" or "**Board of Directors**"	the board of Directors of the Company
"**Business Day**"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**CAGR**"	compound annual growth rate
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**CD Energy**"	CD Energy (Proprietary) Limited, a limited company established in South Africa on May 11, 2023 and an indirectly wholly-owned subsidiary of the Company
"**China**", "**Chinese Mainland**" or "**the PRC**"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"**close associate(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" or "**CWUMPO**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"**Company**," "**we**," "**our**" or "**us**"	Dyness Digital Energy Technology Co., Ltd. (大秦數字能源技術股份有限公司), a limited liability company established in the PRC on August 17, 2017, which was converted into a joint stock company with limited liability on May 30, 2023, formerly known as Jiangsu Daqin New Energy Technology Co., Ltd. (江蘇大秦新能源科技有限公司)
"**Compliance Advisor**"	Maxa Capital Limited, the Compliance Advisor to our Company
"**connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**connected transaction(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Controlling Shareholder(s)**"	has the meaning ascribed thereto under the Listing Rules and refers to Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou
"**core connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Corporate Governance Code**"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"**CSRC**"	China Securities Regulatory Commission (中國證券監督管理委員會)
"**C&I**"	commercial and industrial
"**Director(s)**"	the director(s) of the Company
"**Dyness Europe**"	Dyness Europe B.V., a limited company established in the Netherlands on January 5, 2021 and an indirectly wholly-owned subsidiary of the Company
"**Dyness Singapore**"	Dyness Singapore Pte. Ltd., a limited company established in Singapore on March 8, 2023 and an indirectly wholly-owned subsidiary of the Company
"**EAR**"	U.S. Export Administration Regulations
"**EIT**"	enterprise income tax
"**EIT Law**"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"**ESG**"	Environmental, Social and Governance
[REDACTED]	[REDACTED]
"**Extreme Conditions**"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affect the working public's ability to resume work or brings safety concern for a prolonged period
"**FDPR**"	Foreign Direct Product Rule pursuant to the EAR
[REDACTED]	[REDACTED]
"**Frost & Sullivan**"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Group**," "**we**," "**our**" or "**us**"	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)
"**Guangdong Dyness**"	Guangdong Dyness Digital Energy Technology Co., Ltd. (廣東大秦數字能源技術有限公司), a limited liability company established in the PRC on October 26, 2023 and a subsidiary of the Company.
"**Guide**" or "**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"**H Share(s)**"	[REDACTED] ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
"**Hehan Jiangze**"	Suzhou Hehan Jiangze Equity Investment Partnership (Limited Partnership) (蘇州河漢江澤股權投資合夥企業(有限合夥)) (formerly known as Taizhou Hehan Jiangze New Energy Technology Consulting Partnership (Limited Partnership) (泰州河漢江澤新能源技術諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 2, 2022, one of our Controlling Shareholders
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Hong Kong Stock Exchange**" or "**Stock Exchange**"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**HR**"	human resources
"**IEEPA**"	International Emergency Economic Powers Act
"**IFRS**"	IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB")
"**Independent Third Party(ies)**"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

"**Latest Practicable Date**"	June 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Listing Rules**" or "**Hong Kong Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"**Macau**"	the Macau Special Administrative Region of the PRC
"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"**MIIT**"	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**Mr. Liu**"	Mr. Liu Yang (柳揚), chairman of the Board, executive Director and general manager, and one of our Controlling Shareholders
"**Nanzhang Zichou**"	Suzhou Nanzhang Zichou Enterprise Management Partnership (Limited Partnership) (蘇州楠樟梓裯企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on February 2, 2022, one of our Controlling Shareholders and an employee shareholding platform
"**Netherlands Legal Advisor"**	Buren N.V., the Netherlands legal advisor to the Company
"**Nomination Committee**"	the nomination committee of the Board
"**NPC**"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
"**Overseas Listing Trial Measures**"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"**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
"**PRC Legal Advisor**"	Llinks Law Offices, the PRC legal advisor to the Company
"**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"**[REDACTED] Investment(s)**"	the [REDACTED] investments in our Company undertaken by the [REDACTED] Investors, details of which are set out in the section headed "History and Development" in this document
"**[REDACTED] Investor(s)**"	the existing Shareholder(s) who participated in our [REDACTED] Investments, details of which are set out in the section headed "History and Development" in this document
[REDACTED]	[REDACTED]
"**R&D**"	research and development
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Appraisal Committee**"	the remuneration and appraisal committee of the Board
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of the PRC
"**SAFE**"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"**Securities and Futures Commission**" or "**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 Stock Exchange**"	The Shanghai Stock Exchange, a self-regulated legal entity under the supervision of China Securities Regulatory Commission
"**Share(s)**"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Shenzhen Dyness**"	Shenzhen Dyness Energy Storage Technology Co., Ltd. (深圳大秦儲能科技有限公司), a limited liability company established in the PRC on June 26, 2023 and a wholly-owned subsidiary of the Company.
"**Shenzhen Stock Exchange**"	The Shenzhen Stock Exchange, a self-regulated legal entity under the supervision of China Securities Regulatory Commission
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Sole Sponsor**"	the sole sponsor as named in "Directors and Parties Involved in the [REDACTED]"
"**STA**"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
[REDACTED]	[REDACTED]
"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Strategy Committee**"	the strategy committee of the Board
"**subsidiary(ies)**"	has the meaning ascribed thereto under the Listing Rules
"**substantial shareholder(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Suzhou Dyness**"	Suzhou Dyness New Energy International Development Co., Ltd. (蘇州大秦新能國際發展有限公司), a limited liability company established in the PRC on January 13, 2023 and a wholly-owned subsidiary of the Company.
"**Suzhou Qinhupan**"	Suzhou Qinhupan Equity Investment Partnership (Limited Partnership) (蘇州溱湖畔股權投資合夥企業(有限合夥)) (formerly known as Taizhou Qinhupan New Energy Technology Consulting Partnership (Limited Partnership) (泰州溱湖畔新能源技術諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 23, 2021, and one of our Controlling Shareholders
"**Takeovers Code**"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"**Taizhou Dyness**"	Dyness New Energy Technology (Taizhou) Co., Ltd. (大秦新能源科技(泰州)有限公司), a limited liability company established in the PRC on March 6, 2020 and a wholly-owned subsidiary of the Company

"**treasury shares**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Track Record Period**"	the financial years ended December 31, 2023, 2024 and 2025
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**United States**" or "**U.S.**"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"**Unlisted Share(s)**"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"**U.S. dollar(s)**", "**US$**" or "**USD**"	United States dollar, the lawful currency of the United States
"**U.S. Securities Act**"	The U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"**VAT**"	value-added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"**Xi'an Dyness**"	Xi'an Dyness Digital Energy Technology Co., Ltd. (西安大秦數字能源技術有限公司), a limited liability company established in the PRC on June 7, 2017 and a wholly-owned subsidiary of the Company
"**Yuanjian Daotong**"	Suzhou Yuanjian Daotong Enterprise Management Partnership (Limited Partnership) (蘇州遠見道同企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on February 2, 2023, and one of our employee shareholding platforms
"%"	per cent

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including the Company's subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

"AC"	alternating current, an electric current which periodically reverses direction and changes its magnitude continuously with time
"AC-AC"	an electronic device that converts alternating current (AC) power from one voltage, frequency, or waveform to another AC form
"AC-DC"	an electronic device that converts alternating current (AC) power into direct current (DC) power
"AI"	artificial intelligence
"API"	application programming interface, a connection between computers or between computer programs
"BDU"	battery distribution unit
"BMS"	battery management system, a system that monitors, manages, and protects batteries, ensuring safe operation, optimal performance, and extended lifespan
"Busbar"	a metallic strip or bar, typically housed inside switchgear, panel boards, and busway enclosures for local high current power distribution, transmission, or switching substations
"CO"	carbon monoxide
"DAB"	dual active bridge, an isolated DC-DC converter that enables efficient, bidirectional power transfer by controlling the phase shift between its two active switching bridges
"dB"	decibel, a relative unit of measurement equal to one tenth of a bel
"DC"	direct current, an electric current which flows only in one direction
"DC-DC"	an electronic device that converts one level of direct current (DC) voltage to another DC voltage level
"EIS"	electrochemical impedance spectroscopy, a non-destructive diagnostic technique that characterizes the internal electrochemical properties of a battery cell by measuring its impedance response across a spectrum of AC frequencies, used in BMS applications for online battery health assessment and degradation monitoring
"EMS"	energy management system, a system that monitors, controls, and optimizes energy usage and storage
"ESG"	environmental, social and governance
"ESS"	energy storage system, a system designed to store energy in various forms, such as chemical, thermal, or mechanical, for later use
"EV"	electric vehicle
"GaN"	gallium nitride, a binary III/V direct bandgap semiconductor commonly used in blue light-emitting diodes
"GWh"	Gigawatt-hour, a unit of energy measurement equal to one billion watt-hours, commonly used to quantify the amount of energy produced or consumed over time, particularly in large-scale energy systems

"HVAC"	heating, ventilation and air conditioning, systems designed to provide thermal comfort and to control airborne contaminants through heating, cooling, ventilation, filtration, and humidity control
"ICT"	In-Circuit Test, a widely used and cost-efficient method for testing medium- to high-volume electronic printed circuit board assemblies
"Incoterms"	International Commercial Terms, a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) relating to international commercial law, which define the responsibilities of exporters and importers in the arrangement of shipments and the transfer of liability involved at various stages of the transaction
"IP55"	a protection rating defined by the International Electrotechnical Commission, indicating protection against dust ingress in quantities insufficient to interfere with equipment operation, and protection against low-pressure water jets from any direction
"IP65"	a protection rating defined by the International Electrotechnical Commission, indicating complete protection against dust ingress (dust-tight), and protection against low-pressure water jets from any direction
"IP66"	a protection rating defined by the International Electrotechnical Commission, indicating complete protection against dust ingress (dust-tight), and protection against strong water jets from any direction
"I^2R losses"	the power dissipated as heat when electric current flows through a conductor with resistance
"kWh"	Kilowatt-hour, a unit of energy equal to one kilowatt (1,000 watts) of power sustained for one hour.
"LFP"	lithium iron phosphate, an inorganic compound
"LLC"	inductor-inductor-capacitor, a type of resonant DC-DC converter that uses a resonant tank circuit composed of two inductors and a capacitor to achieve high efficiency across a wide range of input voltages and output loads
"MLPS"	Multi-Level Protection Scheme, a cybersecurity certification framework in China
"MOSFET"	the metal-oxide-semiconductor field-effect transistor, a type of field-effect transistor, most commonly fabricated by the controlled oxidation of silicon
"MW"	Megawatt, a unit of power measurement equal to one million watts (1,000,000 W)
"MWh"	Megawatt-hour, a unit of energy measurement equal to one million watt-hours, commonly used to quantify the amount of energy produced or consumed over a period, particularly in medium-scale energy systems
"OTA"	over-the-air, a technology that enables wireless delivery of updates, upgrades, or configurations to devices, ensuring functionality improvements and feature enhancements without physical intervention

GLOSSARY OF TECHNICAL TERMS

"PCS"	power conversion system, a system that converts electrical energy between different forms, such as alternating current and direct current, enabling efficient energy transfer and integration in energy storage or renewable energy systems
"PDU"	power distribution unit, a device fitted with multiple outputs designed to distribute electric power, especially to racks of computers and networking equipment located within a data center
"PV"	photovoltaic, a technology that converts sunlight directly into electricity using solar cells
"Round-trip efficiency"	the ratio of usable energy output to total energy input over a complete charge-discharge cycle, expressed as a percentage
"SMT"	surface-mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
"SOC"	State of Charge, a measure of the current energy level in a battery, expressed as a percentage of its total capacity, indicating how much charge is available for use
"SOH"	State of Health, a metric used to assess the overall condition and performance of a battery relative to its original specifications, indicating its remaining useful life and efficiency
"VPP"	virtual power plant, a system that aggregates and manages distributed energy resources, such as solar panels, batteries, and wind turbines, to operate as a single power plant
"Wh"	Watt-hour, a unit of energy equal to one watt of power sustained for one hour

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future, which are not historical facts. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [REDACTED]". When used in this document, the words "aim," "anticipate," "believe," "commit," "consider," "could," "estimate," "expect," "going forward," "goal," "intend," "may," "objective," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedule," and the negative of these words and other similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Forward-looking statements reflect the current views of the Directors with respect to future events, operations, liquidity and capital resources. Some of which may not materialize or may change. These statements are based on assumptions and are subject to certain risks and uncertainties, including those listed in "Risk Factors," which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks and uncertainties which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations, business prospects and development of our products;
- our ability to maintain relationship with, and the actions and developments affecting, our distributors, customers and suppliers;
- future developments, trends, competitive landscape and conditions in the ESS industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our ability to deepen vertical integration across our supply chain, including through R&D of key components and technologies;
- our business strategies and goals and plans to achieve these goals;
- the effectiveness of our quality control systems;
- our planned use of [REDACTED];
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate;
- capital market developments; and
- various business opportunities that we may pursue.

FORWARD-LOOKING STATEMENTS

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of the Directors are made as of the date of this document. Any such intentions are subject to 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 the Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an [REDACTED] in the Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the [REDACTED] of the Shares could decline, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our future growth depends on attracting and retaining customers and distributors and developing ESS products that meet their needs.

During the Track Record Period, our growth strategy has focused on expanding our customer base, maintaining long-term relationships with key customers and distributors and offering ESS products suitable for different application scenarios and customer requirements. It requires us to match our products and system designs to end-customers' use cases, site conditions, grid-connection requirements and integration with other equipment or software. Therefore, our ability to continue growing our business depends on our success in providing such products and increasing sales to new and existing distributors and customers. There is no assurance that we will be able to do so, or that we will be able to continue responding effectively to changing customer preferences, evolving technical and safety standards and new application scenarios for ESS.

If we are unable to develop and launch competitive ESS products in a timely manner that address customers' actual needs and pain points, or if our new products fail to gain sufficient market acceptance or keep pace with industry trends, we may lose existing or potential business opportunities, be forced to reduce prices or accept less favorable commercial terms and suffer damage to our brand and market position. Any of these outcomes could materially and adversely affect our growth prospects, business, financial condition and results of operations.

Our business, gross profit margin and results of operations are highly susceptible to fluctuations in the price and availability of key raw materials.

Prices of raw materials constitute a significant portion of our cost of sales. During the Track Record Period, the cost of raw materials accounted for 86.0%, 82.4% and 90.9% of our cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Our main raw materials consist primarily of LFP battery cells, sheet metal parts, control modules, wire harnesses and electronic components. The prices and availability of LFP battery cells, in particular, are subject to wide fluctuations and may be affected by various factors beyond our control, including global supply and demand dynamics, market trends, supplier negotiations and changes in environmental regulations, trade policies or geopolitical conditions.

Volatility in key raw material prices can materially and adversely affect our gross profit margin. We typically enter into supply framework agreements with our suppliers of raw materials. However, a shortage of key raw materials could impact our purchase price and limit the number of products we are able to produce, thereby increasing our production costs. At the same time, if raw material costs increase, we may not be able to pass on such increases to customers in a timely manner, or at all, due to intense market competition and customer cost pressures, which would directly compress our gross margin. On the other hand, if raw material prices decrease, inventory purchased at previously higher prices may create a time lag before cost reductions are fully reflected in our cost of sales and we may have to sell our products at reduced prices, compressing our margins and potentially resulting in increased provisions for inventory impairment. Deterioration in business relationships with these suppliers could also lead to failure to source sufficient quantities of raw materials and components of satisfactory quality at acceptable costs. We have reduced relevant risks by engaging multiple suppliers for comparable raw materials and key components. However, there can be no assurance that a significant change in price of key raw materials or shortage in the supply of raw materials will not take place in the future. We have recorded in the past, and may in the future continue to record, gross losses and negative gross profit margins, partly because of the significant change in raw material price. See "Financial Information — Significant Factors Affecting Our Results of Operations — Fluctuations in Raw Material Cost" and "Financial Information — Our Gross Loss in 2024" for details. If we fail to manage raw material price fluctuation risks effectively, our business, financial condition, and results of operations may be materially and adversely affected.

Our business may be adversely affected by risks relating to distributors' performance and our relationships with distributors.

We sell the majority of our products through third-party distributors, whose performance is critical to our business. We have established a distributorship network with a large number of distributors around the world, and generated substantial revenue through sales to distributors during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, 86.4%, 92.5% and 98.2% of our total revenue in the respective periods was generated from our sales to distributors. See "Business — Sales and Marketing — Our Customers — Our Distributors" for details. Our sales volumes depend in part on how effectively our distributors market and sell our products. The performance of our distributors may be influenced by a number of factors, including: (i) weaker-than-expected demand within the respective markets, (ii) intensifying competition within the respective markets, (iii) the strategies our distributors adopt in promoting our products, (iv) our distributors' own business and financial performance, (v) our distributors' ability to grow their customer base and penetrate new markets without creating channel stuffing risks, (vi) our distributors' strategies to extend the geographical coverage of our products, (vii) our ability to effectively manage the number of distributors in each geographical market to reduce the risk of cannibalization and (viii) our distributors' willingness to adhere to our recommended pricing guidance. As a result, our revenue may decline if they fail to meet their sales targets or lose market share in their respective territories.

Identifying, developing, managing and maintaining distributor relationships requires significant time and resources. There is no assurance that we will be able to renew distribution agreements with existing distributors, retain our key distributors on similar terms or find suitable replacements on commercially reasonable terms. The loss of, or a significant reduction in orders from, any key distributor could have an adverse impact on our revenue. At the same time, we also offer rebates or other sales incentives to certain distributors based on factors such as local market conditions, strategic importance and distributor capabilities. See "Business — Our Customers — Our Distributors — Arrangement with Our Distributors" for details. If rebate levels increase, or if we are required to provide additional rebates to maintain distributor relationships or support sales, our gross profit margins may be reduced. Rebate arrangements may also give rise to estimation and accrual risks, disputes over calculation or payment, channel conflicts or incentives for distributors to place orders ahead of actual end-user demand. If rebates, discounts or other sales incentives are not properly documented, approved and recorded, we may also be exposed to accounting, tax or other compliance risks. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Further, if a distributor encounters financial difficulties or becomes insolvent, we may face bad debt exposure, disruption to our sales channels and difficulties recovering stranded inventory or outstanding receivables, with limited recourse available to us. Even where distributors do not become insolvent, they may delay payment or default on outstanding amounts, requiring us to make provisions for bad debts and adversely affecting our cash flow. For example, ESS products carry an inherent risk of fire, thermal runaway or other casualty events during storage, transportation, installation or operation. Distributors may hold significant quantities of our inventory at their own premises, and we have limited ability to monitor or control the conditions under which such inventory is stored or handled. If distributors fail to store or handle our products in accordance with our technical specifications or safety requirements, the risk of product degradation, malfunction or fire increases, and any resulting incidents could give rise to product liability claims against us. A fire or similar casualty event at a distributor's premises could result in the destruction of inventory, personal injury, property damage and third-party claims. If distributors do not maintain adequate insurance coverage of their own, any inventory losses arising from fire or other casualty events at their premises may not be recoverable, leaving us exposed to uncompensated write-offs, and addressing issues of this nature may also consume significant management time and resources.

Our distributors may also engage in the sale of our competitors' products. There can be no assurance as to the business affairs of such distributors or that these distributors, who act both for us and our competitors, will give our products higher priority, thereby reducing their efforts to sell our products. As independent companies, distributors make their own business decisions that may not always align with our interests. If our distributors do not effectively distribute our products, our financial results could be adversely affected.

Our business is exposed to fluctuations in demand across the residential and C&I ESS markets in which we operate as well as broader market conditions affecting such demand.

Our results of operations are significantly influenced by demand from downstream customers in the markets where we operate. Demand for our ESS products, which are primarily used in residential and C&I applications, is subject to various factors beyond our control, including (i) the pace of energy transition, retail electricity tariff structures, net metering policies and self-consumption incentives that directly affect homeowners' and businesses' decisions to invest in ESS; (ii) the availability and continuity of government subsidies, tax credits and other incentives targeted at residential and C&I energy storage installations; (iii) the financial capacity and investment appetite of C&I customers, which is sensitive to macroeconomic conditions, credit availability and energy price levels; (iv) seasonal fluctuations in installation and procurement cycles; (v) the status of government regulations, policies and economic incentives relating to renewable energy industries, as well as policies relating to clean energy, climate change and decarbonization generally; (vi) end-user demand for the downstream applications; (vii) concerns regarding the stability of the electrical grid and centralized power generation; (viii) developments in battery technology; (ix) end users' level of environmental consciousness and (x) industry-wide supply and demand imbalances, including periods of oversupply driven by rapid capacity expansion or demand contraction across the industry, which may depress market prices. Any adverse change in the foregoing factors could materially and adversely affect our business, results of operations and financial condition.

Further, our future growth also depends on perceptions about the quality, safety, performance and cost of ESS products and their continued acceptance and adoption by our end users, primarily households and commercial and industrial operators. The market for ESS solutions is still rapidly evolving, characterized by advancing technologies, competitive pricing, developing industry standards and shifting end-user demands and behaviors. Although demand for ESS solutions has grown in recent years, there is no assurance that this growth will continue. If we fail to maintain and grow our market position in light of these challenges, our business and growth prospects could be materially and adversely affected.

We have limited control over our distributors, and our business may be adversely affected by risks relating to their compliance and conduct.

Most of our sales transactions with distributors are conducted through purchase orders and we are in the process of entering into framework agreements with our distributors. Subject to variations in market practice, we rely on a combination of framework agreements and purchase orders with standard terms to govern our business relationships with distributors. As a result, we have limited ability to manage their activities and the activities of any sub-distributor they engage. Even with respect to the distributors that have executed framework agreements with us, they may not perform their obligations under such agreements. For example, distributors may engage in unauthorized discounting or other activities that undermine our pricing strategy, create channel conflicts and damage our relationships with other distributors or direct customers. More broadly, we cannot assure that distributors will consistently comply with distribution agreements or conduct their business in a manner consistent with our reputation, brand image and internal standards. For example, since some distributors handle installation, commissioning and after-sales support, the quality of service they deliver directly affects end-customer satisfaction and our brand reputation. We have limited ability to oversee or control how distributors carry out these activities, and any failure on their part to provide adequate service could damage our brand and undermine customer confidence in our products. Also, although we have implemented reporting requirements to track distributor inventory levels, we rely on distributors to provide complete, accurate and timely information. Limited visibility into end-user demand and channel inventory may cause us to misjudge actual market conditions, resulting in excess inventory build-up, pricing pressures, missed sales opportunities or reduced margins. Non-compliance, misconduct, fraud or failure by distributors to perform their contractual obligations could harm our reputation, disrupt our sales channels, undermine customer confidence and expose us to legal liabilities, regulatory scrutiny and potentially costly litigation, regardless of whether any such claims are ultimately substantiated. We permit our distributors to engage sub-distributors, primarily installers, to assist in selling our products and install for end users. There is no assurance that sub-distributors will consistently comply with our standards and requirements. Any wrongdoing or failure by a sub-distributor to provide satisfactory service to end users could adversely affect our brand reputation and business.

Our distributors may accumulate excessive or obsolescent inventory.

We sell our products to distributors, who maintain their own inventories of our products. Our distributors and their sub-distributors, mainly installers, in turn distribute our products to end users through various channels. We may not be able to accurately track our distributors' inventory levels and promptly identify any excessive inventory build-up in the distribution channel. The risk of excessive or obsolescent inventory held by our distributors may increase during industry oversupply cycles or periods of rapid changes in product specifications, technology or market prices.

If our distributors accumulate excessive or aging inventory, they may reduce or delay future orders from us until their existing inventories are sold down. We may also face commercial pressure to provide price concessions, sales incentives, future price reductions or other support to facilitate inventory clearance or sell-through to end users, in some cases even where we are not contractually required to do so. Any such measures could reduce our average selling prices, compress our margins and adversely affect our revenue, profitability and results of operations.

Certain of our framework distribution agreements also contain price protection mechanisms, which we are in the process of phasing out for both existing and future agreements. See "Business — Our Customers — Our Distributors — Arrangement with Our Distributors" for details. Although we have a stringent approval process for price protection claims and have not approved any claims under these mechanisms since entering into the relevant agreements with our distributors, we cannot assure you that distributors will not seek price protection under these mechanisms or request other types of compensation from us in the future, particularly if market prices decline significantly after they have purchased inventory from us. If we are required to provide price protection to these distributors, our gross profit margin, financial condition and results of operations could be materially and adversely affected.

If we are unable to successfully execute our growth strategy, our business and prospects may be materially and adversely affected.

As our business continues to grow, we face increasing demands on our managerial, operational and financial resources and continue to encounter challenges in implementing growth strategies to keep pace with emerging opportunities. Managing this growth requires us to, among other things: (i) execute our strategies and business initiatives successfully; (ii) expand our distributor networks in both existing and new markets; (iii) develop or scale our manufacturing, sales, service facilities and service network; (iv) manage a larger organization with an expanding workforce; (v) control expenses and investments in anticipation of broader operations; (vi) strengthen our financial and management controls, inventory management, compliance programs and reporting systems; and (vii) identify and respond to new market dynamics and unforeseen challenges as they arise.

Failure to address any of these challenges in a timely and effective manner could create operational challenges or impact our ability to scale production to meet market demand. If we fail to manage our growth effectively, our revenue may decline or fail to grow, and our competitive position, business, results of operations, financial condition and prospects may be materially and adversely affected.

Our overseas expansion exposes us to legal, regulatory, political and operational risks that could adversely affect our business and financial performance.

During the Track Record Period, a significant portion of our revenue was generated from overseas customers, and we plan to further grow our global footprint as part of our strategy. Specifically, overseas sales represented 43.1%, 88.0% and 95.1% of our total revenue in 2023, 2024 and 2025, respectively. As we expand our international presence to serve a broader client base and penetrate new markets, it may subject us to various risks, including (i) changes in economic conditions, regulatory requirements, inflation, interest rates and foreign exchange fluctuations; (ii) challenges in recruiting and retaining qualified personnel in overseas markets, (iii) adapting products and services to local grid standards, legal or industry requirements and cultural norms, (iv) managing differences in local labor laws and labor union practices; (v) increased costs associated with marketing, distribution, after-sales service and customer support; (vi) supply chain disruptions and logistical challenges; (vii) political and social instability, including geopolitical events or civil unrest; (viii) requirements to obtain and maintain necessary registrations, licenses, approvals, permits and filings in local jurisdictions; and (ix) risks related to the effectiveness of risk management and internal control structures for overseas operations and other risks beyond our control, any of which could adversely affect our overseas operations and overall business performance.

In addition, we face compliance risks relating to data privacy, environmental, consumer protection, antitrust, anti-bribery, anti-corruption and anti-money laundering laws, as well as difficulties in protecting intellectual property, enforcing contracts, collecting receivables and managing risks arising from customer or supplier insolvency, misconduct or product boycotts. Also, as we operate in many different jurisdictions, we have conducted cross-border intragroup transactions in our ordinary course of business, which may result in an increased likelihood of tax audits, possibly leading to challenges in relation to, amongst other things, tax residence, permanent establishment and transfer pricing issues. The occurrence of any of these risks could increase our compliance costs, disrupt international operations, limit market access or result in significant liabilities, which could materially and adversely affect our business, financial condition and results of operations.

Our results of operations and growth are dependent in part on our ability to effectively manage our production capacity.

We manufacture our products primarily at our production facilities located in Suzhou, Taizhou and Zhuhai, PRC, and we have been expanding our production capacity to meet growing demand for our products. Our ability to meet customer demand depends on sufficient production capacity. If our existing capacity is inadequate, particularly during periods of increased demand, we may be unable to deliver products in a timely manner, which could harm customer relationships, result in loss of business opportunities and materially adversely affect our results of operations and financial condition.

As our business grows, we may need to expand capacity through new facilities or upgrades to existing production lines. We cannot assure that such expansion will be completed on time or within budget, or that required funding, sites, regulatory approvals, equipment, skilled personnel or other resources will be available as needed. Even after new facilities commence operations, we may fail to achieve expected ramp-up, utilization, yields or returns, particularly if market demand declines, which could result in disputes, unrecovered costs and adverse impacts on our business and financial condition.

In addition, our gross margins depend on achieving high utilization rates and production yields. Industry-wide capacity expansion, particularly in China, has increased the risk of structural overcapacity. We have experienced in recent years, and may experience in the future, underutilization at certain production centers. Low utilization or production inefficiencies arising from demand fluctuations, equipment failures, labor shortages or other operational disruptions could increase unit costs, compress margins and materially and adversely affect our business results.

We face intense competition in the global ESS industry.

The ESS market in which we operate is highly competitive and rapidly evolving. We face competition from established global and domestic manufacturers of lithium-ion battery and ESS. The competitive landscape continues to intensify as current industry participants expand their product offerings and new entrants, both from upstream battery producers and downstream solution integrators, enter the market.

Specifically, we are increasingly exposed to competitive threats arising from the vertical integration strategies of utility providers, large-scale commercial and industrial system owners and renewable energy developers, some of whom have commenced building or investing in independent ESS integration capabilities or upstream battery manufacturing. This shift towards vertical integration may lead certain customers to reduce their reliance on third-party suppliers, including us, for certain ESS products. Any significant reduction or cessation of procurement from our major customers could have a material adverse effect on our revenue, market position and profitability.

In addition, our industry is subject to intense pricing pressure. As subsidies for downstream ESS applications decline and an increasing number of regions approach grid parity, the cost of solar PV and energy storage, as well as overall market prices for products such as inverters, have come under sustained downward pressure, while competition from other industry participants has intensified. While we do not intend to engage in price wars, there can be no assurance that such strategic approaches will prove successful or that our products will gain sufficient market traction. Should our products fail to achieve anticipated market acceptance or price competitiveness, we may lose market share, and our business, results of operations and financial condition could be materially and adversely impacted.

Our business is capital-intensive and may require additional funding to finance our operations, which may not be available or on terms acceptable to us.

We are engaged in a capital-intensive industry that requires significant ongoing investments in areas such as the construction and upgrading of our production facilities, purchasing manufacturing equipment and supporting continuous research and development initiatives. We may require additional cash resources to finance our continued growth or other future developments. To sustain our business expansion and enhance our production capacity, we anticipate continuing to incur substantial capital expenditures going forward. Our reliance on external funding is further highlighted by our net losses and net cash outflows from operating activities in certain years in the past.

We expect to fund our future capital commitments and operating expenses from cash generated from operations, banking facilities and the net [REDACTED] from the [REDACTED]. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. We may not be able to obtain additional funds or on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, general market conditions for capital raising and debt financing activities and economic, political and other conditions in the markets in which we operate. Additional equity or equity linked financing may dilute the interests of our shareholders, and debt financing, if available, may involve restrictive covenants and could restrict our operational flexibility and reduce our profitability.

Our future success depends on our ability to innovate and respond to rapid technological changes and our significant investments in R&D may not yield the desired results.

Ongoing technological innovation is essential to our ability to compete and succeed in the dynamic energy storage industry, which is marked by rapid product advancements and frequently shifting market demands. To support our competitive position, we have continued to make substantial investments in R&D. Our R&D costs amounted to RMB58.5 million, RMB81.6 million and RMB103.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 8.1%, 11.1% and 4.1% of our total revenue for the respective periods.

The outcomes of R&D activities are inherently unpredictable. There is no assurance that our R&D initiatives will achieve intended results within expected timelines or budgets, or that they will result in commercially successful or widely accepted ESS products. The rapid pace of technological change in our industry means that our products and technologies could be rendered obsolete by disruptive innovation from competitors. While we are developing capabilities in next-generation technologies, a failure to respond to industry shifts or to anticipate market developments could diminish our competitiveness and erode our market share. We also face risks that new or existing competitors may introduce products with equal or superior performance, potentially at more attractive price points.

We may be subject to financial and reputational risks due to product quality issues, product recalls and product liability claims.

Due to the complexity of our ESS product development and manufacturing processes, our products may contain undetected defects or failures that are difficult to identify and may be time-consuming, expensive or impossible to correct. ESS products are also complex in nature and can, in the event of failure, release energy in a manner that causes personal injury or property damage. Any such defects, failures or performance problems, or the perception thereof, could result in, among other things: (i) significant expenditure of financial and development resources, including product recalls; (ii) loss of existing or potential customers, distributors or other business partners; (iii) interruptions or delays in sales; (iv) delayed or lost revenue; (v) failure to obtain or delays in achieving market acceptance; (vi) delays in the development or release of new products, features or improvements; (vii) negative publicity and reputational harm; (viii) future sales credits or refunds; (ix) diversion of management resources; (x) breach of warranty claims; (xi) product liability claims, lawsuits or redesign efforts arising from personal injury or property damage; and (xii) the expense and risk of litigation or governmental investigation. We cannot assure you that product liability claims will not be brought against us in the future, and any meritorious claim could require us to pay substantial damages and generate significant negative publicity about our products and business. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Moreover, our products may be subject to misuse or improper handling by end users. Such misuse could result in accidents, personal injury or property damage. Even where we are not at fault, we may nonetheless be subject to product liability claims, regulatory investigations or negative publicity arising from such incidents. Defending against such claims, regardless of their merit, could be costly and time-consuming, and any associated reputational harm could undermine customer confidence in our products and brand, which could materially and adversely affect our business and results of operations.

At the same time, our installation and after-sales service providers may expose us to potential liability for personal injury, accidents, business interruptions and property damage or destruction. We cannot guarantee that these service providers will strictly follow the instructions and guidance we provide, which may result in customer complaints or claims against us relating to product quality or safety, whether or not any underlying product defect is attributable to us. An accident, even one for which we are not at fault, may attract heightened regulatory scrutiny and result in increased operating expenses, which could damage our reputation and result in significant costs to resolve.

Our insurance might be insufficient to cover full business risks, which could negatively impact our financial condition and results of operations.

We maintain insurance to cover certain potential risks, such as product liability insurance, property insurance and employee insurance, but we cannot assure you that our insurance coverage will be adequate to protect us against all potential claims or that we will be able to maintain such coverage on acceptable terms in the future. Our insurance policies are subject to deductibles and limits, and any claim that exceeds our coverage could require us to incur substantial costs. Furthermore, we may not be fully indemnified if liabilities arise from faulty components provided by our suppliers. Any significant uninsured or underinsured product liability claim could have a material adverse effect on our business, financial condition and results of operations.

In addition, our third-party service providers may fail to purchase insurance or maintain effective insurance, and may not be able to fully, or at all, pay the damages resulting from accidents. We cannot assure you that our insurance coverage or our third-party service providers' insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our operations depend on a stable and adequate supply of energy at reasonable prices.

Our manufacturing operations require substantial and consistent consumption of electricity and other energy sources. As a result, our production volumes and costs are susceptible to fluctuations in the price and supply of energy. The price and supply of energy may be affected by factors outside our control, including macroeconomic conditions, government regulations on power use, inflationary pressures and unexpected events such as natural disasters or technical issues at our energy suppliers.

If energy prices rise sharply, and we are unable to transfer these increased costs to our customers due to market competition, our profit margins could be squeezed. In addition, any major disruption in the supply of electricity or other energy forms could halt or delay our manufacturing activities. We cannot guarantee that we will not face unforeseen energy shortages or significant cost increases in the future. Such occurrences could materially and adversely impact our cost of sales and results of operations.

We rely on third-party service providers for certain services, and their performance may impact our business and reputation.

We rely on third-party service providers for a number of services, such as logistics, IT and cloud infrastructure and after-sales support. In terms of logistics, we use third party logistics service providers to deliver certain of our work-in-progress and finished products. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors affecting our production process, we may lose customers and sales, and our reputation may be negatively impacted.

Moreover, this risk could be accentuated in our overseas operations, where certain after-sales services are provided by third-party service providers. We have limited control over the quality and timeliness of the services provided by these third parties. If our service providers do not perform to our satisfaction, we may not be able to find suitable replacements in a timely manner or on commercially reasonable terms, which could increase our operating costs and disrupt our business. Furthermore, any service failures by our third-party providers, particularly in customer-facing roles such as after-sales support, could directly harm our brand reputation and customer relationships in our key markets.

At the same time, we may not be able to continue or renew our contractual arrangements with our existing service providers, particularly if disputes arise or if we are unable to cooperate on terms acceptable to us. This could result in operational disruptions, delivery delays or higher transportation costs. If we experience a breakdown in our relationships with existing providers or fail to engage new providers that can ensure accurate, timely and cost-efficient services, we may incur additional costs or suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations.

Our reputation is key to our business, and any negative publicity could adversely affect our prospects.

Our reputation and brand are critical to maintaining trust with our customers, distributors and end users, and to sustaining our competitive position in the markets in which we operate. Any damage to our reputation or brand could materially harm our business. Our reputation for delivering high-quality, reliable ESS products and strong customer service is a key driver of our business success. Negative publicity, whether accurate or unfounded, relating to our Company, business, products, shareholders, affiliates, directors, officers, employees, business partners and other third parties could significantly impact our brand image and commercial outlook. This risk is accentuated by our dependence on third-party partners for sales and after-sales services in certain overseas markets, where we could exercise limited oversight over service standards. If these partners fail to provide prompt or effective customer support, our reputation and relationships with customers in important growth markets may suffer. We cannot assure you that such negative news or publicity would not damage our reputation or brand image. As reputation and word-of-mouth are critical in certain markets we operate, any damage to our brand could result in a loss of customer confidence and have a material adverse effect on our business, financial condition and results of operations.

Our brand and reputation may also be harmed by misleading marketing by competitors or third parties, potentially exposing us to regulatory investigations or third-party claims that require significant time and resources to address. There is no assurance that we will be able to effectively refute any such allegations within a reasonable time, or at all. Anonymous allegations against us or our business partners may also be posted on social media platforms, which may publish such content without verifying its accuracy and afford us little or no opportunity to respond. Any damage to our reputation could impair our ability to attract and retain customers and adversely affect our market share and financial condition.

Our production costs may be affected by labor costs and labor relations.

Our business relies on our ability to foster strong relationships with our workforce and to manage labor costs efficiently. Labor costs have been fluctuating and may rise in the future due to various factors, including inflationary pressure, changes in minimum wage standards, government mandates on employee benefits, social insurance contributions or market competition for skilled workers. Rising labor costs could increase our overall production costs. We may not be able to fully pass on such cost increases to our customers through higher product prices in a timely or effective manner, which could negatively affect our margins. In addition, sustained increases in labor expenses may require us to adjust workforce allocation or enhance automation, which could lead to temporary inefficiencies and additional investment.

At the same time, we seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. See "Business — Employees" for details. However, we cannot assure you that labor disputes will not occur in the future. Any deterioration in labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage. Any such event could lead to loss of key personnel, business interruptions, increased costs associated with recruitment and training and loss of institutional know-how, any of which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities due to, among others, failure to comply with safety measures and procedures.

Our manufacturing processes involve the use of hazardous chemicals. We are therefore subject to inherent risks of industrial accidents, including fires, explosions and chemical spills, which could result in production disruptions, personal injury and environmental contamination. We are also required to comply with increasingly stringent laws and regulations governing production safety, environmental protection and occupational health. Although we maintain strict internal control and safety and environmental management systems, we cannot assure you that accidents will not occur or that we will always be in full compliance with all applicable regulations. Any safety or environmental incident could result in significant liability, penalties, reputational harm and remediation costs, and could have a material adverse impact on our business, financial condition, and operating results.

Any failure to maintain an effective quality management system could adversely affect our business and reputation.

The success of our business relies heavily on the consistent quality and dependability of our products. To safeguard this, we have implemented a comprehensive quality management system spanning R&D, supplier management and raw materials inspection, production process and final product release. The performance of this system is influenced by factors such as the competency of our team, and their rigorous compliance with established procedures and standards. Additionally, we must adhere to multiple product safety laws and industry standards where we market our products. However, we cannot assure you that our quality management system will always be effective or that our products will always be free of defects. Should our quality control measures fail, it could result in the loss of necessary certifications, potential product recalls or harm to our brand reputation. Any such occurrence could have a material adverse impact on our business and results of operations. See "Business — Quality Control" for details.

We might experience manufacturing disruptions due to our dependence on third-party suppliers for manufacturing equipment.

We purchase the majority of our production equipment from third-party suppliers based on our technical specifications and quality requirements for ESS manufacturing. While we maintain rigorous supplier selection and management protocols, there is no assurance that our equipment suppliers will always fulfill their contractual duties to our satisfaction or on the required timeline. Any supply shortage or delay in procuring or upgrading such equipment could adversely affect our ability to expand or optimize our production capacity, which may in turn have a material adverse impact on our business growth, operations and financial condition.

We may experience delays or failures in obtaining or renewing necessary governmental approvals and permits for our operations and expansion projects.

Our operations and expansion projects require us to obtain various approvals, permits, licenses and certificates from governmental authorities in the PRC and other jurisdictions in which we operate or plan to operate. Various completion inspections are also required before we can commence production at any new facilities. We cannot assure you that we will not encounter obstacles that delay or prevent us from obtaining or renewing such approvals or completing such inspections. Any significant delay or failure in this regard could disrupt our development plans and production activities.

Our ESS products rely on highly technical software and hardware, and any failures could adversely affect our business.

The design and production of ESS products are built around proprietary hardware and software, such as BMS, thermal management components and monitoring platforms such as our Dyness App. These systems must operate safely, efficiently and reliably under complex and varied grid conditions, which requires a high degree of sophistication in component selection, hardware integration, control algorithms and system compatibility.

Due to the inherent complexity of these systems, our software and hardware may contain undetected defects, failures, design flaws or security vulnerabilities that may be difficult to identify during the design or production stages and may only become apparent after deployment or through long-term operation. Although we proactively monitor product performance and aim to implement software updates, patches or hardware fixes in a timely manner as needed, there can be no assurance that all bugs or defects will be detected and resolved promptly or to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs or defects in our software and hardware, our brand and reputation may be harmed, we may lose customers or revenue, or we may incur liability for damages, any of which could adversely affect our business and results of operations.

At the same time, we are in the process of incorporating functions leveraging AI technology into our products, for example, to provide end customers with AI-driven energy management capabilities. However, AI technology carries inherent risks and challenges. AI algorithms may be flawed, and the underlying data may be incomplete or biased, which could limit the acceptance of our AI-enhanced products. The legal and regulatory framework governing AI remains uncertain and continues to evolve, and we may be subject to increased regulatory scrutiny or other legal liability as a result. Any of the foregoing could adversely affect our business, reputation or financial results.

We may face challenges from emerging energy storage and power technologies that could impact demand for our ESS products.

Our ESS products currently incorporate LFP battery technology, a type of lithium-ion battery. New battery chemistries, materials or architectures, as well as non-battery storage solutions, may be developed and gain commercial acceptance. If these alternatives offer better performance, safety, lifecycle costs or pricing than our current LFP-based ESS products, customers may shift away from our solutions and demand for our products could decline. Moreover, new power generation, transmission, distribution or end-use technologies may emerge that materially reduce or even eliminate the need for energy storage in our target applications. If such technologies become widely adopted and end products no longer require ESS products, the addressable market for our products could shrink significantly.

In addition, new types of industrial equipment, machinery or applications may emerge and may not rely on battery-based power systems at all. If new power systems replace lithium-ion batteries where our ESS products currently use, our existing technology could become less competitive or obsolete. We may be required to devote substantial resources to developing or acquiring new technologies, and there is no assurance that we would be able to do so successfully or on a timely basis. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to obtain, protect and enforce our intellectual property rights.

We rely on a combination of patent, trademark, copyright and trade secret protection laws in PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. We also enter into confidentiality agreements with our key employees and third parties who may access our proprietary information, and we rigorously control access to our proprietary technology and information. However, intellectual property protection may not be sufficient, and we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, policing any unauthorized use of our intellectual property is difficult, time-consuming and costly, and the measures we have taken may be inadequate to prevent the misappropriation of our intellectual property. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. On the other hand, third parties may claim that the technology or content used in our operation of online stores or our service offerings infringes upon their intellectual property rights. The possibility of intellectual property claims against us increases as we continue to grow, particularly internationally. Such claims, regardless of merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. These risks have been amplified by the increase in the number of third parties whose sole or primary business is to assert such claims. As of the Latest Practicable Date, we were not involved in any legal proceeding against parties who we believe are infringing upon our intellectual properties.

The changes in trade relationships and tariff policies could negatively affect our operating results and cause fluctuations in demand for our products and solutions.

We operate within a global supply chain, and our ESS products are sold globally. As such, we face risks associated with tariffs and other trade protection measures. Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to broader and substantially higher tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Regarding tariffs, for example, in February 2025, the United States imposed a 20% tariff on certain categories of Chinese goods (the "**Fentanyl Tariff**"). Subsequently, on April 2, 2025, the United States imposed a 10% baseline tariff on all imports from its trading partners, along with additional country-specific tariffs for various countries, as adjusted from time to time (the "**Reciprocal Tariff**"). Following the U.S.-China leaders' meeting in October 2025, the President of the United States issued executive orders on November 4, 2025 that, among other things, reduce the Fentanyl Tariff from 20% to 10%, effective November 10, 2025, and continue the suspension of heightened China-specific Reciprocal Tariff rates through November 10, 2026, thereby maintaining the 10% Reciprocal Tariff baseline on imports from China during that period. The United States and China are engaged in ongoing trade discussions, but there is no assurance that the higher tariffs will be suspended further or that a long-term agreement will be reached, and there is no assurance that the tariff policy will remain in its current form. At the same time, on February 20, 2026, the U.S.

Supreme Court issued its opinion affirming the lower court's ruling, striking down the tariffs implemented pursuant to the IEEPA, including the Reciprocal Tariff and the Fentanyl Tariff. Following this decision, the administration rescinded the IEEPA-based tariffs but concurrently imposed a 10% temporary import surcharge under Section 122 of the Trade Act of 1974 on imports from all U.S. trading partners for a 150-day period commencing on February 24, 2026, and discussed plans to impose other tariffs in reliance on other statutory authorities. On May 7, 2026, the U.S. Court of International Trade ruled that the Section 122 tariffs are unlawful. The court's injunction currently applies only to the specific plaintiffs, and the tariffs remain in effect for all other importers while the administration pursues an appeal. The U.S. tariff policies are rapidly evolving, and the final outcome, including the timing, impact and potential legal challenges regarding any newly implemented tariffs, is highly uncertain. At the same time, the U.S. government has imposed, and continues to modify, a series of tariffs on goods imported from China, including Section 301 tariffs under the Trade Act of 1974, which currently apply at different rates to certain of our products exported to the United States.

In addition, trade actions and tariff measures in other jurisdictions, including anti-dumping and anti-subsidy investigations, may result in the imposition of tariffs, duties or other restrictive measures on our products. Any additional tariff may increase the price of our products imported to the various market and reduce their competitiveness. Our distributors or customers who import our products may wish to pass on the additional tariff to us. Even if the tariff is not passed on to us, the reduced competitiveness of our products could lead to the reduction or cancellation of their purchase orders from us, and tariffs could generally negatively affect economic conditions in China and other countries and regions, which could adversely affect our business. Tariffs, quotas and local content rules may further raise production costs, impacting the profitability and competitiveness of our products. The international tariff policies are rapidly evolving, and the final outcome, including whether the tariff level can be implemented as proposed, is highly uncertain. Any additional tariff may increase the price of the end products imported to the U.S. market and reduce their competitiveness.

We are subject to governmental export and import controls and economic sanctions, which could affect our ability to compete in certain markets or expose us to liability in certain jurisdictions.

Exports, re-exports and transfers of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, EAR have broad jurisdiction, covering both U.S.-origin items and certain foreign-produced items, such as those containing more than a de minimis level of controlled U.S. content or those subject to FDPR. The BIS also maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, and BIS has imposed complex and restrictive rules applicable to doing business with persons on them. The restrictions applicable to Entity List parties include licensing requirements for exports, re-exports or transfers of items on lists of controlled items maintained by the U.S. government, which in most cases prevents these named entities from receiving essentially any item subject to U.S. export controls, including, in some cases through the application of the EAR's foreign direct product rules, to items produced wholly outside the United States. In addition, on September 29, 2025, the BIS issued an interim final rule extending Entity List and MEU List restrictions to non-listed foreign entities that are 50% or more owned, directly or indirectly and in the aggregate, by parties on the Entity List or certain other restricted party lists (the "**Affiliates Rule**"). However, the United States has suspended implementation of the Affiliates Rule for one year beginning November 10, 2025. As a result, this extension of Entity List restrictions is not expected to apply during the suspension period unless BIS issues implementing rules to the contrary or the suspension is modified or revoked. We screen our counterparties to determine if they are subject to applicable economic sanctions or export control restrictions. During the Track Record Period, we sold our products to certain countries or regions that are subject to various sanctions programs. Except for one customer designated on the BIS Entity List, none of these products were sold to customers designated on the Entity List in those regions or otherwise subject to economic sanctions. None of the products sold to such customer or to those countries or regions incorporated 10% or more by value of US-origin content, were the direct product of controlled U.S. technology or otherwise involved transfer, export or re-exports of items subject to the EAR, including under the FDPR. Accordingly, we do not believe that these sales gave rise to any material compliance risk.

However, sanctions and export control laws and regulations are constantly evolving, and changes in diplomatic relationships between countries may lead to new requirements or restrictions. New requirements or restrictions could increase scrutiny of our business or create additional compliance challenges, including the risk that certain business activities may be viewed by relevant authorities as inconsistent with applicable sanctions or export control requirements. Therefore, we may need to incur additional costs and devote management resources to monitoring, assessing and mitigating related compliance risks in the future. As we grow our business globally, we may also become subject to other restrictions under applicable export control laws and regulations. As a result, increased compliance costs and operational challenges arising from adhering to complex export control regulations and sanctions could strain our resources. As export control and sanctions regimes continue to develop, we cannot assure you that our future business will be free from sanctions risk or that our activities will at all times conform to the expectations or requirements of the authorities in the United States or any other jurisdiction. Future changes may affect our relationships with existing distributors, customers or suppliers, restrict our ability to source certain components or technologies, require us to obtain additional licenses or approvals before fulfilling orders, leading to decreased sales of our products. We also have limited visibility into, and no control over, the countries or destinations to which our customers may on-sell or deploy our products. If our products become subject to trade restrictions or sanctions imposed by any jurisdiction, demand for our products in those markets may decline and our ability to continue serving affected customers may be constrained. Our business and reputation could be adversely affected if any such authority determines that our future activities constitute a violation of applicable sanctions or provide a basis for sanctions designation against us. Any of the foregoing could adversely affect our business, results of operations, financial condition and prospects.

Our business and growth prospects heavily rely on the retention and engagement of key executives and skilled employees.

Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of senior management or key employees, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to find new hires, which could disrupt our business and growth.

Additionally, the ESS industry faces ongoing competition for experienced talent, and we must continually attract, train and retain a capable workforce to ensure smooth business operations. The success of our global expansion and ongoing technology upgrades depends largely on our ability to secure and keep high-quality employees. We cannot guarantee that we will always be able to recruit or keep the necessary qualified staff required to execute our strategic plans, or that we can do so without substantially increasing our compensation expenses.

We may face risks in relation to our investments in associate companies.

As part of our strategic efforts to deepen ties with major industry players, we have made, and may continue to make, investments in associate companies. These investments, and any future business cooperation with such associates, expose us to several risks, including but not limited to (i) our associate company might pursue business strategies or economic goals that do not align with ours; (ii) our associate company may experience financial difficulties or be unable or unwilling to fulfill their obligations under relevant agreements; or (iii) as we do not exercise full control over the day-to-day management and decisions of these associates, their business results may fall short of our expectations.

Moreover, the financial results of our associate companies, which are included in our accounts under the equity method, could affect our own operating results. We cannot assure you that our associate companies will be profitable. Any losses recorded by them would negatively impact our results of operations. Furthermore, our investments in associate companies are illiquid, and we cannot assure you that we will receive any dividends from them to generate a cash return on our investment. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be involved in legal and other proceedings from time to time.

We may, from time to time, be subject to various litigation, legal or contractual disputes, claims or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our distributors, end customers, suppliers, business partners and other third parties. Ongoing or threatened litigation, legal or contractual disputes, claims or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims or administrative proceedings that are initially not of material importance may escalate and become important to us, due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and have a material and adverse impact on our business, results of operations and financial condition.

We may be unable to detect, deter or prevent all instances of fraud or other misconduct committed by our employees, outsourced labor, suppliers, distributors or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, suppliers, distributors or other third parties, which could result in financial losses, legal liabilities and sanctions imposed by governmental authorities, and could adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery or other misconduct involving any of the foregoing parties that had a material and adverse impact on our business, results of operations, financial condition or prospects. However, we cannot assure you that no such instances will arise in the future, or that we will be able to prevent, detect or deter all such misconduct. Any misconduct committed against our interests, whether involving undetected past acts or future acts, could have a material and adverse effect on our business, results of operations, financial condition and prospects.

Increasing ESG-related regulation may raise our compliance costs.

Growing awareness of ESG issues, including packaging recycling, clean energy, environmental protection and carbon emissions, has led to evolving and increasingly stringent laws and regulations, particularly in the PRC. These developments may require us to devote additional resources to compliance and increase our operating costs. While we recognize the importance of ESG and have implemented measures to support sustainable development and comply with applicable laws and regulations, we cannot assure you that such measures will effectively mitigate the associated risks or enable us to adapt to rapidly changing ESG-related regulatory requirements. Any failure to comply with existing or newly enacted ESG-related laws and regulations could subject us to administrative penalties, fines, operational restrictions or suspension, and could materially and adversely affect our business and financial condition. Although we have established safety and environmental management systems, see "Business — Environmental, Social and Governance Matters" for details, we cannot assure that accidents will not occur or that we will always be in full compliance with applicable laws and regulations. If regulatory authorities impose more stringent production safety, environmental or occupational health standards in the future, we may be required to incur substantial additional costs to comply, or may be unable to do so at reasonable cost or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our business may be impacted by geopolitical uncertainties and other political, social and economic instabilities that lead to business interruptions.

Geopolitical uncertainties, such as war, military conflicts and general regional instability, strategic rivalries among major economies, acts of terrorism, health emergencies, widespread outbreaks of infectious diseases and other political, social and economic instability and geopolitical tensions, including the impact of potential changes in tariffs or sanctions and escalating trade wars, could lead to business interruptions and cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our distributors, customers and suppliers especially those in the Middle East. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We face risks associated with leased properties.

During the Track Record Period, we leased properties primarily for use as our production and research facilities, office premises, warehouses and employee residences. Pursuant to the applicable PRC laws and regulations, property lease agreements are required to be registered with the relevant local housing administrative authorities. As of the Latest Practicable Date, one of our lease agreements for properties in the PRC had not been registered with relevant authorities in the PRC. We cannot assure you that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Advisor, according to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant government authorities within 30 days after the execution of the property lease agreement. Notwithstanding that failure to complete such lease registration would not affect the validity of such lease agreements, failure of filing made within a stated period of time may cause a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed.

We are subject to various risks relating to certain third-party payment arrangements.

During the Track Record Period, certain of our distributors settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements. During the Track Record Period, the settlement amounts under such third-party payment arrangements were RMB10.1 million, RMB36.4 million and RMB137.3 million for the years ended December 31, 2023, 2024 and 2025, respectively. We have been managing and rectifying the third-party payment arrangements. See "Business — Sales and Marketing — Our Customers — Third-party Payment Arrangements" for details. As confirmed by Frost & Sullivan, it is not uncommon in the energy industry in the markets where we operate for distributors to settle payments through third-party payers for convenience and efficiency, particularly in cross-border transactions, or to use the accounts of their related parties to settle corporate transactions with suppliers. However, we faced various risks related to such arrangement, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors; and (iii) claims that may be made by the liquidators of third-party payers. If any claims are made by third-party payers or their family members, creditors or liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance. If any civil or criminal claims or legal proceedings are brought against us demanding the return of payments or alleging violations of applicable laws, we may be required to devote significant financial and managerial resources to our defense. If we are required to comply with any adverse court ruling, we may have to return payments received for products and services already sold, which could materially and adversely affect our business, results of operations and financial condition.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of employees in mainland China. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and contribute to social insurance funds and housing provident fund for the benefits of their employees.

During the Track Record Period, we and certain of our PRC subsidiaries did not make adequate contribution to social insurance and housing provident funds for certain employees as required by relevant PRC laws and regulations. According to our PRC Legal Advisor, on the premise that there are no material changes in the current relevant policies and regulations regarding social insurance and housing provident funds and the enforcement and supervision requirements of local governments, and that no mass complaints or reports occur or relevant litigation or arbitration is initiated by employees, the risk is remote that the Company and its relevant PRC subsidiaries will be centrally required by the competent social insurance and housing provident fund authorities to make up for the contributions and be subject to material administrative penalties due to the aforementioned non-compliance during the Track Record Period.

However, there is no assurance that our historical and current practices with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in the PRC. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. See "Regulatory Overview — Regulations on Employment, Social Insurance and Housing Provident Fund" for details. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees. Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our results of operations and financial condition.

Failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business, operational and transaction data generated in the course of, or in connection with, our business operations, including data relating to our transactions with customers, suppliers and other counterparties, as well as personal data of customers and data relating to their equipment. Such data is typically stored on localized servers and cloud infrastructure in the relevant overseas markets. We are subject to an increasing number of data protection laws and regulations across the jurisdictions in which we operate. They are becoming increasingly stringent and continue to evolve, with regulatory requirements frequently changing, which requires us to devote resources to adapting to new rules, maintaining robust internal controls and carrying out ongoing risk management.

Although we believe we have implemented stringent data security and compliance policies, cyberattacks, system failures, malware, ransomware, phishing and other security threats continue to evolve, and no technical safeguards can provide absolute protection. In addition, our reliance on third-party service providers for certain data and system operation and maintenance functions may further increase the risk of data breaches and loss of control over data security. Any failure, or perceived failure, to comply with these requirements, or any concerns about our practices relating to the collection, use, storage, retention, transfer, disclosure or other processing of personal data, whether raised by end users, distributors, employees, third-party service providers or other business partners and whether or not founded, could damage our reputation and adversely affect our results of operations.

As we expand our business internationally, we are, and may increasingly become, subject to data privacy and security laws, regulations and contractual obligations across a growing number of jurisdictions. These frameworks may impose conflicting requirements across different markets. Interpretation and enforcement practices also remain uncertain and are likely to continue to develop in ways that are difficult to predict. Complying with new or amended laws and regulations may substantially increase our costs, require changes to our business practices or oblige us to obtain additional approvals, make regulatory filings or complete other regulatory procedures. To the extent we are found by regulators to be non-compliant, we may be subject to fines, orders to suspend our operations, other regulatory or disciplinary sanctions, or removal of our mobile application from app stores. Negative publicity regarding actual or perceived violations of privacy rights, whether directed at us or others in our industry, may also make users reluctant to share their data with us and could lead to a broader decline in the use of connected services, reducing demand for our products.

We have adopted data privacy policies governing how we collect, store, process and use user data. See "Business — Data Privacy and Cybersecurity" for details. Nonetheless, any failure or perceived failure by us, our external service providers or business partners to comply with applicable data privacy and security requirements may result in regulatory proceedings, fines, penalties or enforcement orders, as well as actions brought by end users, distributors, employees or other business partners, including class action litigation in certain jurisdictions. Compliance with applicable data privacy laws also requires substantial ongoing expenditure and resources, including continual evaluation and adaptation of our policies and processes on a jurisdiction-by-jurisdiction basis. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We depend on information technology and other infrastructure that are exposed to certain risks, including cybersecurity risks.

We rely on our computer systems and cloud or network infrastructure to conduct and monitor the daily operations of our manufacturing facilities, and to collect accurate up-to-date financial and operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store data concerning our customers, business partners and employees. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure. Such systems and infrastructure are subject to certain risks, such as malfunction and cybersecurity risks. Although we have devoted significant resources to develop our security measures against cybersecurity issues, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cybersecurity issues in the future.

Certain parts of our IT infrastructure are currently hosted by third-party cloud service providers, and the functionality of our products and services depends in part on the performance of those providers. Any outage, disruption or failure affecting such cloud service providers could impair product connectivity and performance. Any incident affecting the infrastructure or operations of these third-party providers, whether caused by natural disasters, power outage, telecommunications failure, security breach, computer viruses or other malicious code, failure of access control mechanisms, war, criminal acts, terrorist attacks or similar events, could impair the use, functionality or availability of our products and services, which could adversely affect our business, reputation, financial condition and results of operations. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

Our risk management and internal control systems may not be sufficient to protect us against the various risks inherent in our business.

We have implemented risk management and internal control systems with respect to our business operations. However, we cannot assure you that our risk management and internal control systems are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected.

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

RISKS RELATING TO OUR FINANCIAL POSITION

Failure to collect our trade receivables and other receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade and other receivables in a timely manner and may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. We recorded trade receivables (net of loss allowance) of RMB90.0 million, RMB221.1 million and RMB463.1 million as of December 31, 2023, 2024 and 2025, respectively. Any significant delay or default in our collection of trade receivables or other receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our revenue and cost of sales are subject to foreign exchange fluctuations.

Certain of our trade receivables and trade payables, as well as a portion of our recognized assets and liabilities, are denominated in currencies other than the functional currency of the Company, being RMB, which exposes us to foreign exchange risks. In 2023, 2024 and 2025, our non-RMB denominated revenue was RMB311.4 million, RMB645.7 million, and RMB2,402.7 million, respectively, representing 43.1%, 88.0% and 95.1% of our total revenue.

In 2023 and 2024, we recorded net foreign exchange loss of RMB0.2 million and RMB0.7 million, respectively. In 2025, we recorded net foreign exchange gain of RMB59.3 million. We cannot predict future exchange rate fluctuations, and we cannot assure you that we will not incur any net exchange loss in the future. While we have actively managed our currency risks, such measures may not be effective or economically feasible under all circumstances. See Note 30 of Appendix I to this Document for further details on foreign currency risk exposures and related sensitivity test.

Our warranty provisions may be inadequate to cover future warranty claims.

Subject to product type, applicable local laws and regulations and market practice in the jurisdictions in which we operate, we generally provide a five- to ten-year warranty for our residential ESS products and C&I ESS products. We make provisions under the warranties of products sold taking into account our recent claim experience. In 2023, 2024 and 2025, we recorded provisions of RMB20.4 million, RMB26.3 million and RMB55.9 million, respectively. There is no assurance that these provisions will be sufficient to cover future warranty claims. If actual warranty claims exceed our estimates, or if we become subject to significant and unexpected warranty claims in the future, we may incur substantial additional expenses, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our indebtedness could adversely affect our cash flow, increase our vulnerability to economic conditions and limit or restrict our business activities.

We have incurred, and may in the future incur, indebtedness that may impact the manner in which we conduct business or our access to external sources of liquidity. In addition to interest payments, a significant portion of our cash flow may need to be used to service our indebtedness, and, therefore, may not be available for use in our business. Our ability to generate cash flow is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control. Our indebtedness could have a significant impact on us, including, but not limited to: (i) increasing our vulnerability to general adverse economic and industry conditions; (ii) requiring us to dedicate a significant portion of our cash flow from operations to payments on our indebtedness, thereby reducing the amount of our cash flow available to fund working capital, potential acquisitions and capital expenditures, and for other general corporate purposes; (iii) limiting our flexibility in planning for, or reacting to, changes in our business and our industry; (iv) restricting us from making strategic acquisitions or exploiting business opportunities; (v) necessitating the divestiture of certain of our assets or businesses in order to generate cash to service our indebtedness; (vi) limiting our ability to continue paying dividends; or (vii) limiting our ability to borrow additional funds.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and enjoyed certain preferential tax treatments under relevant favorable tax policies during the Track Record Period. In 2023, 2024 and 2025, we recorded government grants in other net income of RMB11.3 million, RMB12.6 million and RMB16.5 million. Government subsidies and economic incentives supporting renewable energy technologies, which form part of the broader ESS ecosystem, may be reduced, withdrawn, amended or allowed to expire in the markets in which we operate. We may not be able to continue to enjoy similar government grants and preferential tax treatment in the future as they are non-recurring in nature. The discontinuation of any of our government grants or current tax treatments could adversely impact our net income and materially increase our tax obligations. Government grants and preferential tax treatments are subject to review of authorities and may be adjusted or revoked at any time in the future. We cannot guarantee that government grants and preferential tax treatments to which we and certain of our subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

We recorded net current liabilities as of December 31, 2025, and net losses and net cash outflows from operating activities in 2023 and 2024, and we may experience such circumstances in the future.

As of December 31, 2025, we recorded net current liabilities of RMB494.6 million. In addition, we incurred loss for the year of RMB182.3 million and RMB377.7 million in 2023 and 2024, respectively; we recorded net cash used in operating activities of RMB213.5 million and RMB377.0 million in 2023 and 2024, respectively. We cannot assure you that we will not record net current liabilities, net losses or net operating cash outflows in the future. If we record net current liabilities, net losses or net operating cash outflows in the future, we may not have sufficient working capital to cover our operating costs and we may have to fund our operations through bank borrowings or other financing arrangements on unfavorable terms, resulting in increased finance costs. Also, we may not be able to meet our payment obligations, including our trade and other payables, in a timely manner. As a result, our business, financial position and results of operations could be materially and adversely affected.

The preferential tax treatments granted by the PRC government may become unavailable.

We and certain of our PRC subsidiaries are subject to the PRC EIT at a statutory rate of 25%. Several of our subsidiaries were accredited as "High and New Technology Enterprises" or otherwise qualified for a preferential income tax rate of 15% in accordance with relevant PRC regulations.

There is no assurance that these preferential tax treatments will continue in the future, or that our subsidiaries will be successful in renewing such status upon expiry. If preferential status is not renewed or is withdrawn, the relevant subsidiaries would be subject to the standard 25% enterprise income tax rate, which could increase our overall tax burden and reduce net profits. In addition, changes in PRC or overseas tax law, administrative practices, or interpretations by relevant tax authorities could materially affect our income tax expense, effective tax rate, and overall results of operations. We cannot guarantee that future legislation or implementation will not detract from our current tax advantages or retrospectively impact benefits we currently receive.

Failure to adequately manage our inventory could adversely affect our business, financial condition and results of operations.

To support our operations and meet customer demand, we must maintain appropriate inventory levels. We determine inventory levels based on historical sales, customer orders, demand forecasts, supply chain capacity and raw material price trends, but actual market demand may change materially between order placement and delivery. However, due to the potential fluctuations in raw material price, the lead time between demand forecasting, production planning and final sale to end customers and the inherent difficulty of accurately forecasting demand, inventory management involves significant uncertainty.

We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the customer demand, we may experience inventory obsolescence and inventory shortage risk. We have in the past experienced, and may in the future experience, excess inventory that needs to be sold on less favorable terms as a result of significant fluctuations in raw material prices and inaccurate assessments of customer demand, which may result in inventory write-downs. See "Financial Information — Our Gross Loss in 2024" for details. As of December 31, 2023, 2024 and 2025, our inventories were RMB812.5 million, RMB511.1 million and RMB781.1 million, respectively. During the years ended December 31, 2023, 2024 and 2025, we recorded impairment loss of inventories of RMB50.6 million, RMB84.6 million and impairment reversal of inventories of RMB10.0 million, respectively, in connection with the sales of certain legacy inventory. This could require us to sell inventory at discounted prices, adversely affecting our profitability. On the other hand, if we underestimate the demand for our products, we may not be able to have a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

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

Our contract liabilities primarily represent advance payments received from customers. As of December 31, 2023, 2024 and 2025, our contract liabilities totaled RMB51.6 million, RMB40.2 million and RMB85.5 million, respectively. The recognition of these contract liabilities as revenue is subject to our future performance of contractual obligations. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensation.

We have adopted share incentive schemes for the benefit of our Directors, senior management and key employees who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of our Group. See "Appendix IV — Statutory and General Information — Share Incentive Plan" for details. To further incentivize our Directors, senior management, key technicians and key employees, we may pay additional share-based payment in the future. Issuance of Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business and results of operations.

Substantially all of our operations are located in the PRC. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, social and legal developments in the PRC. In general, the PRC government regulates its economy and related industries through the implementation of industrial policies, and regulates the macro-economy of the PRC through fiscal and monetary policies. The PRC government has also exerted a significant impact on China's economic growth through strategic resource allocation, control of foreign currency denominated debt payments, monetary policy and preferential treatment for specific industries or companies. Any significant changes in the PRC government's policies or Chinese laws could have a material impact on China's overall economic growth. Although China's economy has grown significantly over the last few decades, its growth rate has slowed down in recent years. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slowdown of China's economy may have a material adverse effect on our business and results of operations, in particular: (i) during a period of economic slowdown, there is a greater likelihood that more of our customers or contractual parties could become delinquent in respect of their obligations to us; (ii) we may not be able to raise additional capital on favorable terms, or at all; or (iii) trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the PRC's renewable industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to the changes in the macroeconomic conditions. Any future calamities, such as natural disasters, the outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect economic growth in the PRC, Asia and elsewhere in the world.

As such, if the PRC's economy experiences significant adverse developments or a significant downturn, our business, financial condition and results of operations would be materially and adversely affected.

Uncertainties with respect to the legal system for certain geographic markets could limit the legal protections available to you and us.

There is inherent unpredictability in the legal systems of the markets where we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion by refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

It is also possible that new laws and regulations are adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

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

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, and failure to comply with which may materially affect our business, results of operations or financial conditions.

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

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

We are subject to the currency exchange regulatory system.

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

We are a Chinese mainland enterprise, and we are subject to the PRC tax on our global income. As such, any gains on the sales of H Shares and dividends on the H Shares may be subject to the Chinese mainland income taxes.

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

As of December 31, 2025, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese mainland resident individuals on the sale of shares of the Chinese mainland resident enterprises listed on overseas stock exchanges. As advised by our PRC Legal Adviser, in practice, Chinese tax authorities have not yet levied individual income tax on gains derived by non-Chinese mainland resident individuals from the transfer of shares of domestic enterprises listed overseas. However, it cannot be ruled out that, following the implementation of relevant laws and regulations and adjustments in tax administration practices, income derived by non-Chinese mainland resident individuals from the transfer of H shares is subject to taxation. If the Chinese mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence do not have tax treaties or arrangements with the Chinese mainland may not qualify for benefits under such tax treaties or arrangements.

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against us or our management residing in the PRC.

We are a company incorporated under the PRC laws, and a majority of our assets are located in the Chinese mainland. In addition, most of our Directors and senior management reside in the PRC. As a result, it may be complex for investors to effect service of process outside the Chinese mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside the Chinese mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the Chinese mainland only if the jurisdiction has a treaty with the Chinese mainland or if the jurisdiction has been otherwise deemed by the courts of the Chinese mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the Chinese mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in the Chinese mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and their liquidity and [REDACTED] may be volatile.

Prior to this [REDACTED], there has been no public market for our Shares. The initial [REDACTED] for our Shares will be the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our Shares following this [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the [REDACTED] on the Stock Exchange. There is no assurance that this [REDACTED] will result in the development of an active, liquid public [REDACTED] market for our Shares.

Holders of our Shares are subject to the risk that the price of our Shares could fall during the period before [REDACTED] of our Shares begins.

The determination of the [REDACTED] for our Shares is anticipated to take place on the [REDACTED]. Nevertheless, our Shares will not begin [REDACTED] on the Stock Exchange until delivery is completed. Therefore, investors may be unable to sell or transact in our Shares during this interim period. The value and [REDACTED] activity of the Shares may be subject to significant volatility. Various factors, including changes in our revenue, net profits, cash flow, announcements about new investments, strategic partnerships, acquisitions and fluctuations in [REDACTED] of our products or those of competitors, may all lead to considerable shifts in the [REDACTED] of our Shares. Such events could result in abrupt and marked changes in both their price and [REDACTED]. We cannot guarantee that these circumstances will not arise in the future. As a result, holders of our Shares should be aware of the risk that, owing to unfavorable market conditions or other negative events occurring between the sale and the commencement of [REDACTED], the price of our Shares could decline prior to [REDACTED].

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The [REDACTED] of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. To expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Future sales or major divestment of Shares by our Controlling Shareholders may materially and adversely affect the prevailing [REDACTED] of our Shares.

Our Shares held by our Controlling Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed "[REDACTED]" in this document. However, we cannot assure you that after the restrictions of the lock-up periods expire, our Controlling Shareholders will not dispose of any Shares. The sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our Shares.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

While dividends may be paid out of distributable profits under our Articles of Association, no dividends were distributed during the Track Record Period. Distributable profits mean our net profits for a period, plus the distributable profits or net of accumulated losses, if any, at the beginning of such period, less statutory reserve fund appropriations to the general risk reserve, transaction risk reserve, and discretionary surplus reserve (as approved by our shareholders' meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if our financial statements prepared in accordance with IFRSs indicate that our operations have been profitable.

Furthermore, any future determination of dividends will also depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, capital adequacy ratio, operating and capital expenditure requirements and other factors that our Board may consider relevant. We cannot assure you that the factors we take into consideration will not change in the future.

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

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

Investors should read the entire document carefully and should not rely on information from other sources.

Prior to the publication of this document, there may have been coverage in the media regarding us, the [REDACTED] or our Controlling Shareholders, which contained, among other things, 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 media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the [REDACTED], the Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

The Company's business operations are primarily located outside Hong Kong and most of the Company's assets are located outside Hong Kong. Our executive Directors ordinarily reside outside Hong Kong, as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rule 8.12 of the Hong Kong Listing Rules for sufficient management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Hong Kong Listing Rules, provided that the Company implements the following arrangements:

(i) the Company has appointed Mr. Liu Jinshan (柳金山) and Ms. Wong Hoi Ting (黃凱婷) as the authorized representatives of the Company (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Hong Kong Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Hong Kong Stock Exchange;

(ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period. In addition, each Director has provided her/his contact details, including office phone numbers, mobile phone numbers (if any) and email addresses, to the Authorized Representatives and to the Hong Kong Stock Exchange, so that each of the Authorized Representatives and the Hong Kong Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact the Directors;

(iii) the Company has appointed Maxa Capital Limited as its Compliance Advisor for the period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the Company's financial results for the first full financial year commencing after the [REDACTED], or until the agreement is terminated, whichever is earlier. The Company's Compliance Advisor will act as the Company's additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange; and

(iv) the Company has appointed designated staff members as the responsible communication officers at our headquarters to oversee regular communication with the Authorized Representatives and the Company's professional advisors in Hong Kong, including our legal advisors and the Compliance Advisor, keep abreast of any correspondence and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors, streamlining communication between the Hong Kong Stock Exchange and the Company following the [REDACTED].

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

(ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

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

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

(ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

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

(iv) professional qualifications in other jurisdictions.

The Company has appointed Mr. Liu Jinshan as one of the joint company secretaries of the Company. Mr. Liu Jinshan joined the Group in March 2023. He currently also holds the position of executive Director, deputy general manager and Board secretary. See “Directors and Senior Management” for further biographical details of Mr. Liu Jinshan. Although Mr. Liu Jinshan does not possess the qualifications set out in Rule 3.28 of the Hong Kong Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Mr. Liu Jinshan as its joint company secretary who is familiar with the Group’s internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Ms. Wong Hoi Ting to act as the other joint company secretary to assist Mr. Liu Jinshan in discharging the duties of a company secretary of the Company. Ms. Wong Hoi Ting is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Hong Kong Listing Rules to act as a joint company secretary of the Company. See “Directors and Senior Management” for further biographical details of Ms. Wong Hoi Ting.

Since Mr. Liu Jinshan does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years since the [REDACTED] on the following conditions: (i) Mr. Liu Jinshan must be assisted by Ms. Wong Hoi Ting who possesses the qualifications or experience as required under

Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Hong Kong Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

(i) in preparation of the application of the [REDACTED], Mr. Liu Jinshan has attended training on the respective obligations of the Directors, senior managements and the Company under the relevant Hong Kong laws and the Hong Kong Listing Rules organised by the Hong Kong legal advisors to the Company;

(ii) Ms. Wong Hoi Ting will work closely with Mr. Liu Jinshan to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Mr. Liu Jinshan in acquiring the relevant experience as required under the Hong Kong Listing Rules for an initial period of three years from the [REDACTED], a period which should be sufficient for Mr. Liu Jinshan to acquire the relevant experience as required under the Hong Kong Listing Rules;

(iii) the Company will ensure that Mr. Liu Jinshan continues to have access to the relevant training and support in relation to the Hong Kong Listing Rules and the duties required for a company secretary of an issuer listed on the Hong Kong Stock Exchange. Furthermore, both Mr. Liu Jinshan and Ms. Wong Hoi Ting will seek advice from the Company's Hong Kong legal and other professional advisors as and when required. Mr. Liu Jinshan also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and

(iv) at the end of the three-year period, the qualifications and experience of Mr. Liu Jinshan and the need for on-going assistance of Ms. Wong Hoi Ting will be further evaluated by the Company. The Company will then endeavour to demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. Liu Jinshan, having had the benefit of the assistance of Ms. Wong Hoi Ting for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Hong Kong Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange may revoke the waiver if Ms. Wong Hoi Ting ceases to provide assistance to Mr. Liu Jinshan during the three-year period.

Prior to the expiry of the three-year period, the Company will liaise with the Hong Kong Stock Exchange to enable it to assess whether Mr. Liu Jinshan has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Liu Yang (柳揚)	Room 502, No. 82 Lane 758, Rongle West Road Songjiang District Shanghai PRC	Chinese
Mr. Liu Jinshan (柳金山)	Room 1006, Building 15 Jianglin Shijia No. 66 Jianshe Road Nantou Town Zhongshan, Guangdong PRC	Chinese
Mr. Tong Jiancheng (童建成)	Room 702, Building 28, Zone B Yueze Jingting Taihu New Town Wuzhong District Suzhou, Jiangsu PRC	Chinese
Mr. Liu Huaqin (柳華勤)	No. 52 Chengkang North Road Qintong Town Jiangyan District Taizhou, Jiangsu PRC	Chinese
Ms. Zhu Xiaohui (朱曉輝)	Room 2302, Unit 1, Building 17, Sunac Xi'an Chenyuan Ducheng Subdistrict Yanta District Xi'an, Shaanxi PRC	Chinese
Non-Executive Director		
Ms. Sun Zhiqiong (孫智瓊)	Room 10B, Building D Xiangge Mingyuan No. 11 Mianshan Road Nanshan District Shenzhen, Guangdong PRC	Chinese
Independent Non-Executive Directors		
Ms. Leung Chin Ching (梁展鋥)	Room C, 26/F Tower 1A, The Parkside 18 Tong Chun Street Tseung Kwan O New Territories Hong Kong	Chinese (Hong Kong)

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Dr. Xia Xiaoxiong (夏小雄)	No. 15 Shatan North Street Dongcheng District Beijing PRC	Chinese
Dr. Huang Zhongsheng (黃中生)	Room 306, Building 2 No.239 Fenghuang West Street Gulou District Nanjing, Jiangsu PRC	Chinese

For further details, see "Directors and Senior Management."

Sole Sponsor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
[REDACTED]	[REDACTED]
Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Freshfields** 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong *As to PRC law:* **Llinks Law Offices** 19F, One Lujiazui 68 Yin Cheng Road Middle Shanghai PRC *As to Netherlands law:* **Buren N.V.** Schenkkade 50 2595 AR The Hague The Netherlands

Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong laws:* **Jingtian & Gongcheng LLP** Suites 3203–3209, 32/F, Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong
	As to PRC law: **Tian Yuan Law Firm** 509, Tower A International Enterprise Building 35 Financial Street Xicheng District Beijing PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai PRC
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office	7th and 8th Floors, Building 3 58 Nanhu Road Chengnan Subdistrict, Wuzhong District Suzhou, Jiangsu
Headquarters and Principal Place of Business in the PRC	7th and 8th Floors, Building 3 58 Nanhu Road Chengnan Subdistrict, Wuzhong District Suzhou, Jiangsu
Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Joint Company Secretaries	**Mr. Liu Jinshan (柳金山)** 7th and 8th Floors, Building 3 58 Nanhu Road Chengnan Subdistrict, Wuzhong District Suzhou, Jiangsu **Ms. Wong Hoi Ting (黃凱婷)** *(a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Authorized Representatives	**Mr. Liu Jinshan (柳金山)** 7th and 8th Floors, Building 3 58 Nanhu Road Chengnan Subdistrict, Wuzhong District Suzhou, Jiangsu **Ms. Wong Hoi Ting (黃凱婷)** 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Audit Committee	Dr. Huang Zhongsheng *(Chairperson)* Dr. Xia Xiaoxiong Ms. Leung Chin Ching
Nomination Committee	Mr. Liu Yang *(Chairperson)* Dr. Huang Zhongsheng Ms. Leung Chin Ching
Remuneration and Appraisal Committee	Dr. Huang Zhongsheng *(Chairperson)* Dr. Xia Xiaoxiong Mr. Liu Jinshan
Compliance Advisor	**Maxa Capital Limited** 2602 Golden Centre 188 Des Voeux Road Central Sheung Wan, Hong Kong

CORPORATE INFORMATION

[REDACTED]	[REDACTED]
Principal Banks	**Industrial and Commercial Bank of China Wuzhong Branch** No. 18, Dongwu North Road Wuzhong District Suzhou, Jiangsu PRC
	Shanghai Pudong Development Bank Wuzhong Branch No. 103–105, Dongwu North Road Wuzhong District Suzhou, Jiangsu PRC
	China CITIC Bank Changshu Branch No. 266, Changjiang Road Changshu, Suzhou, Jiangsu PRC
Company's Website	**www.dyness.com** *(A copy of this document is available on the Company's website. Except for the information contained in this document, none of the other information contained on the Company's website forms part of this document)*

The information and statistical data contained in this section and other sections of this document are excerpted from the Frost & Sullivan report commissioned by us, as well as various official government publications and other publicly available sources. We have engaged Frost & Sullivan to prepare an independent industry report for the [REDACTED], the Frost & Sullivan Report. We believe that these materials are derived from appropriate sources and have exercised reasonable care in compiling and reproducing them. We have no reason to believe that these materials are false or misleading, or that any facts have been omitted that would render them false or misleading. The information provided by official government sources has not been independently verified by us, the sole sponsor, the [REDACTED], the [REDACTED], and the [REDACTED], or by any of their respective directors or advisors, or by any other persons or parties involved in the [REDACTED], and no representation is made as to its accuracy.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global energy storage system (ESS), and distributed ESS industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB500,000 to Frost & Sullivan for compiling the Frost & Sullivan Report. In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

OVERVIEW OF GLOBAL ESS INDUSTRY

Introduction to Energy Storage

Energy storage is a core component of modern power systems, enabling the capture of surplus energy and its release during peak demand. This enhances energy utilization efficiency and supports stable grid operation. Technologies include electrochemical, physical, thermal, and mechanical solutions. Among these, electrochemical energy storage currently dominates the market, and lithium-ion battery energy storage lead due to their high energy density and long cycle life, representing over 95% of electrochemical energy storage market. The global share of renewable energy is rising rapidly, with the global cumulative installed capacity of solar PV and wind power increasing from 238.3 GW in 2010 to 3,926.5 GW in 2025 and is projected to reach 9,431.2 GW by 2030, representing a CAGR of 19.2% from 2025 onwards. The penetration of solar PV power and wind power in terms of cumulative installed capacity of global power mix has increased from 4.4% in 2010 to 33.4% in 2025, and is expected to increase substantially to 54.3% by 2030. However, the intermittent and volatile nature of renewable energy generation increasingly constrains grid stability and renewable energy consumption as penetration levels continue to rise.

Energy storage addresses the challenge of energy consumption by enabling time-shifting of electricity and regulating power flows. It enables peak shaving, valley filling, and grid cost reduction while providing ancillary services such as frequency regulation and backup, thereby improving renewable energy utilization and ensuring reliable grid operation. With ongoing electricity market reforms and improved peak-valley pricing mechanisms, energy storage can generate revenue through spot trading, capacity markets, and ancillary services. Consequently, the energy storage business model is becoming increasingly mature and economically viable.

Definition and Classification of ESS

ESS is an integrated system that stores and releases electricity using electrochemical batteries, with key components including energy storage battery modules, power conversion systems (PCS), energy management systems (EMS), and power battery management systems (BMS). ESS enables controllable charging and discharging, bidirectional regulation, and rapid response, supporting coordinated operation of power generation, grids, and loads. By decoupling energy generation from consumption, ESS improves energy efficiency and facilitates the integration and utilization of renewable energy.

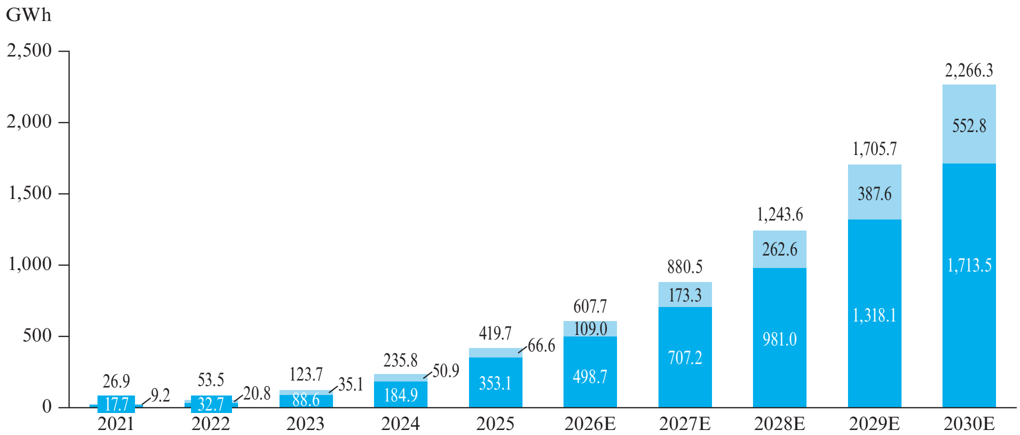
Lithium-ion battery ESS, the dominant technology, is widely applied across utility-scale, commercial, industrial, and residential energy storage. ESS can be further divided into centralized and distributed ESS: centralized ESS provide system-level support on the grid or generation side offering large-scale balancing and stability support, while distributed ESS are deployed near end-users for local consumption, flexible dispatch, and cost optimization. With market-oriented electricity pricing mechanisms and demand-side response programs, ESS business models continue to mature, enhancing energy system flexibility, economic efficiency, and renewable energy consumption.

Market Size of Global ESS Industry

Global ESS shipment volume has grown rapidly in recent years, driven by the expansion of renewable energy and increasing demand for energy management. Centralized ESS dominates the market, while distributed ESS is gaining traction in industrial, commercial and residential sectors. The global ESS shipment volume is expected to continue rising steadily through 2030, supported by deeper renewable energy penetration and improved electricity market mechanisms.

Global Shipment Volume of ESS by Application, 2021–2030E

	CAGR 2021–2025	CAGR 2025–2030E
Distributed ESS	64.0%	52.7%
Centralized ESS	111.3%	37.2%
Total	**98.7%**	**40.1%**



Source: IEA (International Energy Agency), CNESA (China National Energy Storage Alliance), Frost & Sullivan

Note: This section only calculates data related to lithium-ion battery ESS, which accounts for over 95% of the overall ESS market. Lithium-ion battery ESS leads the industry due to its cost-effectiveness, high energy density, and versatility. Its economies of scale make it a mature, efficient, and rapid-response solution suitable for a wide range of applications.

OVERVIEW OF GLOBAL DISTRIBUTED ESS INDUSTRY

Introduction to Distributed ESS

Distributed ESS are modular, decentralized systems deployed on the user side or at the end of the distribution network, operating close to load centers. Their primary objective is to optimize local energy consumption through intelligent coordination of power loads, generation, and storage. Compared with centralized ESS, distributed ESS emphasizes multi-point access, user-side revenue optimization, and refined operation and maintenance, enhancing energy reliability, reducing terminal energy costs, and strengthening distribution system resilience. Distributed ESS can be further categorized by application into:

1) **Residential ESS:** Designed for households with capacities typically between 5–20 kWh per unit. Residential ESS increases self-consumption, reduces electricity costs, and provides backup power during outages. With the development of peak-valley electricity pricing, residential ESS can perform price arbitrage, charging during off-peak periods and discharging during peak periods, thereby improving household energy cost efficiency and investment returns.

2) **Commercial &Industrial (C&I) ESS:** Deployed in industrial parks, commercial complexes, and data centers primarily. C&I ESS primarily exceeds 20 kWh per unit, addressing high power consumption needs. Its core value lies in peak shaving, valley filling, and demand-side management, reducing capacity-based charges and overall electricity costs while ensuring stable operation of critical equipment. As power markets mature, C&I ESS can also participate in ancillary services such as frequency regulation and demand response, creating additional revenue streams.

Value Chain Analysis of Distributed ESS Industry

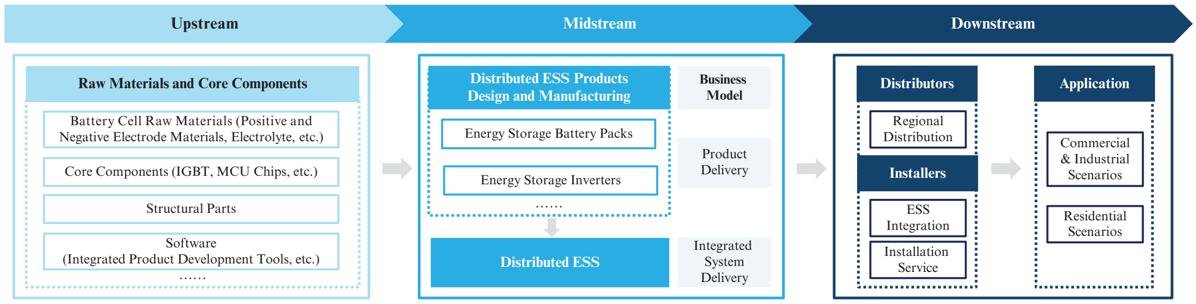
The upstream of the distributed ESS industry consists of suppliers of battery cell materials, core components, structural parts, and related software. The midstream focuses on product design, manufacturing, and system integration, with core products including but not limited to battery packs and energy storage inverters. Midstream providers deliver customized distributed ESS solutions and leverage intelligent O&M platforms to enhance system reliability, efficiency, and long-term performance. The downstream consists of residential and C&I ESS customers. In overseas markets, midstream distributed ESS providers usually collaborate with local distributors and installers to expand market coverage and meet regulatory requirements. Business models are mainly:

Product Distribution and Local Integration: Midstream providers supply core components, while local distributors and qualified installers configure and integrate systems for flexible, customized solutions.

Integrated System Delivery: Midstream providers deliver complete ESS products and solutions, with distributors and installers handling sales and project execution, suitable for high-demand scenarios requiring compatibility, security, and overall performance.

As a leading ESS provider, the Company emphasizes digitalization, platformization, and systematization as core competitiveness. Using an integrated product development ("**IPD**") system and intelligent O&M cloud platform, the Company achieves full-process digital management — from product design and manufacturing to system integration, channel empowerment, and lifecycle optimization — enhancing delivery efficiency, operational reliability, and long-term value.

Value Chain of the Distributed ESS Industry



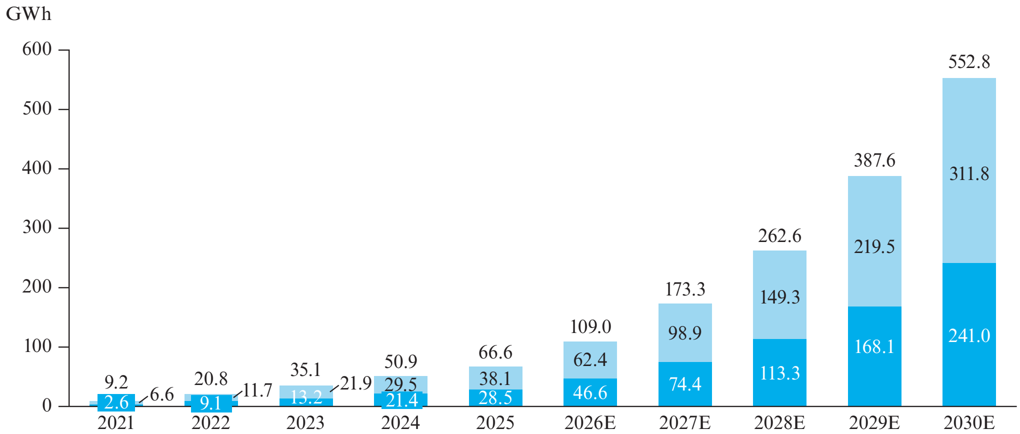
Source: IEA, CNESA, Frost & Sullivan

Market Size of Global Distributed ESS Industry

With the increase in the penetration rate of renewable energy, the intensification of electricity price volatility, and the growing demand for grid flexibility, the demand for distributed energy storage continues to rise. From 2021 to 2025, with ongoing electricity market reforms and the increasing demand for energy independence among residents, the growth of residential ESS has been significant. Meanwhile, policy support and rising electricity costs have enhanced the economic viability of energy storage in distributed solar PV applications. Looking ahead, the widening peak-to-valley electricity price gap, the continuous growth in installed PV capacity, and the decline in system costs will further drive the development of the residential ESS market. C&I ESS are also experiencing rapid growth, primarily driven by the declining costs of energy storage and the widening peak-to-valley electricity price gap. In addition, the increasing demand for highly reliable power supply from high-computing power infrastructure such as AIDC has provided a new driving force for C&I energy storage applications. It is expected that by 2030, as these demands intensify, the global distributed ESS market will continue to expand with a significant increase in shipment volumes.

Global Shipment Volume of Distributed ESS by Application, 2021–2030E

	CAGR 2021–2025	CAGR 2025–2030E
Residential	55.0%	52.3%
Commercial & Industrial	82.0%	53.3%
Total	**64.0%**	**52.7%**



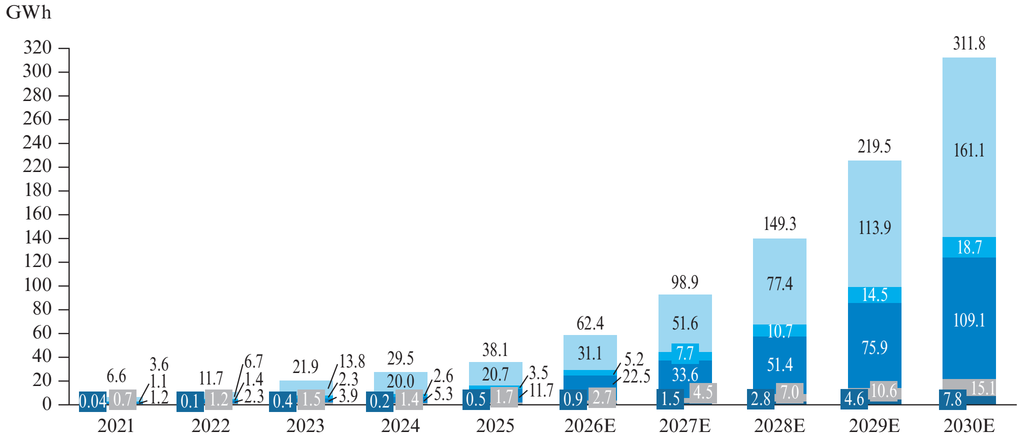
Source: IEA, CNESA, Frost & Sullivan

Market Size of Global Residential ESS Industry

The global residential ESS market is experiencing rapid growth, driven by high electricity prices, widening peak-valley price gaps, and increasing renewable energy penetration. In Europe and the Americas, particularly in regions with high electricity costs, residential ESS demand continues to expand. Time-of-use electricity pricing and virtual power plant models enable consumers to reduce costs through peak-valley arbitrage and participate in demand response programs for additional revenue. By 2025, Europe and the Americas accounted for over 63% of global total residential ESS shipments. In emerging markets, demand is concentrated in areas with less stable grids, where households seek reliable power and emergency backup solutions.

Global Shipment Volume of Residential ESS by Major Regions, 2021–2030E

	CAGR 2021–2025	CAGR 2025–2030E
Europe	54.8%	50.7%
the Americas	32.5%	40.1%
Asia Pacific	78.1%	56.2%
Africa	27.5%	54.3%
ROW	82.9%	76.8%
Total	**55.0%**	**52.3%**



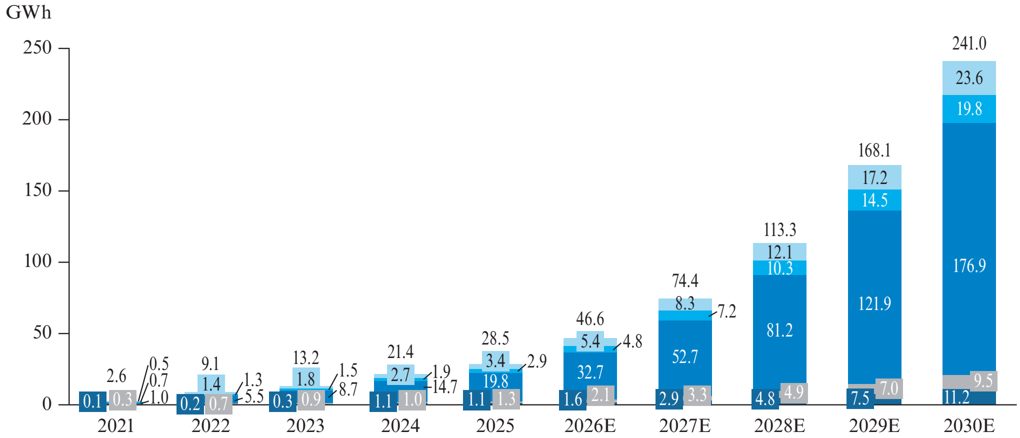
Sources: IEA, CNESA, SolarPower Europe, Frost & Sullivan

Market Size of Global C&I ESS Industry

The rapid growth of generative AI and large models has driven global data center expansion, with capital expenditures expected to reach USD3 trillion by 2030. High-power, concentrated electricity demand has increased the need for reliable, high-density power solutions, boosting demand for C&I ESS. The rise of new energy vehicles and large-scale commercial and industrial electricity demand has further expanded ESS applications for peak load management and energy optimization.

Global Shipment Volume of C&I ESS by Major Regions, 2021–2030E

	CAGR 2021–2025	CAGR 2025–2030E
Europe	65.9%	47.2%
Americas	42.9%	47.3%
Asia Pacific	109.2%	55.0%
Africa	40.7%	48.9%
ROW	83.2%	58.2%
Total	**82.0%**	**53.3%**



Sources: IEA, CNESA, SolarPower Europe, Frost & Sullivan

Market Drivers Analysis of Global ESS and Distributed ESS Industries

- **Energy Transition and Power Reliability Needs Drive Energy Storage Growth:** Against the backdrop of global decarbonization and energy transition, the rapid expansion of renewable energy installations, including wind and solar PV power, continues to increase demand for flexible grid resources. At the same time, aging grid infrastructure and insufficient investment in certain regions have constrained transmission capacity and grid flexibility, limiting the ability to accommodate growing electricity demand and higher renewable penetration. In this context, ESSs have become critical infrastructure for modern power systems due to their fast response, bidirectional regulation and energy shifting capabilities. Energy storage enhances grid stability and power reliability through peak shaving, frequency regulation and backup capacity services, while also improving renewable energy integration by mitigating intermittency and increasing grid flexibility. In weak-grid and remote areas, energy storage further strengthens local power resilience and emergency supply capabilities, driving sustained growth in global energy storage demand.

- **AI and Electric Vehicle Growth Drive Rising Energy Demand:** Rapid growth in AI computing and accelerating electric vehicle adoption are driving global electricity demand. Increasing demand for large-model training, cloud computing and high-performance computing has significantly raised power density requirements for AIDC, placing greater pressure on grid stability and flexibility. At the same time, the expansion of electric vehicles and fast-charging networks continues to increase charging-related power loads. As a result, distributed ESS is being deployed more broadly to support grid stability, power resilience and renewable energy integration through coordinated "generation-grid-load-storage" management.

- **Ongoing Demand for Lower Energy Costs and Higher Safety:** Growing global demand for low-cost and highly reliable clean energy continues to drive the evolution of the ESS industry toward higher energy density, improved safety and lower costs. Technological advancements, including large-capacity battery cells and next-generation power electronics such as gallium nitride (GaN) devices, are improving system efficiency, integration and safety performance. Meanwhile, expanding industry scale, automated production and manufacturing optimization continue to reduce system costs. Driven by both technological progress and economies of scale, the ESS industry continues to advance toward higher performance, lower cost and enhanced safety.

- **Supportive Government Policies:** As global carbon neutrality targets advance, major economies including the U.S., the EU, and China are implementing policies to promote the deployment of renewable energy and energy storage. In the U.S., 13 states have established energy storage procurement mandates, deployment targets, and related incentive mechanisms, defining state-level deployment plans and the role of regulated utilities. Continued supportive policies, regulations, and fiscal incentives are expected to underpin orderly, large-scale growth of the energy storage industry worldwide.

Policies and Regulations for the ESS and Distributed ESS Industries in Major Economies

Country/Region	Policy & Regulation	Year	Key Contents
European Union	Renewable Energy Directive III	2023	• Distributed ESSs have the potential to provide flexibility and balancing services to the grid through aggregation. Regulatory frameworks should remove barriers to fully unlock their role in supporting renewable energy penetration and power system decarbonization.
United Kingdom	Warm Homes Plan	2026	• A subsidy programme with a total allocation of GBP 15 billion aimed at helping millions of households install rooftop solar PV systems, energy storage systems, heat pumps, and insulation facilities by 2030.
Australia	Cheaper Home Batteries Program	2025	• The Programme provides subsidies for residential ESS through the Small-scale Technology Certificates (STC) mechanism. Applications are processed by installers on behalf of users. The programme aims to support 2 million households in deploying ESS with a total capacity of 40GWh by 2030.
Netherlands	Wetsvoorstel beëindiging salderingsregeling per 2027	2024	• Beginning in 2027, the residential solar net metering scheme will be phased out and replaced with a feed-in compensation mechanism. Under dynamic and time-of-use electricity pricing, stronger incentives for self-consumption are expected to further drive demand for residential and C&I ESS.
Abu Dhabi	Solar PV and Battery Energy Storage Self-Consumption Policy	2026	• The Policy allows residents and enterprises to install distributed solar PV systems combined with ESS for self-consumption, promoting the adoption of distributed solar and ESS in residential and C&I applications.
South Africa	South African Renewable Energy Master Plan	2025	• The Plan proposes recognizing ESS as an independent asset class, improving time-of-use pricing mechanisms and electricity trading frameworks, and advancing programs to deploy solar PV and ESS across suitable public buildings.
China	Notice on Deepening Market-oriented Reform of New Energy Feed-in Tariffs and Promoting High-quality Development of New Energy (《關於深化新能源上網電價市場化改革，促進新能源高質量發展的通知》)	2025	• The Notice promotes further participation of renewable energy in market trading, optimises feed-in tariff formation mechanisms, reduces peak-period electricity procurement costs, enhances resilience to electricity price fluctuations, improves project profitability, and supports continued installed capacity growth.
China	Guiding Opinions on the High-quality Development of Distribution Networks under the New Situation (《關於新形勢下配電網高質量發展的指導意見》)	2024	• The Guide encourages distributed energy resources to reasonably deploy or share new ESS, strengthening the coordinated development of "generation-grid-load-storage" from the grid policy perspective.

- **Geopolitical Changes and Accelerating China's Renewable Energy Industry Globalized Expansion:** Against the backdrop of global energy security concerns, supply chain restructuring and accelerating energy transition, global demand for energy storage continues to grow. China has established a comprehensive ESS value chain covering battery materials, cell manufacturing, PCS, BMS and system integration, with strong advantages in technology, manufacturing, engineering expertise and China's talent resources. Supported by large-scale manufacturing and a mature supply chain, Chinese ESS companies continue to lead in cost efficiency, delivery capability and product performance, driving the industry toward higher safety, greater energy density and lower costs. Meanwhile, rapid growth in China's renewable energy and storage markets has enabled companies to accumulate extensive project experience and operational capabilities, further supporting their global expansion and competitiveness.

Development Trends Analysis of Global ESS and Distributed ESS Industries

- **Diversification of ESS Applications:** As renewable energy deployment and power system demand continue to grow, the applications of ESS are expanding across multiple scenarios. In the residential sector, balcony and home energy storage systems are increasingly adopted to improve self-consumption and electricity cost efficiency. In the C&I sector, ESS is widely used for peak shaving, demand management and backup power, with improving economic returns. Meanwhile, the growth of fast EV charging and AIDC is driving demand for integrated storage-charging solutions and backup energy storage systems. Standardized containerized storage systems are also seeing broader adoption in grid-scale and overseas projects due to their deployment flexibility and scalability.

- **AI-Driven Intelligent Energy Management:** Driven by the integration of AI and intelligent energy management systems, distributed ESS is evolving from passive devices into intelligent energy units with predictive and adaptive capabilities. AI algorithms enable multidimensional forecasting of load fluctuations, power generation and electricity prices, optimizing charging, discharging and energy management strategies to improve efficiency and reduce operating costs. Combined with digital twin technology and big data analytics, AI supports real-time simulation, risk identification and performance optimization. Through cloud platforms, edge AI and remote OTA upgrades, ESS can achieve real-time monitoring, health prediction and continuous optimization, enabling increasingly intelligent and autonomous energy management.

- **Technology-Driven Efficiency Improvements and Scale-Driven Cost Reduction:** The future development of distributed ESS is expected to follow a dual-track trend of technology-driven efficiency improvement and scale-driven cost reduction. On the technology side, continuous advancements in AI algorithms, digital twins and advanced control strategies are enhancing energy dispatch efficiency and response speed, improving system utilization, optimizing operating economics and reducing lifecycle losses, thereby delivering greater value from the same resource input. On the industry side, expanding deployment scale and a maturing value chain are driving higher standardization and modularization of ESS, enabling economies of scale to gradually reduce unit construction and operating costs. Supported by coordinated industry and capital development, accelerating commercialization is further reinforcing the cycle of technological iteration and cost optimization, pushing distributed ESS toward higher cost-effectiveness and broader adoption.

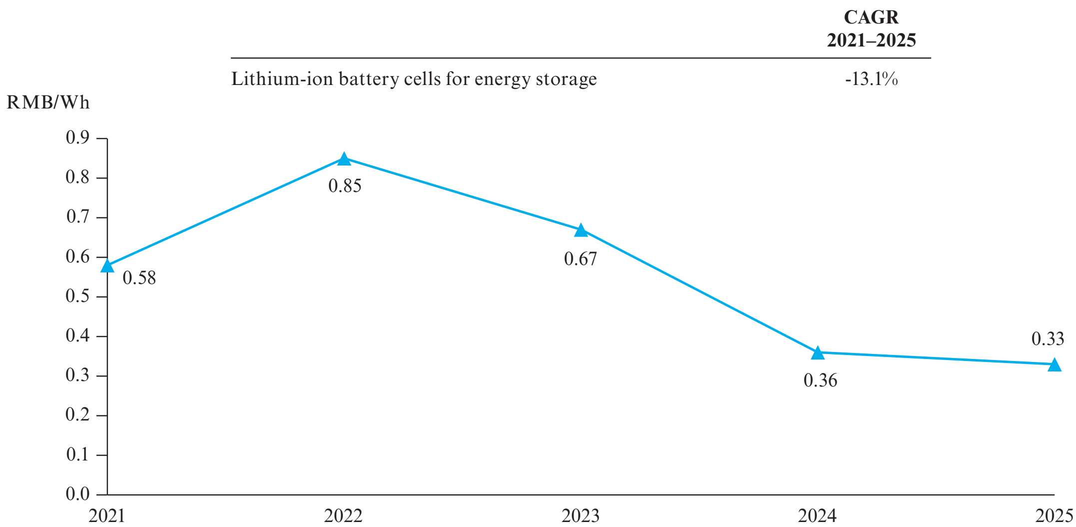
- **Quality and Safety Performance Enhancement:** In the development of distributed ESS, quality and safety performance have become core competitive factors. With the application of AI-based monitoring, predictive maintenance and intelligent diagnostics, system capabilities in detecting thermal runaway, capacity degradation and abnormal operating conditions continue to improve, enabling a shift from reactive response to proactive risk prevention. Although the shipment volume of lithium-ion battery ESS is growing rapidly, certain safety risks remain. Going forward, increasingly stringent global safety standards are expected to accelerate industry standardization and normalization, improving overall reliability, performance and lifespan, while also driving greater industry consolidation and an optimized competitive landscape. Supported by both technological advancement and regulatory alignment, distributed ESSs are expected to evolve toward full lifecycle safety management and higher-quality sustainable development.

- **Global Expansion of Chinese Energy Storage Companies:** Chinese companies continue to lead the global distributed ESS market, particularly in the residential segment, supported by strong manufacturing capabilities and cost advantages that enabled rapid overseas expansion through large-scale exports. The industry is now shifting from product export to localized operations, with closer collaboration with overseas distributors and installers to improve delivery efficiency, service responsiveness and brand trust. At the same time, Chinese companies are expanding into higher-value C&I ESS markets, which require stronger system integration, project management and O&M capabilities. This transition is driving their evolution from equipment suppliers to integrated energy solution providers, while further advancing the globalization of the industry chain and supply chain.

Raw Material Analysis of Global ESS Industry

Lithium-ion battery cell prices represent a major cost component of ESS. Between 2021 and 2022, rapid growth in demand for new energy vehicles and ESS outpaced lithium supply, pushing battery cell prices from approximately RMB0.58/Wh to approximately RMB0.85/Wh. Since 2023, increased upstream production and eased supply constraints have driven prices down to approximately RMB0.33/Wh by 2025. In 2026, driven by increasing global installation demand and temporary supply-demand imbalances in raw materials, lithium-ion battery cell prices are expected to gradually stabilize and experience a modest rebound. Looking ahead, technological advances, economies of scale, and efficient supply chains are expected to keep prices trending downward, stabilizing around RMB0.30–0.40/Wh through 2030.

Average Price of Energy Storage Lithium-ion Battery Cells in China, 2021 to 2025



Sources: Infolink, SolarPower Europe, GGII, Frost & Sullivan

Competitive Landscape Analysis of Global Distributed ESS Industry

In 2025, global shipment volume of residential ESS reached 38.1GWh. The shipment volume of the world's top 5 residential ESS providers was 16.9 GWh, with a combined market share of approximately 44.3%, representing a relatively concentrated market share. Among them, the Company's shipment volume of residential ESS in 2025 reached approximately 2.5 GWh, with a market share of 6.5%, ranking fifth globally and fourth among China-based enterprises. The Company also recorded the highest shipment volume growth rate from 2024 to 2025 among the global top 5 providers.

Top 5 Global Residential ESS Providers by Shipment Volume, 2025

Ranking	Company	Shipment Volume	Market Share	2024–2025 Shipment Volume Growth Rate
		(GWh)	*(%)*	*(%)*
1	Company A	4.0	10.5%	~185%
2	Company B	3.8	10.0%	~35%
3	Company C	3.6	9.4%	~20%
4	Company D	3.0	7.9%	~140%
5	**The Company**	**2.5**	**6.5%**	**~244%**
	Top 5	**16.9**	**44.3%**	

Sources: Expert interviews, Annual reports of listed companies and public disclosures, Infolink, SolarPower Europe, GGII, Frost & Sullivan

1. Company A was established in 2019 and is headquartered in China. It is primarily engaged in the research and development, production, and sale of PV inverters, energy storage inverters, and lithium battery products. Its products are widely applied in scenarios such as residential, C&I PV power generation, distributed energy storage, microgrids, and clean energy solutions.

2. Company B was established in 2003 and is headquartered in the United States. It is listed on the Nasdaq Stock Market and is primarily engaged in businesses such as new energy vehicles, ESS, and clean energy solutions. Its products are widely used in fields such as new energy vehicles, residential, C&I energy storage, power systems, and solar power generation.

3. Company C was established in 1987 and is headquartered in China. It is primarily engaged in businesses such as digital information and communications technology infrastructure, smart terminals, and digital energy. Its products are widely applied in fields including telecommunications operations, enterprise digital transformation, electric power and energy, data centers, and smart terminals.

4. Company D was established in 2000 and is headquartered in China. It is listed on the Shanghai Stock Exchange and is primarily engaged in the research and development, production, and sale of products such as photovoltaic inverters, ESS, and environmental appliances. Its products are widely applied in fields such as residential, C&I solar-storage systems, distributed energy, and intelligent power management.

Entry Barriers Analysis of Global Distributed ESS Industry

- **Technology-driven Product Definition Capability Barriers:** As application scenarios continue to expand, customer needs become increasingly segmented, and technical standards across countries grow more diverse, product definition capability has become an important barrier to entry in the distributed ESS industry. Industry participants are required not only to possess product development capabilities, but also to continuously identify user needs, application scenarios and technology trends, and effectively translate market demand into competitive products and system solutions through product definition and system architecture design. To achieve this, industry participants must continuously accumulate core technologies across key areas such as BMS, PCS, EMS, cloud platforms and system integration, while establishing systematic R&D capabilities covering market insight, product planning, product design, testing and validation, product iteration and lifecycle management. Such capabilities also require effective cross-functional collaboration among product, R&D, supply chain and commercial teams to continuously develop products that comply with varying regulatory requirements, technical standards and application needs across different markets. These capabilities typically require long-term R&D investment, continuous technology accumulation, organizational capability building and extensive market experience, and are difficult to replicate within a short period of time, thereby constituting an important barrier to entry in the distributed ESS industry.

- **Manufacturing and Supply Chain Management Barriers:** Manufacturing and supply chain management capabilities constitute important barriers to entry in the distributed ESS industry. Distributed ESS serve a wide range of residential and C&I applications, involving diverse product models and configuration requirements across geographically dispersed markets, which place significant demands on flexible manufacturing, supply chain coordination and global delivery capabilities. At the same time, the supply stability and quality consistency of battery cells and key electronic components directly affect product safety, reliability and delivery performance. As a result, industry participants are required to establish mature supplier management systems, stable supply chain partnerships and global warehousing and logistics networks to support large-scale delivery. In addition, enterprises with scaled manufacturing capabilities can further enhance cost competitiveness and market responsiveness through improved capacity utilization and optimized procurement and production processes. As these capabilities require substantial long-term capital investment, supply chain resources, manufacturing system development and global operational experience, and involve significant complexity and coordination, they are difficult to establish in the short term and therefore constitute important barriers to entry in the distributed ESS industry.

- **Global Distribution Network and Localized Operational Capability Barriers:** Global distribution networks and localized operational capabilities constitute important barriers to entry in the distributed ESS industry. As global ESS markets continue to expand, significant differences exist across countries and regions in terms of energy policies, grid environments, electricity pricing mechanisms, regulatory standards and end-user requirements. Industry participants are therefore required to establish distribution networks covering major markets and possess localized product adaptation, technical support, after-sales service and compliance operation capabilities in order to continuously address local market needs. Meanwhile, the distributed ESS market is highly dependent on sales channels, and stable distributor relationships are typically built through long-term market investment, product validation and service support. Enterprises with global operational capabilities can improve delivery efficiency and customer responsiveness through overseas subsidiaries, localized service systems and warehousing networks, while continuously optimizing products and services based on market feedback, thereby creating a virtuous cycle among channel coverage, market insight and product-market fit. As global distribution networks and localized operating systems require sustained resource investment, channel relationship development and regional market experience, and exhibit strong network effects and path dependency, such capabilities are difficult to replicate within a short period of time and therefore constitute important barriers to entry in the distributed ESS industry.

- **Brand Trust and Long-term Service Capability Barriers:** Brand trust and long-term service capabilities constitute important barriers to entry in the distributed ESS industry. Unlike utility-scale ESS projects, which are primarily driven by professional investors and operators, distributed ESS systems are directly marketed to residential users, C&I customers, and distribution partners. In addition to product performance and pricing, customers place significant emphasis on system safety, operational reliability, service quality and responsiveness, as well as the long-term stability of the service providers. Given that distributed ESS typically have operating lifecycles exceeding ten years, industry participants are required to continuously invest in product quality management, technical support, after-sales services and lifecycle management systems. Through consistent product delivery, market validation and customer feedback, companies gradually accumulate brand reputation and customer trust. As these capabilities require long-term product validation, sustained service investment and continuous brand building, and possess strong continuity and limited substitutability, they are difficult to replicate and therefore constitute important barriers to entry in the distributed ESS industry.

OVERVIEW

The following sets out a summary of the significant laws and regulations that affect our businesses primarily in the PRC, Singapore, the EU, the Netherlands and South Africa. Information contained below shall not be construed as a comprehensive summary of all the laws and regulations applicable to us.

LAWS AND REGULATIONS IN THE PRC

INDUSTRIAL POLICIES

According to the Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the National Development and Reform Commission of the PRC (the "**NDRC**") on December 27, 2023, and came into effect on February 1, 2024, technologies and equipment for new power systems and technologies and applications for renewable energy utilization belongs to the state-encouraged industries.

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

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》) jointly promulgated by the NDRC and the National Energy Administration (the "**NEA**") on July 15, 2021 and came into effect on the same date, the transformation from the initial stage of commercialization to large-scale development of new energy storage shall be achieved by 2025. The full market-oriented development of new energy storage shall be realized by 2030, and new energy storage will become one of the key supports for carbon peak and carbon neutrality in the energy sector. The core technologies and equipment of new energy storage shall be independent and controllable, and the installed capacity shall basically meet the corresponding needs of the new power system. New energy storage shall become one of the key supports for carbon peak and carbon neutrality in the energy sector.

According to the New Energy Storage Development Plan During China's "14th Five-Year Plan" Period (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022, by 2025, new energy storage will expand from the initial stage of commercialization to the stage of scale development and be ready for large-scale commercial application. By 2030, new energy storage will be developed on a fully market-oriented basis, and diversified technology development will be promoted.

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

REGULATIONS ON PRODUCT QUALITY AND CONSUMERS PROTECTION

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on February 22, 1993, last revised on December 29, 2018, and came into effect on the same date, producers shall be responsible for the quality of the products they produce, which shall not present an unreasonable risk of endangering the safety of persons or property, and which shall have the performance for use and indicate on the product or its packaging the product standards adopted. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the producer or from the seller of the product. Producers or sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products illegally produced or sold and be fined. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked. If it constitutes a crime, criminal responsibility will be pursued according to the laws.

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), which took effect on January 1, 1994 and was last amended on October 25, 2013, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Where business operators have discovered any defect in the goods or services they provided, which may endanger personal or property safety, they shall forthwith report to relevant administrative authorities and notify consumers, and adopt measures such as suspension of selling, alerts, recalls, decontamination, destruction, and suspension of manufacturing or services. In the case where recall measures are adopted, the business operator shall bear necessary expenses incurred by consumers resulting from the recall of goods. Violations of the Consumers Rights and Interests Protection Law may result in a warning, the confiscation of illegal income, and the imposition of fines. In addition, the relevant business operator will be ordered to suspend its operations, have its business license revoked, and have criminal liability incurred in serious cases.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, which was last amended on April 29, 2021 and came into effect on the same date, and the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) by the General Administration of Customs of the PRC promulgated on November 19, 2021, which came into effect on January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs in accordance with these provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business.

According to the Notice of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated and implemented by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023, consignees and consignees of imported and exported goods applying for recordation shall obtain the qualification of a market entity.

REGULATIONS ON PRODUCTION SAFETY AND FIRE SAFETY

Production Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and came into effect on September 1, 2021, production and business operation entities shall establish and perfect the system of responsibility for production safety and rules and regulations for production safety for all employees, meet the safety production conditions stipulated by laws and regulations, national standards or industry standards, and those who do not meet the production conditions are not allowed to engage in production and business activities. Production and business operation entities shall carry out education and training on production safety to employees, and ensure that employees have necessary knowledge on production safety and are familiar with relevant rules and regulations on production safety and safety operating procedures. The producers and operators who violate the Production Safety Law of the PRC may result in imposition of penalties, suspension of operation, an order to cease operation, or even criminal liability if causes serious consequences.

Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》) published by the SCNPC on April 29 1998, last amended on April 29, 2021 and came into effect on the same date, fire control design and construction of a construction project shall comply with the State's fire control technical standards for construction projects. Developers, designers, builders, project supervisors, etc. shall be responsible for the quality of the fire control design and construction of the construction project pursuant to the law. The development project fire safety design examination and acceptance system shall be implemented for development projects which are required to have fire safety design in accordance with the national fire protection technical standards for project construction. Where a development project which is required by law to undergo fire safety inspection and acceptance does not undergo fire safety inspection and acceptance, or does not pass fire safety inspection and acceptance, the project shall not be put into use; the use of other development projects which do not pass inspection in spot checks carried out pursuant to the law shall be suspended.

REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) passed by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, enterprises, public institutions, and other businesses that discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated in their production, construction, and other activities. The state shall, according to the law, apply a licensing system to the discharge of pollutants. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, enterprises, public institutions and other producers or operators that are subject to the administration of permitting of pollutant discharges shall apply for a pollutant discharge permit in accordance with the provisions, and may not discharge pollutants, if a pollutant discharge permit fails to be obtained. Enterprises, institutions and other producers and operators that produce and discharge pollutants in small volumes and affect the environment at a small level shall file a pollutant discharging registration form and are exempted from being required to obtain a pollutant discharge permit.

REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was latest amended by SCNPC on June 27, 2025 and came into effect on October 15, 2025, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

According to the Anti-Unfair Competition Law, business operators shall abide by the principles of voluntariness, equality, fairness and honesty, and abide by laws and business ethics in market transactions. The unfair competition as referred to in the Anti-Unfair Competition Law refers to the acts of business operators that violate the provisions of the Anti-Unfair Competition Law in their production and operation activities, disturb the market competition order, and damage the legitimate rights and interests of other business operators or consumers. Operators who violate the provisions of the Anti-Unfair Competition Law shall bear civil liabilities, administrative liabilities and criminal liabilities depending on the specific circumstances.

REGULATIONS ON LAND GRANTS AND LEASING

According to the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) (Order No. 32 of the President of the People's Republic of China) (the "**Land Administration Law**"), which became effective on January 1, 2020, the land can be classified by use into agricultural land, construction land, and unused land. The construction land can be further classified into state-owned and collectively managed construction land, and land users may obtain the land use right of the construction land according to the Land Administration Law.

According to the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》) (Order No. 32 of the President of the People's Republic of China), which became effective on January 1, 2020, when leasing a house, the lessor and lessee shall sign a written lease contract, prescribing such provisions as the leasing term, use of the house, rental and repair liabilities, and other rights and obligations of both parties; and go through registration procedures for record with the real estate administration department. According to the PRC Civil Code, a lessee may, upon the lessor's consent, sublease the leased object to a third person.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (Order No.6 of the Ministry of Housing and Urban-Rural Development of the People's Republic of China), which became effective on February 1, 2011, the parties to the house leasing shall sign a lease contract according to laws, and the lease contract shall be registered with the relevant construction or real estate authorities at the city or county level within 30 days after its signing. If the contents of the house lease registration and filing are changed, the lease is renewed or the lease is terminated, the parties concerned shall, within 30 days, go to the original lease registration and filing department to go through the formalities for the modification, renewal or cancelation of the house lease registration and filing. If the parties involved in the house leasing fail to go through the registration and filing procedures or violate the above regulations, the parties involved in the house leasing will be ordered to make corrections, and if they fail to make corrections within the time limit, they will be fined.

REGULATIONS ON INTELLECTUAL PROPERTY

Patent rights

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Regulations of the PRC Copyright Law (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention patents, utility model patents and design patents. Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years, respectively, all calculated from the date of application. Except for the specific circumstances stipulated by law, a third-party user must obtain the consent or appropriate license of the patentee before using the patent; otherwise, it will constitute an infringement of the patentee's rights.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the Copyright Law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the relevant right owner would constitute an infringement of copyright, unless otherwise provided in the Copyright Law of the PRC. The infringer shall bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and last amended on June 18, 2004, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, last amended on January 30, 2013 and came into effect on March 1, 2013, Chinese citizen, legal person or other organization is entitled under these Regulations to the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright holder may register with the software registration agency appointed by the State Council copyright administrative department. The National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to aforesaid Regulations and Measures.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982, last amended on April 23, 2019 and took effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and took effect on May 1, 2014, in China, registered trademarks include goods trademarks, service trademarks, collective trademarks and certification trademarks. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. Where a registered trademark needs to continue to be used after the expiration of the validity, the trademark registrant shall go through the formalities for renewal within 12 months prior to the expiration of the validity in accordance with the regulations. Each renewal of the registration shall be valid for ten years, commencing from the day after the expiration of the previous validity of the trademark.

Domain names

According to 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 took effect on November 1, 2017, and the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and took effect on January 1, 2018, the MIIT supervises and manages the domain name services nationwide. The domain name used by an internet information service provider in providing internet information services must be registered and owned by such provider in accordance with the laws and regulations. Registrations of domain names are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

REGULATIONS ON EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994, last amended on December 29, 2018 and took effect on the same date, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007, last amended on December 28, 2012 and took effect on July 1, 2013, employers should establish and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and fulfill their labor obligations. When establishing a labor relationship with workers, employers should enter into written labor contracts. Employers are not allowed to force workers to work overtime. If employers arrange for workers to work overtime, they should pay overtime wages to the workers in accordance with relevant national regulations. Workers' labor remuneration shall not be lower than the local minimum wage standard.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, last amended on December 29, 2018 and took effect on the same date, and other relevant provisions, employers shall pay social insurance premiums for their employees in full and on time, including basic old-age insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. If an employer fails to handle social insurance registration, the social insurance administrative department shall order it to make corrections within a time limit; if it fails to do so by the deadline, a fine may be imposed on the employer. If an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency has the right to order it to make up the payment within a time limit and impose a late payment surcharge from the date of default. If the payment is still not made by the deadline, a fine may be imposed by the relevant administrative department.

The Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) was promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, pursuant to which regions that undertake the functions and responsibilities of collecting and settling social insurance contributions shall properly deal with the problem of historical unpaid arrears, and be strictly prohibited to centrally collect the historical unpaid arrears of the enterprise by themselves, and those who have already carried out centralized collection shall be rectified immediately and properly do follow-up work.

The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated by the State Taxation Administration on November 16, 2018, requiring that tax authorities at all levels shall ensure the stability of payment methods during the reform of the social insurance contributions collection and management mechanism, and not organize self-collection of arrears of taxpayers including private enterprises from the previous years.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (ll) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing Provident Fund

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and last amended on March 24, 2019, employers shall register with the competent housing provident fund management center and contribute to the housing provident fund for their employees. If an employer fails to make contributions or makes insufficient contributions to the housing provident fund within the prescribed time limit, the housing provident fund management center shall order it to make up the contributions within a time limit. If the employer still fails to make the contributions after the time limit, the housing provident fund management center may apply to the people's court for compulsory execution.

Employee Stock Incentive Plans

On February 15, 2012, SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Share Incentive Rules**"). Under the Share Incentive Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC domestic company participating in such stock incentive plan, and complete certain procedures. In addition, the State Administration of Foreign Exchange has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax. The domestic qualified agent have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income tax of those employees related to their share options or restricted shares.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) amended by the SCNPC and becoming effective on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) amended by the State Council on December 6, 2024 and took effect on January 20, 2025, an enterprise, which is established within the territory of PRC according to law or established as per the laws of a foreign country (region) but has an actual management office within the territory of PRC, is a resident enterprise. A resident enterprise shall pay enterprise income tax for the income derived from both inside and outside the PRC at a rate of 25%. An enterprise income tax preference shall be granted to industries and projects strongly supported and encouraged by China; an enterprise income tax shall be levied on high-tech enterprises at a reduced rate of 15%.

Value Added Tax

According to the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 and took effect on the same date, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF and the SAT on December 25, 1993, last amended on October 28, 2011 and took effect on November 1, 2011, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets or immovables, and import goods within the PRC are taxpayers of value-added tax ("**VAT**"), and shall pay VAT. Unless otherwise stipulated by the above regulations, the rate of VAT for taxpayers engaging in sale or importation of goods shall be 17%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) jointly promulgated by the MOF and the SAT on April 4, 2018 and took effect on May 1, 2018, the tax rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and took effect on April 1, 2019, the tax rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

REGULATIONS ON CYBERSECURITY

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security of the network, stable operation.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was adopted by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the PRC has formulated a system for data classification and grading protection. When conducting data processing activities, one should abide by the provisions of laws and regulations, establish and improve a full-process data security management system, organize and carry out data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was jointly promulgated by the Cyberspace Administration of China, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the MOF, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the National Administration of State Secrets Protection, and the State Cryptography Administration on

November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

REGULATIONS ON DATA PROTECTION

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect from November 1, 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labor rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) such information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

According to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022 and effective on September 1, 2022, to provide data abroad under any of the following circumstances, a data processor shall declare security assessment for its outbound data transfer to the national cyberspace administration through the local cyberspace administration at the provincial level: (1) the data processor provides important data abroad; (2) the critical information infrastructure operator or the data processor that has processed the personal information of over one million individuals provides personal information abroad; (3) the data processor that has provided the personal information of 100,000 individuals or the sensitive personal information of 10,000 individuals cumulatively since January 1 of the previous year provides personal information abroad; (4) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 and effective on January 1, 2025, where cyber data processing activities carried out by a cyber data processor affect or may affect national security, a national security review shall be conducted in accordance with the relevant provisions issued by the State. If a cyber data processor handles the personal information of over 10 million individuals, it shall also comply with the regulations on cyber data processors handling important data.

REGULATIONS RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, and partially updated on December 4, 2023, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital and external debts and funds recovered from overseas) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended by SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

According to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) which was promulgated on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was promulgated on September 6, 2014 and came into effect on October 6, 2014, the Ministry of Commerce of the PRC and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

According to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) which was promulgated on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS ON OVERSEAS OFFERING AND LISTING OF DOMESTIC ENTERPRISES

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "**Overseas Listing Trial Measures**") and supporting guidelines promulgated by the China Securities Regulatory Commission (hereinafter referred to as the "**CSRC**") on February 17, 2023 and implemented on March 31, 2023, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security, shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors.

According to the Overseas Listing Trial Measures, the overseas offering and listing is explicitly prohibited under any of the following circumstances: (1) if the offering and listing is specifically prohibited by laws, administrative regulations and relevant national provisions; (2) if the overseas offering and listing constitutes endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (4) if the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; or (5) if there are material ownership disputes over the equity held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

According to the Overseas Listing Trial Measures, if any of the following material events occur after an issuer's overseas offering and listing, the issuer shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event: (1) change in control; (2) investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities; (3) the conversion of listing status or the transfer of listing board; (4) voluntary or compulsory termination of listing.

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning 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》) promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China on February 24, 2023 and implemented on March 31, 2023, where a domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and data involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas offering and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated on December 26, 2014, the domestic company shall present the following materials to complete registration formalities for overseas listing with the foreign exchange bureau at its place of registration (hereinafter referred to as the "**foreign exchange bureau at the locality**") within 15 working days from completion of issuance for its overseas listing. Following overseas listing of the domestic company, where a domestic shareholder proposes to increase or decrease shareholding in the overseas listed company pursuant to the relevant provisions, the domestic shareholder shall present the following materials to complete registration formalities for overseas shareholding with the foreign exchange bureau at the locality within 20 working days prior to the proposed increase or decrease of shareholding.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) stipulate guidelines for securities investment management and other related foreign exchange business, providing guidance on foreign exchange procedures for new registration and alteration and cancellation of registration, registration of domestic shareholders' shareholdings, full circulation and other related matters of domestic companies' overseas listings.

REGULATIONS ON THE H SHARE FULL CIRCULATION

According to the Guidelines for the Application for the "Full Circulation" of the Domestic Unlisted Shares of H-Share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) promulgated by the CSRC on November 14, 2019 and amended on August 10, 2023, full circulation represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for the circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to submit the filing registration to the CSRC. Unlisted domestic joint stock companies may apply for the filing registration for "full circulation" to the CSRC when applying for an overseas initial public offering and listing.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("**CSDC**") and the Shenzhen Stock Exchange ("**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

The Shenzhen Branch of the CSDC released the Guide for "Full Circulation" Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges. In September 2024, China Securities Depository and Clearing (Hong Kong) Limited ("**CSDC (Hong Kong)**") also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for "Full Circulation" of H-shares to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation and the Guide for "Full Circulation" Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, shareholders who apply for H Share Full Circulation ("**Participating Shareholders**") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at CSDC (Hong Kong), and CSDC (Hong Kong) will then deposit the securities at Hong Kong Securities Clearing Company Ltd. ("**HKSCC**") in its own name, and exercise the rights to the securities issuer through HKSCC, while HKSCC Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

LAWS AND REGULATIONS IN SINGAPORE

Foreign Investments, Repatriation of Profits and Dividends

Foreign investments in Singapore are governed primarily by industry-specific laws and regulations. Save for certain regulated sectors such as media, banking and financial institutions, there are generally no legal restrictions under Singapore law on the nationality of shareholders or on the percentage of local or foreign shareholding in a Singapore-incorporated company. Further, aside from certain prescribed notification obligations under the Companies Act 1967 of Singapore ("**Companies Act**"), there are generally no legal restrictions with respect to the nationality of the ultimate beneficial owners of a Singapore incorporated company under Singapore law.

With respect to foreign exchange controls in Singapore, although the Exchange Control Act 1953 of Singapore ("**Exchange Control Act**") imposes certain exchange control restrictions, the Monetary Authority of Singapore has, since 1978, exempted all persons from the provisions of the Exchange Control Act. Consequently, there are currently no foreign exchange control restrictions in Singapore. That said, with effect from 1 January 2024, gains from the sale or disposal of foreign-situated moveable or immovable property received on or after such date by an entity of a relevant group in Singapore from outside Singapore will be treated as income chargeable to tax under section 10(1)(g) of the Income Tax Act 1947 of Singapore.

In terms of the issuance of dividends by a Singapore incorporated company to its shareholders, pursuant to section 403(1) of the Companies Act, no dividend shall be payable except out of the profits. This may further be subject to requirements or restrictions under a company's constitution or shareholders' agreement (if any). In view that Singapore has adopted a one-tier corporate tax system pursuant to which tax paid by a Singapore resident company on its corporate profits is a final tax, dividends payable by a Singapore resident company to its shareholders are consequently exempted from Singapore income tax in the hands of the shareholders. Further, there is generally no withholding tax on such dividend payments to both resident and non-resident shareholders.

Product Compliance

The Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975 of Singapore (the "**CPTSRA**") prohibits false trade descriptions and confers powers on the relevant authority to prescribe safety requirements for goods. Regulations made under the CPTSRA impose specific product safety requirements for certain categories of goods. These include (amongst others):

(a) the Consumer Protection (Safety Requirements) Regulations (the "**Safety Requirements Regulations**"), which establish a regulatory framework for "controlled goods" specified under the First Schedule of the Safety Requirements Regulations. These include specified categories of electrical and electronic products such as adaptors, extension cord sets, power supplies, cables and certain household appliances. Pursuant to regulation 5 of the Safety Requirements Regulations, any importer or manufacturer in Singapore intending to supply the aforesaid controlled goods must be a Registered Supplier and register the controlled goods with the relevant Safety Authority. Such registration is generally valid for a period of three (3) years and may be renewed. Registered Suppliers are further required to ensure that the controlled goods conform to the applicable safety requirements and bear the Safety Mark before they are supplied in Singapore. Contravention of the Safety Requirements Regulations constitutes an offence under section 11(2) of the CPTSRA and may result in recall directions and criminal penalties including fines and imprisonment; and

(b) the Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011 (the "**CGSR Regulations**"), which apply to a broader category of "consumer goods". Pursuant to regulation 2 of the CGSR Regulations, "consumer goods" refer to goods ordinarily supplied for private use or consumption, and includes the packaging in which the goods are supplied. Under the CGSR Regulations, consumer goods must conform to applicable safety standards (whether international standards promulgated by bodies such as the International Organisation for Standardisation (ISO) or the International Electrotechnical Commission (IEC), or regional or national standards). Non-compliance may result in a public notice issued by the Safety Authority declaring such goods to be unsafe and/or directions issued to suppliers to cease supply and notify users of the potential danger. Failure to comply with such directions from the Safety Authority constitutes an offence punishable by a fine not exceeding S$2,000 or imprisonment not exceeding 12 months (or both) for a first offence, with enhanced penalties for subsequent offences.

Product Liability

Singapore does not have a comprehensive standalone product liability statute, instead, claims arising from defective or unsafe products are governed by a combination of common law principles and specific regulatory legislation. In this regard, the foundation for product liability claims in Singapore is derived from common law (principally, the tort of negligence) and the implied contractual terms under the Sale of Goods Act 1979 of Singapore (the "**SOGA**") and the Supply of Goods Act 1982 of Singapore (the "**Supply of Goods Act**").

Amongst others, sections 13 to 15 of the SOGA imply conditions into contracts for the sale of goods, including that (i) goods sold by description will correspond with that description; (ii) goods sold in the course of a business will be of satisfactory quality (including being fit for the purposes for which such goods are commonly supplied, safe and durable); and (iii) goods will be reasonably fit for any particular purpose made known to the seller. Where goods are sold in breach of any such implied conditions, the buyer may reject the goods and/or claim damages. Similar implied terms are provided in the Supply of Goods Act for contracts for the transfer of goods and contracts for the hire of goods.

Separately, Part III of the Consumer Protection (Fair Trading) Act 2003 of Singapore ("**CPFTA**") provides consumers with statutory remedies where goods do not conform to the applicable contract at the time of delivery. Pursuant to section 12(4) of the CPFTA, goods "do not conform to contract" where there is a breach of an express term of the contract or a term implied by virtue of sections 13 (*sale by description*), 14 (*Implied term about quality and fitness*) and 15 (*Sale by sample*) of the SOGA. Pursuant to section 14(1)(b) of the CPFTA (read with section 14(3) of the CPFTA), any defects discovered within six (6) months from the date of delivery are presumed to have been present at the time the goods were delivered, unless the supplier establishes that the goods did so conform or that the application of the presumption is incompatible with the nature of the goods or the nature of the lack of conformity. In particular, pursuant to section 35 of the CPFTA, such remedies as provided for under Part III of the CPFTA exist over and above any common law rights and cannot be contracted out of.

Import and Export Laws

The import and export of goods in Singapore is regulated by the Regulation of Imports and Exports Act 1995 of Singapore (the "**RIEA**") and the Regulation of Imports and Exports Regulations (the "**RIER**"). To this end, the RIEA concerns the regulation, registration and control of imports and exports by the Enterprise Singapore Board ("**ESG**"). For the purposes of the RIEA:

(a) "import" is defined as bringing or causing to be brought into Singapore by land, water or air from any place which is outside Singapore, but excludes the bringing into Singapore of goods which are to be taken out of Singapore on the same conveyance on which they were brought into Singapore without any landing or transhipment within Singapore; and

(b) "export" means to take or cause to be taken out of Singapore by land, water or air and includes the placing of any goods in a conveyance for the purpose of the goods being taken out of Singapore but excludes goods taken out on the same conveyance on which they were brought into Singapore they have landed or transhipped within Singapore.

Pursuant to regulation 23(1) of the RIER, either the Singapore Customs or an authorised organisation (i.e. the Singapore Chinese Chamber of Commerce and Industry, Singapore Indian Chamber of Commerce and Industry, Singapore International Chamber of Commerce, Singapore Malay Chamber of Commerce and Industry, or Singapore Manufacturing Federation) (each an "**Issuing Authority**", collectively "**Issuing Authorities**") may issue a certificate of origin pursuant to the rules of origin in the free trade agreement or scheme of preference under which a certificate of origin was applied for (for preferential certificates of origin) or the Singapore Customs' "Handbook on the Rules of Origin for Ordinary Certificate of Origin" (for ordinary certificates of origin) (last revised on February 2016) (the "**Handbook**"). A certificate of origin (preferential or ordinary) issued by an Issuing Authority is generally relied upon by importing customs authorities to determine eligibility for preferential tariff treatment and/or to evidence origin under the applicable rules. To avoid doubt, an administrative certificate of processing is not, by itself, a basis for preferential tariff treatment, but may be used by foreign customs as supporting documentation for processing claims under their laws.

Certificates of processing, on the other hand, are not expressly provided for in the RIER or the RIEA. However, based on the Singapore Customs' published administrative procedures on the current procedural basis (the "**Application Procedures**") (i.e., the "Application Procedures for a Certificate of Origin via TradeNet and Related Administrative Matters", last revised December 2021) and the Singapore Customs administrative practices, Singapore Customs may issue a certificate of processing for goods that have "*undergone substantial processing in Singapore but do not qualify under the rules of origin administered under the [Ordinary CO] scheme*". The term "substantial processing" is an administrative concept aligned with substantial transformation principles used in origin rules and assessed by Singapore Customs on the facts. In this regard, the RIEA and RIER do not prescribe any specific quantity or percentage thresholds for determining what constitutes "substantial processing", and any thresholds or criteria in relation thereto remains administrative and scheme specific.

Finally, Singapore law does not generally require an exported product (for which a certificate of origin has been obtained) to be labelled as "made in Singapore". It is thus open, as a matter of Singapore law, for companies to label its exports to the other countries as "made in Singapore", subject to any applicable laws of the destination country (including any applicable customs and import laws).

Customs Laws

The Customs Act 1960 of Singapore (the "**Customs Act**") is administered by the Singapore Customs and primarily governs the control of goods entering, leaving or transiting through Singapore, including the imposition of customs duties and the detection and interdiction of prohibited or restricted items. Specifically, Part 4 of the Customs Act prescribes the requirements relating to importation and exportation, including that: (i) dutiable goods can only be imported, exported or transhipped at authorised places (section 31 of the Customs Act); (ii) import, export and transhipment of goods dutiable on import is prohibited unless done in accordance with applicable regulations and restrictions (section 33 of the Customs Act); and (iii) every importer or exporter of dutiable goods and every person transhipping goods of a class dutiable on import must declare the required particulars of the goods imported, exported or to be transhipped (section 32 of the Customs Act). Failure to comply with the customs control requirements, licensing conditions or declaration obligations prescribed under the Customs Act may constitute an offence resulting in fines, forfeiture of goods and, in certain cases, imprisonment.

While Singapore imposes customs duty on a limited range of goods (including intoxicating liquors, tobacco products, motor vehicles and petroleum products), most other imported goods (such as electronic products) are generally not subject to customs duty. That said, such goods remain subject to Goods and Services Tax ("**GST**") payable to the Singapore Customs (acting on behalf of the Inland Revenue Authority of Singapore) on importation, unless an applicable exemption or relief applies. GST on imports are generally levied on the value of the imported goods, including insurance and freight charges.

LAWS AND REGULATIONS IN THE EU

Permits, Registrations and Authorisations

Battery Legislation

The EU regulatory framework on batteries is primarily governed by Regulation (EU) 2023/1542, which establishes requirements relating to sustainability, safety, labelling, marking and information in order to allow batteries to be placed on the market or put into service within the European Union. The Regulation also lays down minimum requirements on extended producer responsibility, as well as on the collection, treatment and reporting of waste batteries.

Regulation (EU) 2023/1542 is supplemented by national implementing and enforcement measures adopted by the Member States. In Germany, the relevant national implementing act is the Batterierecht-Durchführungsgesetz (BattDG).

Pursuant to § 5 BattDG, before a producer places batteries on the market within the scope of the BattDG for the first time, the producer or its authorised representative for extended producer responsibility must, in accordance with Article 55(2), first subparagraph, first sentence, of Regulation (EU) 2023/1542, register the relevant brand name(s) and battery category(ies) with the competent authority in Germany.

Electrical and Electronic Product Legislation, Including Waste-Related Requirements

Electrical and electronic products are primarily regulated at EU level by:

- Directive 2014/30/EU on electromagnetic compatibility (EMC);
- Directive 2014/35/EU on the making available on the market of electrical equipment designed for use within certain voltage limits (Low Voltage Directive);
- Directive 2014/53/EU on the making available on the market of radio equipment (where applicable); and
- Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

Directives 2014/30/EU, 2014/35/EU and 2014/53/EU have been transposed into national law by the Member States. In Germany, this has been done through:

- the Elektromagnetische-Verträglichkeit-Gesetz (EMVG) (Directive 2014/30/EU);
- the Verordnung über elektrische Betriebsmittel (1. ProdSV) (Directive 2014/35/EU);
- the Funkanlagengesetz (FuAG) (Directive 2014/53/EU); and
- the Elektro- und Elektronikgeräte-Stoff-Verordnung (ElektroStoffV) (Directive 2011/65/EU).

Further relevant legislation in the field of electrical and electronic products is Directive 2012/19/EU on waste electrical and electronic equipment (WEEE), which has been transposed into German law by the Elektro- und Elektronikgerätegesetz (ElektroG).

Pursuant to § 6 ElektroG, before placing electrical or electronic equipment on the market, the manufacturer or its authorised representative must register the relevant equipment type and brand with the competent authority in Germany.

Product Safety and Product Liability

Product safety within the European Union is governed by Regulation (EU) 2023/988 on general product safety, which establishes horizontal safety requirements for consumer products made available on the EU market. The Regulation sets out obligations for economic operators, including manufacturers, importers and distributors, and provides a framework for market surveillance and enforcement.

At national level, EU product safety legislation is complemented by implementing and enforcement provisions, including in Germany by the Produktsicherheitsgesetz (ProdSG).

Product liability in the European Union is governed by Directive (EU) 2024/2853 on liability for defective products, as implemented into the national laws of the Member States. The Directive establishes a strict liability regime for damage caused by defective products. Member States have until 9 December 2026 to bring into force the laws, regulations and administrative provisions necessary to comply with Directive (EU) 2024/2853. This means that Directive 85/374/EEC on liability for defective products is repealed with effect from 9 December 2026; however, said Directive shall continue to apply with regard to products placed on the market or put into service before 9 December 2026.

Sustainability-Related Legislation

Legislation addressing sustainability-related aspects and corresponding responsibilities of economic operators has significantly expanded in recent years at both EU and national level. Beyond product-specific legislation, such as Regulation (EU) 2023/1542 for batteries, a number of horizontal sustainability-related obligations apply to companies placing products on the market.

By way of example, the German Packaging Act (Verpackungsgesetz — VerpackG) requires companies placing packaged goods on the German market to comply with requirements on packaging waste prevention and recycling, including registration with the LUCID packaging register and participation in a dual system under the extended producer responsibility regime.

From August 2026, stricter and more harmonised rules will apply at EU level under the new EU Packaging and Packaging Waste Regulation (PPWR).

In addition, environmental and sustainability-related claims are subject to increased scrutiny. Directive (EU) 2024/825 on empowering consumers for the green transition through better protection against unfair practices and better information amends and supplements existing EU legislation on unfair commercial practices and consumer rights. In particular, it introduces stricter requirements regarding the use and substantiation of environmental claims, requiring information on environmental characteristics of products and companies to be reliable, comparable, substantiated and verifiable.

In parallel, the EU regulatory framework is increasingly addressing sustainability requirements at the product design stage. Notably, Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024, establishing a framework for the setting of ecodesign requirements for sustainable products, significantly expands the scope of EU ecodesign rules.

Foreign Trade and Customs Law

Within the internal market of the European Union, the principle of free movement of goods ensures that products can circulate between Member States without customs duties or quantitative restrictions. Within this internal market, customs controls at internal borders have been abolished, while the EU's common external tariff applies at the external borders of the customs union. As soon as goods cross the external borders of the EU, both European and national foreign trade and customs rules apply. The central framework is the Union Customs Code (Regulation (EU) No 952/2013), which has been in force since 2016 and has undergone several amendments to adapt procedures to new requirements. Because not all electronic customs systems have been fully implemented, transitional arrangements allowing the use of existing IT structures and paper-based processes will remain in place for a transitional period until all UCC electronic systems have been fully deployed. In parallel, the EU is pursuing a customs reform based on a new Union Customs Code, an EU Customs Authority and a central EU Customs Data Hub, with key elements of this new architecture envisaged to become operational from 2028, subject to completion of the legislative process and transitional arrangements.

In addition to ordinary customs duties and customs procedures, cross-border trade in electrical equipment and components may be affected by EU trade defence and trade policy measures, in particular anti-dumping and anti-subsidy duties, safeguards and other restrictions, which can significantly influence market access, pricing and supply chain planning.

Goods traded between EU Member States and countries that participate in the European Economic Area (EEA) but are not part of the EU customs union are generally subject to customs supervision and formal customs procedures, even where preferential arrangements may reduce or eliminate customs duties. Trade with destinations beyond the EEA likewise remains subject to customs supervision, including import duties, regulatory checks and inspections carried out by customs authorities.

Beyond customs law, the EU regulates the trade of dual-use items (goods, software and technologies with both civilian and military applications) through Regulation (EU) 2021/821, which replaced the previous regime in 2021. This regulation harmonizes controls on exports, transfers, brokering, technical assistance and transit, introduces a common list of dual-use items and strengthens so-called catch-all controls for non-listed items where there is a risk of misuse for human rights violations, terrorism or the proliferation of weapons of mass destruction. Authorizations are therefore required in a wide range of situations and Member States are obliged to enforce compliance with penalties that are effective and dissuasive. The relevant official authority for an export control license is the German Federal Office for Economic Affairs and Export Control (BAFA).

A further important dimension is the system of EU restrictive measures or sanctions, adopted under the Common Foreign and Security Policy. These measures may impose trade bans on certain goods and technologies, financial restrictions such as asset freezes, prohibitions on providing services or investment, and travel bans for listed persons. They are usually enacted as Council Regulations, which are directly applicable in all Member States and complemented where necessary by Council Decisions requiring national implementation. To strengthen consistency, Directive (EU) 2024/1226 now establishes harmonized criminal offences and minimum penalties for serious violations of EU restrictive measures, obliges Member States to criminalise the intentional circumvention of sanctions and related conduct and sets minimum rules on sanctions for natural and legal persons across the Union.

Taken together, the Union Customs Code, the Dual-Use Regulation and the EU sanctions regime form a closely connected legal framework that governs the movement of goods across the EU's external borders. Companies engaging in international trade must therefore ensure compliance not only with customs procedures, but also with export control rules and sanctions, as breaches can trigger inspections, administrative penalties and in the case of sanctions, even criminal liability.

Data Protection

The General Data Protection Regulation (EU) 2016/679 (the "GDPR") sets out a comprehensive framework governing the collection, use, processing, and transfer of personal data. The GDPR applies to EU-based entities and, in certain circumstances, to entities established outside the EU that process personal data of individuals located in the EU and carry out activities such as offering goods or services to, or monitoring the behavior of, individuals within the EU.

The GDPR adopts a risk-based approach to compliance. Organizations must implement appropriate risk management practices to document and demonstrate compliance, including regular and ad hoc risk assessments and the implementation of risk-mitigation measures. Personal data must be processed in line with the GDPR's core principles: lawfulness, transparency, purpose limitation, data minimization, accuracy, storage limitation, security, and accountability. These principles apply regardless of the technology or medium used and extend to both automated and non-automated processing operations. Before any processing takes place, a valid legal basis must be identified as provided under the GDPR (and, as applicable, the German Federal Data Protection Act (Bundesdatenschutzgesetz — BDSG)).

Data subjects are afforded a range of rights, and organizations have corresponding obligations — such as proactive transparency and the duty to provide information. These rights include, among others, access, rectification, erasure in certain circumstances, and data portability. In addition, individuals may have the right to restrict or object to certain types of processing, including processing for direct marketing purposes, and the right not to be subject to decisions based solely on automated processing, including profiling, which produces legal effects concerning them or similarly significantly affects them.

Organizations are required to maintain records of processing activities that specify, for example, the purposes of processing, categories of personal data, and categories of recipients. Where processing is outsourced to a service provider acting as a processor, a data processing agreement must be in place to ensure appropriate technical and organizational measures and compliance with GDPR requirements. Controllers must also ensure that processors do not engage sub-processors without prior written authorization and that any sub-processing is subject to equivalent contractual safeguards.

The GDPR does not require personal data to be stored within the EU; however, transfers to third countries are permitted only where an adequate level of protection is ensured — either through an adequacy decision or appropriate safeguards. Appropriate safeguards can include, for example, standard contractual clauses approved by the European Commission, binding corporate rules, or approved codes of conduct and certification mechanisms. The GDPR also allows EU Member States to impose further conditions or limitations on the processing of certain sensitive categories of data, including genetic, biometric, or health data.

Non-compliance with the GDPR can result in significant penalties, including fines of up to EUR20 million or 4% of the company's (or group's) total worldwide annual turnover, whichever is higher. Civil liability for damages suffered by data subjects may also arise, and, in certain cases, criminal penalties — including imprisonment — may be imposed. Supervisory authorities also have the power to issue warnings, reprimands, temporary or definitive bans on processing, and orders to rectify, restrict, or erase data, in addition to monetary fines.

LAWS AND REGULATIONS IN THE NETHERLANDS

Product Safety and CE Marking

Battery energy storage systems, battery products and related electrical equipment placed on the EU market must comply with applicable EU product legislation and must generally bear the CE marking indicating conformity with relevant EU requirements.

Battery energy storage systems and related electrical equipment typically fall within the scope of several EU directives and regulations, including:

- EU Battery Regulation (EU) 2023/1542 laying down mandatory requirements for all batteries placed on the EU market (except for military, space, and nuclear purposes). Those requirements cover sustainability and safety, labelling, marking and information, due diligence, waste battery management, battery passport, green public procurement, etc.

- the Low Voltage Directive (2014/35/EU), which establishes safety requirements for electrical equipment operating within certain voltage limits;
- the Electromagnetic Compatibility Directive (Directive 2014/30/EU), which regulates electromagnetic interference generated by electrical equipment and ensures such equipment functions properly in its electromagnetic environment;
- the General Product Safety Regulation ((EU) 2023/988), which entered into force on 13 December 2024 and replaced the former General Product Safety Directive. The Regulation establishes general safety obligations for consumer products placed on the EU market and imposes obligations on manufacturers, importers and distributors with regard to traceability, market surveillance and corrective measures;
- the Restriction of Hazardous Substances Directive (2011/65/EU) (RoHS Directive), which restricts the use of certain hazardous substances in electrical and electronic equipment. Compliance with the RoHS Directive forms part of the EU product compliance framework applicable to electrical and electronic equipment and is demonstrated through CE marking; and
- the Regulation (EU) 2019/1021 on persistent organic pollutants (POPs Regulation), which restricts or prohibits the manufacture, placing on the market and use of certain persistent organic pollutants in products and articles placed on the EU market.

Where battery energy storage systems incorporate wireless communication modules, cloud connectivity or remote monitoring functionality, such products may additionally fall within the scope of the Radio Equipment Directive (RED, Directive 2014/53/EU), which sets requirements for radio equipment placed on the EU market. Products placed on the EU market may additionally be subject to Regulation (EC) No 1907/2006 (REACH), which regulates the registration, evaluation, authorisation and restriction of chemicals used in products and manufacturing processes.

The EU product compliance framework also includes the Market Surveillance Regulation ((EU) 2019/1020), which strengthens the enforcement powers of national authorities and requires that certain products subject to EU harmonisation legislation may only be placed on the EU market if there is an economic operator established within the EU responsible for specified compliance tasks, such as the manufacturer, importer, authorised representative or fulfilment service provider.

Manufacturers, importers and distributors must ensure that products placed on the EU market comply with applicable regulatory requirements and must maintain the necessary technical documentation and declarations of conformity demonstrating such compliance.

The regulatory framework applicable to battery energy storage systems is also evolving in connection with broader EU strategic autonomy and supply chain initiatives, including Regulation (EU) 2024/1252 establishing a framework for ensuring a secure and sustainable supply of critical raw materials (Critical Raw Materials Act), which may impose certain supply chain risk assessment and mitigation obligations on relevant market participants using strategic raw materials such as lithium and the EU Conflict Minerals Regulation (Regulation (EU) 2017/821), mandating that EU importers of tin, tantalum, tungsten, and gold (3TG) conduct due diligence to ensure they source responsibly, breaking the link between mineral trade and armed conflict.

Obligations of Importers and Distributors

Where products are manufactured outside the EU and imported into the Netherlands, the importer assumes certain compliance obligations under EU product legislation.

Importers must generally verify that the manufacturer has carried out the required conformity assessment procedures and that the products comply with applicable EU legislation. Importers must also ensure that the products bear the CE marking and are accompanied by the required documentation and safety instructions.

Distributors are required to exercise due care to ensure that the products they make available on the market comply with applicable regulatory requirements. If a distributor has reason to believe that a product does not comply with applicable requirements or presents a risk, it must refrain from placing the product on the market until compliance has been ensured and must cooperate with competent authorities where necessary.

Where products are offered or distributed via online channels or online marketplaces, additional obligations may apply under the General Product Safety Regulation, including requirements relating to the visibility of product information and the identification of the responsible economic operator.

Environmental and Recycling Regulations

Battery energy storage systems and related electrical equipment generally fall within the scope of the Waste Electrical and Electronic Equipment Directive (WEEE Directive, Directive 2012/19/EU), which regulates the collection, treatment, recycling and environmentally sound disposal of electrical and electronic waste.

Under the WEEE Directive and its implementation in Dutch legislation, companies placing electrical and electronic equipment for the first time on the Dutch market may be regarded as producers and may be required to register with the relevant national register, report the quantities of equipment placed on the market and contribute to the financing of waste collection and recycling systems.

Battery energy storage systems and battery products are also subject to the EU Battery Regulation ((EU) 2023/1542), which establishes rules relating to the sustainability, safety, labelling, conformity assessment and lifecycle management of batteries placed on the EU market. The Battery Regulation is being phased in progressively and introduces, among other things, requirements relating to battery labelling, collection and recycling, carbon footprint disclosures, supply chain due diligence and, from February 2027, digital battery passport requirements for certain industrial batteries exceeding 2 kWh.

In addition, products incorporating electrical and electronic components remain subject to the RoHS Directive, which restricts the use of certain hazardous substances in electrical and electronic equipment.

Companies placing packaged products on the Dutch market may also be subject to extended producer responsibility obligations relating to packaging waste. In this context, the EU Packaging and Packaging Waste Regulation (PPWR, (EU) 2025/40), which entered into force in February 2025 and progressively replaces the former Packaging Directive (94/62/EC), is of particular relevance. The PPWR introduces stricter requirements relating to reusability, recyclability and the minimum use of packaging materials.

Electricity Grid Connection Requirements

Where battery energy storage systems are connected to the electricity grid, certain technical connection requirements and grid code standards may apply under EU and Dutch electricity network regulations.

Relevant regulations may include the Requirements for Generators Regulation ((EU) 2016/631), which establishes technical requirements for electricity generation installations connected to transmission and distribution networks, as implemented in the Netherlands through applicable national grid codes and technical connection conditions and the Dutch Energy Act, the primary Dutch statutory framework governing electricity generation, transmission, distribution and supply, and highly relevant for battery energy storage systems operators connecting to the Dutch electricity grid.

In practice, technical standards such as EN 50549 and connection requirements imposed by Dutch electricity grid operators may be relevant for certain grid-connected energy storage systems and hybrid energy solutions. The Machinery Regulation (EU) 2023/1230, which entered into force in June 2023 and will become fully applicable from 20 January 2027, may apply to battery energy storage systems products that contain mechanical components or assemblies.

Product Liability

Under the Product Liability Directive (85/374/EEC), as implemented in the Dutch Civil Code (Article 6:185 et seq. BW), producers may be held strictly liable for damage caused by defective products.

Where the manufacturer of a product is established outside the European Economic Area, the importer placing the product on the EU market may be regarded as the producer and may therefore be liable for damage caused by defects in the product.

Claims based on product liability become time-barred three years after the date on which the injured party became aware of the damage, the defect and the identity of the producer, and lapse in any event ten years after the date on which the producer placed the product on the market.

In addition to the product liability regime under the Directive, the Dutch Civil Code also provides for strict liability for the possessor of a defective movable item under Article 6:173 BW, which may apply in certain circumstances alongside or in addition to the statutory product liability regime.

The EU has also adopted a revised Product Liability Directive (Directive (EU) 2024/2853), which entered into force on 8 December 2024. Member States have until 9 December 2026 to implement the Directive into national law. The revised Directive expands liability rules for products incorporating digital elements and introduces a relaxed burden of proof for injured parties. Upon implementation, it will replace the existing Product Liability Directive.

LAWS AND REGULATIONS IN SOUTH AFRICA

Product Liability and Consumer Protection

The Consumer Protection Act, No. 68 of 2008 regulates the marketing and supply of goods and services to consumers in South Africa. It establishes strict product liability: any producer, importer, distributor, or retailer is liable for harm caused by unsafe goods, product failures, defects, or inadequate warnings, irrespective of negligence. As the importer and distributor of the Group's energy storage products in South Africa, the Subsidiary may face strict product liability exposure under the CPA in respect of products it supplies into the South African market, even where the underlying defect arises in the manufacturing process undertaken by other Group entities.

The National Credit Act, No. 34 of 2005 ("**NCA**") applies to existing credit agreements and all written credit agreements between parties dealing at arm's length and concluded within the Republic of South Africa, subject to certain exceptions, for instance, where: (i) the debtor is the State or an organ of State, (ii) the debtor is a juristic person whose asset value or annual turnover at the time of the conclusion of the agreement is R1 million or higher, (iii) the principal debt under the credit agreement is R250,000 or higher, or (iv) where the credit provider is located outside South Africa, but only if it is exempted pursuant to an application made to the Minister of Finance. The NCA defines "credit agreement" as a credit facility, credit transaction, credit guarantee or any combination thereof.

Specific rights of consumers are entrenched by the NCA. In particular, the credit provider is compelled to embark on certain intermediary procedures of referring the consumer to debt counselling before the credit provider is entitled to take legal steps to enforce the credit agreement or repossess goods sold in terms thereof, impeding credit providers' ability to recover outstanding debts.

Non-compliance with the NCA can result in credit agreements being declared null and void.

The National Regulator for Compulsory Specifications ("**NRCS**") is responsible for administering compulsory specifications and technical regulations for certain products sold in South Africa to ensure safety and health compliance.

Customs, Import and Export Regulations

The Customs and Excise Act, No. 91 of 1964, administered by SARS, governs the importation and exportation of goods into and from South Africa. The Subsidiary is registered with SARS as both a local importer (certificate number CUS0103210, customs code CU25405179, effective 29 June 2023) and a local exporter (certificate number CUS0103208, customs code CU25405179, effective 29 June 2023). These authorisations are non-transferable and SARS reserves the right to suspend or withdraw them if duties become due and outstanding or if the Subsidiary fails to comply with the conditions pertaining to the certificates. The Subsidiary's business model depends materially on the importation of energy storage products from other Group companies (principally based in the jurisdictions outside of South Africa) for resale into the South African market.

The applicable customs duties are determined by the relevant tariff headings under the Harmonised System classification adopted by the Southern African Customs Union ("**SACU**"). The International Trade Administration Commission of South Africa ("**ITAC**") is responsible for customs investigations and tariff amendments.

Failure to comply with documentation and customs clearance requirements when importing goods may result in delays, penalties, or seizure of goods.

South Africa is a member of SACU and a participant in trade agreements including the SADC-EU Economic Partnership Agreement and the African Continental Free Trade Area, which may provide preferential duty rates.

Foreign Ownership

There are no prohibitions under South African law on foreign ownership, transfer of shares, or exercise of voting rights by foreign shareholders, although cross-border share transfers are subject to SARB Exchange Control Regulations. Share certificates issued to non-resident shareholders must be endorsed "non-resident" in accordance with the Exchange Control Regulations, which endorsement facilitates the future repatriation of capital and dividends.

Anti-Money Laundering and Anti-Corruption

The Financial Intelligence Centre Act, No. 38 of 2001 imposes obligations on "accountable institutions" to identify and report suspicious transactions to the Financial Intelligence Centre and to implement internal compliance programmes.

The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 criminalises corruption. Entities operating in South Africa with connections to the United Kingdom or the United States may also be subject to the UK Bribery Act 2010 or the US Foreign Corrupt Practices Act.

Environmental Laws

South Africa has a comprehensive environmental and health and safety regulatory framework, including the National Environmental Management Act, No. 107 of 1998 ("**NEMA**") as the framework environmental legislation, together with specific regimes regulating air quality, waste management, hazardous substances, the transportation of dangerous goods, carbon emissions and occupational health and safety.

The Subsidiary is engaged solely in the importation, sale and distribution of energy storage products in South Africa and does not conduct any manufacturing or on-site installation activities. Accordingly, the Subsidiary has confirmed that no environmental authorisations, atmospheric emission licences, waste management licences or registrations under the Extended Producer Responsibility Regulations are required in respect of its activities, and that it is not subject to the Carbon Tax Act, No. 15 of 2019. The Subsidiary has confirmed that it has not been subject to any investigations, penalties or enforcement actions for breach of any environmental laws or regulations.

OUR HISTORY

Overview

The history of the Group can be traced back to 2017 when the predecessor of the Company, Jiangsu Daqin New Energy Technology Co., Ltd. (江蘇大秦新能源科技有限公司) ("**Jiangsu Daqin New Energy**"), was established. On May 23, 2023, the promoters of the Company entered into a promoters' agreement to convert Jiangsu Daqin New Energy into a joint stock limited company. The conversion was completed on May 30, 2023, and the Company was incorporated with the corporate name Dyness Digital Energy Technology Co., Ltd (大秦數字能源技術股份有限公司).

Since its establishment, the Group has been mainly focused on the development, manufacturing and sales of ESS products.

Key Milestones

The following sets out a summary of the Group's key corporate and business development milestones:

Year	Milestone(s)
2017–2019	*Commencement of Commercialization and Globalization*
2017	The predecessor of the Company, Jiangsu Daqin New Energy was established.
2018	We launched our first-generation residential ESS battery, marking the commencement of commercialization.
2019	Our residential ESS batteries were first shipped in batches to overseas market, marking the beginning of our overseas expansion and globalization.
2020–2021	*Development of R&D and Manufacturing System and Deployment of Local Operations*
2020	We established an R&D center and factory in Taizhou, forming an integrated operating system covering R&D, manufacturing, quality control and supply chain management.
2021	The Company launched a new generation of residential ESS product platform.
	We established our subsidiary in the Netherlands, and laid the foundation of our localized operating network in Europe.
2022–2023	*Expansion of Global Distribution Network and Launch Capital Market Financing*
2022	We completed the construction and commenced operation of our new factory in Taizhou.
	Our distributor network expanded to over 180 distributors, and our business covered approximately 60 countries or regions.
	We completed our Series A and Series A+ financings.
2023	We established our subsidiary in South Africa, enhancing our industry-leading position in the South African market.

Year	Milestone(s)
	We shipped our first batch of C&I ESS products to the European market, becoming one of the first enterprises to expand from the residential ESS market into the C&I ESS market.
	We completed our Series B and Series C financings.
2024–2025	*Upgrade of R&D platforms and Commercial Breakthrough of System-level Products*
2024	We upgraded and enhanced our IPD system, achieving a platform-based approach to product innovation.
	We launched STACK100, a light C&I ESS product, which achieved strong market acceptance.
2025	We completed the delivery of our first mobile storage-charging system project in Europe, further expanding the commercialization of ESS products across integrated energy application scenarios.
	According to Frost & Sullivan, our residential ESS shipment volume in 2025 ranked fifth globally and fourth among PRC enterprises.
	The number of our patent applications worldwide exceeded 200.
	Our business spanned over 100 countries or regions.

ESTABLISHMENT AND DEVELOPMENT OF THE GROUP

1. Establishment and early development of the Company

On August 17, 2017, the Company (being Jiangsu Daqin New Energy then) was established as a limited liability company in the PRC with a registered capital of RMB20 million. At the time of establishment, the Company was held as to 70% by Mr. Wen Fahong (文發宏) ("**Mr. Wen**"), a relative of Mr. Liu, 24% by Mr. Li Dongsheng (李東昇), an Independent Third Party, 2% by Ms. Jiang Xinmei (蔣欣梅), an Independent Third Party, 2% by Ms. Wu Dan (吳丹), the spouse of Mr. Zhang Weizhong (張微中) and 2% by Ms. Zhang Xiaoyan (張小燕), the spouse of Mr. Liu Huaqin (柳華勤). At the time of the establishment of our Company, Mr. Liu entrusted his relative, Mr. Wen, to hold his entire equity interest in the Company through nominee arrangement.

On August 20, 2018, Mr. Liu and Mr. Tong Jiancheng entered into a nominee agreement, pursuant to which, Mr. Tong Jiancheng acquired from and, for administrative convenience, entrusted Mr. Liu as the nominee shareholder of 4% equity interest in the Company (corresponding to RMB0.8 million of the Company's then registered capital) at a consideration of RMB0.8 million.

Equity Transfer in September 2018

On September 11, 2018, Mr. Li Dongsheng entered into an equity transfer agreement with Mr. Wen (as the nominee for Mr. Liu), pursuant to which, Mr. Li Dongsheng agreed to transfer his 24% equity interest in the Company to Mr. Wen at nil consideration, considering the Company's loss-making position and the registered capital of the Company had not fully been paid at the time of such transfer. Such equity transfers were completed and duly settled on October 15, 2018. Immediately after the completion of the equity transfers, the Company was held as to 94% by Mr. Wen, 2% by Ms. Jiang Xinmei, 2% by Ms. Wu Dan and 2% by Ms. Zhang Xiaoyan, respectively.

Equity Transfer in August 2019

On August 15, 2019, for the purpose of terminating the nominee shareholding arrangements between Mr. Liu and Mr. Wen, Mr. Wen entered into an equity transfer agreement with Mr. Liu, pursuant to which, Mr. Wen agreed to transfer his 94% equity interest in the Company to Mr. Liu at nil consideration. Such equity transfers were completed and duly settled on September 10, 2019. Immediately after the completion of the equity transfers, the Company was held as to 94% by Mr. Liu, 2% by Ms. Jiang Xinmei, 2% by Ms. Wu Dan and 2% by Ms. Zhang Xiaoyan, respectively.

Equity Transfer in April and May 2022

On April 11, 2022, to streamline and optimize the Company's shareholding structure, each of Mr. Liu, Ms. Jiang Xinmei, Ms. Wu Dan and Ms. Zhang Xiaoyan decided to convert their direct shareholdings in the Company into indirect interests through a shareholding platform, Suzhou Qinhupan and therefore transferred their equity interests of 14%, 2%, 2% and 2% in the Company, respectively, to Suzhou Qinhupan at nil consideration. Suzhou Qinhupan was then held as to 70% by its general partner, an entity wholly owned by Mr. Liu, 10% by its limited partner, Mr. Xu Qian (許謙), the spouse of Ms. Jiang Xinmei and an employee of the Company, 10% by its limited partner, Mr. Zhang Weizhong and 10% by its limited partner, Mr. Liu Huaqin. Immediately after the completion of the equity transfers, the Company was held as to 80% by Mr. Liu and 20% by Suzhou Qinhupan, respectively.

On May 23, 2022, Mr. Liu transferred RMB1.8 million registered capital (representing 9% of the Company's then registered capital) to Hehan Jiangze at a consideration of RMB1.8 million. Hehan Jiangze was then held as to 63.40% by its general partner, Mr. Liu, and 36.60% by its limited partner, Mr. Yu Chenghai (禹成海), respectively. The consideration was determined based on arm's length negotiation between the parties, taking into consideration of the Group's established business relationship with the entity controlled by Mr. Yu Chenghai, which provided BMS to the Group since 2022 and was one of the five largest suppliers of the Group for the year ended December 31, 2023, so as to secure supply chain stability and align long-term incentives. The consideration was fully paid on April 12, 2023. Immediately after the completion of the equity transfers, the Company was held as to 71% by Mr. Liu, 20% by Suzhou Qinhupan and 9% by Hehan Jiangze, respectively.

On May 22, 2023, for the purpose of terminating the nominee shareholding arrangements between Mr. Liu and Mr. Tong Jiancheng, Mr. Liu and Mr. Tong Jiancheng entered into a nominee termination agreement and an equity transfer agreement, pursuant to which, Mr. Liu agreed to transfer his 44.44% an equity interest (corresponding to a capital contribution of RMB0.8 million to Hehan Jiangze) in Hehan Jiangze to Mr. Tong Jiancheng at nil consideration.

2. Major shareholding changes and [REDACTED] investments prior to the conversion into a joint stock limited liability company

Series A Financing

On March 31, 2022, the Company, its then shareholders, Taizhou Dyness and Suzhou Huaye Zhiyuan No.3 Equity Investment Partnership Enterprise (Limited Partnership) (蘇州華業致遠三號股權投資合夥企業(有限合夥)) ("**Huaye Zhiyuan**") (the "**Series A Investor**") entered into a capital increase agreement, pursuant to which Huaye Zhiyuan agreed to subscribe for the increased registered capital of RMB3,030,303 of the Company at a consideration of RMB50 million (the "**Series A Financing**"). The consideration was determined based on arm's length negotiation with reference to the then valuation of the Company.

The Series A Financing has been duly settled and completed. See "— Details of the [REDACTED] Investments" for further details.

Series A+ Financing

On September 30, 2022, the Company, its then shareholders and each of Jiaxing Dingyun Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (嘉興鼎韞創業投資合夥企業(有限合夥)) ("**Jiaxing Dingyun**"), Suzhou Ruishi Daqin Venture Capital Partnership (Limited Partnership) (蘇州瑞氏大秦創業投資合夥企業(有限合夥)) ("**Ruishi Daqin**"), Beijing Qingke Hejia Phase II Investment Management Partnership (Limited Partnership) (北京清科和嘉二期投資管理合夥企業(有限合夥)) ("**Beijing Qingke**"), Huaye Zhiyuan and Xi'an Huabin Binghang First Phase Equity Investment Partnership (Limited Partnership) (西安華彬秉航首期股權投資合夥企業(有限合夥)) **(Xi'an Huabin)** (collectively, the "**Series A+ Investor**") entered into a capital increase agreement, pursuant to which, each of Jiaxing Dingyun, Ruishi Daqin, Beijing Qingke, Huaye Zhiyuan and Xi'an Huabin agreed to subscribe for the increased registered capital of RMB493,506, RMB345,455, RMB164,502, RMB164,502 and RMB115,152 of the Company at a consideration of RMB30 million, RMB21 million, RMB10 million, RMB10 million and RMB7 million, respectively (collectively, the "**Series A+ Financing**"). The consideration was determined based on arm's length negotiation with reference to the then valuation of the Company.

The Series A+ Financing has been duly settled and completed. See "— Details of the [REDACTED] Investments" for further details. The table below sets forth the shareholding structure of the Company immediately after completion of the Series A Financing and the Series A+ Financing.

Name	**Registered capital**	**Equity interest percentage**
	(RMB)	*(%)*
Mr. Liu	14,200,000	58.40
Suzhou Qinhupan	4,000,000	16.45
Huaye Zhiyuan	3,194,805	13.14
Hehan Jiangze	1,800,000	7.40
Jiaxing Dingyun	493,506	2.03
Ruishi Daqin	345,455	1.42
Beijing Qingke	164,502	0.68
Xi'an Huabin	115,152	0.47
Total	**24,313,420**	**100.00**

Subscription by employee shareholding platforms in February 2023

Pursuant to a shareholders' resolution of the Company dated February 22, 2023, each of Nanzhang Zichou and Yuanjian Daotong subscribed for the increased registered capital of RMB1,163,940 and RMB387,980 at a consideration of RMB5.85 million and RMB1.95 million, respectively, which was determined according to the financial position of the Company at the time of such transfers and the incentive purpose of such transfers. Such subscription has been duly settled and completed on March 29, 2023.

Nanzhang Zichou and Yuanjian Daotong are employee shareholding platforms of the Company. See "Appendix IV — Statutory and General Information — Share Incentive Plan" for further details.

Series B Financing

On March 7, 2023, the Company, its then shareholders and each of Shenzhen Zhongshen Xinchuang Equity Investment Partnership Enterprise (Limited Partnership) (深圳中深新創股權投資合夥企業(有限合夥)) (**"Zhongshen Xinchuang**"), Gongqingcheng Pengqin Venture Capital Partnership (Limited Partnership) (共青城朋秦創業投資合夥企業(有限合夥)) ("**Gongqingcheng Pengqin**"), Suzhou Donghe Dingfeng Venture Capital Partnership (Limited Partnership) (蘇州東合鼎豐創業投資合夥企業(有限合夥)) ("**Suzhou Donghe**"), Ningbo Dingmao Management Consulting Partnership (Limited Partnership) (寧波鼎茂管理諮詢合夥企業(有限合夥)) ("**Ningbo Dingmao**"), Suzhou Dongshan Industrial Investment Co., Ltd. (蘇州東山產業投資有限公司) ("**Dongshan Investment**"), Jiaxing Qinghao Chunxing Equity Investment Partnership (Limited Partnership) (嘉興青蒿春醒股權投資合夥企業(有限合夥)) ("**Qinghao Chunxing**"), Guangzhou Overseas Chinese Diansheng Yushi Equity Investment Fund Partnership (Limited Partnership) (廣州華僑電聲宇獅股權投資基金合夥企業(有限合夥)) ("**Guangzhou GBA Fund**"), Suzhou Heyixin Venture Capital Partnership Enterprise (Limited Partnership) (蘇州荷億鑫創業投資合夥企業(有限合夥)) ("**Suzhou Heyixin**"), Dongtai Qianxiu Venture Capital Partnership Enterprise (Limited Partnership) (東台乾袖創業投資合夥企業(有限合夥)) ("**Dongtai Qianxiu**"), Suzhou Wuzhong Economic Development Technology Innovation Investment Partnership (Limited Partnership) (蘇州吳中經開科技創新投資合夥企業(有限合夥)) ("**Wuzhong Innovation")**, Suzhou Huaqi Xinneng Venture Capital Partnership (Limited Partnership) (蘇州華企新能創業投資合夥企業(有限合夥)) ("**Suzhou Huaqi**") entered into a capital increase agreement, pursuant to which, each of Zhongshen Xinchuang, Gongqingcheng Pengqin, Suzhou Donghe, Ningbo Dingmao, Dongshan Investment, Qinghao Chunxing, Guangzhou GBA Fund, Suzhou Heyixin, Dongtai Qianxiu, Wuzhong Innovation, Suzhou Huaqi has agreed to subscribe for RMB795,857, RMB497,410, RMB417,825, RMB397,928, RMB348,187, RMB298,446, RMB298,446, RMB298,446, RMB288,498, RMB198,964 and RMB139,275 of the increased registered capital of the Company at a consideration of RMB80 million, RMB50 million, RMB42 million, RMB40 million, RMB35 million, RMB30 million, RMB30 million, RMB30 million, RMB29 million, RMB20 million and RMB14 million, respectively. The consideration was determined based on arm's length negotiation with reference to the then valuation of the Company.

On March 15, 2023, the Company, its then shareholders and Ningbo Liji Enterprise Management Co., Ltd. (寧波粒集企業管理有限責任公司) ("**Ningbo Liji**") (together with Zhongshen Xinchuang, Gongqingcheng Pengqin, Suzhou Donghe, Ningbo Dingmao, Dongshan Investment, Qinghao Chunxing, Guangzhou GBA Fund, Suzhou Heyixin, Dongtai Qianxiu, Wuzhong Innovation and Suzhou Huaqi, the "**Series B Investors**") entered into a capital increase agreement, pursuant to which Ningbo Liji agreed to subscribe for the increased registered capital of RMB994,821 of the Company at a consideration of RMB100 million (together with the capital increase agreement dated March 7, 2023, the "**Series B Financing**"). The consideration was determined based on arm's length negotiation with reference to the then valuation of the Company.

The Series B Financing has been duly settled and completed. See "— Details of the [REDACTED] Investments" for further details.

Equity Transfers in March 2023

Concurrently with the Series B Financing, there were several equity transfers (the "**2023 Equity Transfers**") in March 2023 between the then shareholders as follows:

Selling Shareholder	Purchaser	Amount of registered capital transferred	Consideration	Date on which the consideration was fully settled
		(RMB)	*(in RMB million)*	
Huaye Zhiyuan	Shanghai Zeqinhui Enterprise Service Partnership (Limited Partnership) (上海澤秦匯企業服務合夥企業(有限合夥)) **("Shanghai Zeqinhui")**	532,209	50	March 8, 2023
Suzhou Qinhupan	Ningbo Dingmao	425,767	40	March 13, 2023
	Dongtai Qianxiu	117,086	11	March 9, 2023
	Dongshan Investment	159,663	15	March 14, 2023
	Suzhou Huaqi	63,865	6	March 15, 2023

The consideration for the equity transfers were determined after arm's length negotiations between the relevant parties with reference to the then valuation of the Company. The 2023 Equity Transfers have been duly settled and completed.

The table below sets forth the shareholding structure of the Company immediately after completion of the subscription by employee shareholding platforms, the Series B Financing and the 2023 Equity Transfers.

Name	Registered capital	Equity interest percentage
	(RMB)	*(%)*
Mr. Liu	14,200,000	46.04
Suzhou Qinhupan	3,233,619	10.49
Huaye Zhiyuan	2,662,596	8.63
Hehan Jiangze	1,800,000	5.84
Nanzhang Zichou	1,163,940	3.77
Ningbo Dingmao	823,695	2.67
Zhongshen Xinchuang	795,857	2.58
Ningbo Liji	994,821	3.23
Shanghai Zeqinhui	532,209	1.73
Dongshan Investment	507,850	1.65
Gongqingcheng Pengqin	497,410	1.61
Jiaxing Dingyun	493,506	1.60
Suzhou Donghe	417,825	1.35
Dongtai Qianxiu	405,584	1.32
Yuanjian Daotong	387,980	1.26
Ruishi Daqin	345,455	1.12
Suzhou Heyixin	298,446	0.97
Qinghao Chunxing	298,446	0.97
Guangzhou GBA Fund	298,446	0.97
Suzhou Huaqi	203,140	0.66
Wuzhong Innovation	198,964	0.65
Beijing Qingke	164,502	0.53
Xi'an Huabin	115,152	0.37
Total	**30,839,443**	**100.00**

3. Capital increase in March 2023 and joint stock conversion in May 2023

On March 24, 2023, the Shareholders of our Company approved the increase in registered capital from RMB30,839,443 to RMB100,000,000 by way of conversion of capital reserve in the proportion of 22.4260 Shares for every ten existing Shares held by a Shareholder of the Company.

On May 30, 2023, the Company was converted into a joint stock company with limited liability and renamed to Dyness Digital Energy Technology Co., Ltd (大秦數字能源技術股份有限公司). Upon the completion of the conversion, the Company had a total share capital of RMB100,000,000 divided into 100,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interest in the Company before such conversion.

The table below sets forth the shareholding structure of the Company immediately after completion of the conversion.

Name	Number of Shares Held	Share Percentage
		(%)
Mr. Liu	46,044,900	46.04
Suzhou Qinhupan	10,485,600	10.49
Huaye Zhiyuan	8,633,700	8.63
Hehan Jiangze	5,836,700	5.84
Nanzhang Zichou	3,774,200	3.77
Ningbo Liji	3,225,800	3.23
Ningbo Dingmao	2,670,900	2.67
Zhongshen Xinchuang	2,580,600	2.58
Shanghai Zeqinhui	1,725,700	1.73
Dongshan Investment	1,646,800	1.65
Gongqingcheng Pengqin	1,612,900	1.61
Jiaxing Dingyun	1,600,200	1.60
Suzhou Donghe	1,354,800	1.35
Dongtai Qianxiu	1,315,100	1.32
Yuanjian Daotong	1,258,100	1.26
Ruishi Daqin	1,120,200	1.12
Qinghao Chunxing	967,700	0.97
Guangzhou GBA Fund	967,700	0.97
Suzhou Heyixin	967,700	0.97
Suzhou Huaqi	658,700	0.66
Wuzhong Innovation	645,200	0.65
Beijing Qingke	533,400	0.53
Xi'an Huabin	373,400	0.37
Total	**100,000,000**	**100.00**

4. Major shareholding changes and [REDACTED] investments after conversion into a joint stock limited liability company

Series C Financing

On June 20, 2023, the Company, its then shareholders, Taizhou Dyness, Xi'an Dyness and each of Suzhou CICC SAIC Emerging Industry Equity Investment Fund Partnership (L.P.) (蘇州中金上汽新興產業股權投資基金合夥企業(有限合夥)) (**"CICC SAIC"**), Lu Weikaiteng No.1 (Chengdu) Equity Investment Partnership (Limited Partnership) (路威凱騰壹號(成都)股權投資合夥企業(有限合夥)) ("**Luwei Kaiteng**"), Suzhou Qianwei No.2 Venture Capital Partnership Enterprise (Limited Partnership) (蘇州市乾霨貳號創業投資合夥企業(有限合夥)) ("**Suzhou Qianwei No.2**"), Wuxi CICC Zhike Equity Investment Fund Management Partnership Enterprise (Limited Partnership) (無錫中金智科股權投資基金管理合夥企業(有限合夥)) ("**CICC Zhike**"), Qingdao Weisheng Private Equity Investment Fund Partnership (Limited Partnership)(青島惟盛私募股權投資基金合夥企業(有限合夥))("**Qingdao Weisheng**"), Shaanxi Caijin Tejing Xincai Equity Investment Fund Partnership (Limited Partnership) (陝西財金特精新材股權投資基金合夥企業(有限合夥))("**Shaanxi Caijin**"), Wuxi Shenqi Haohui Venture Capital Partnership (Limited Partnership) (無錫神騏好匯創業投資合夥企業(有限合夥))("**Wuxi Shenqi**"), Jiaxing Qinghao Xiarun Equity Investment Partnership (Limited Partnership) (嘉興青蒿夏潤股權投資合夥企業(有限合夥)) ("**Qinghao Xiarun**"), Tianjin Jinqiu Huaqin Enterprise Management Consulting Partnership (Limited Partnership) (天津錦秋華秦企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Huaqin**"), Nanjing Lanmao Venture Capital Partnership (Limited Partnership) (南京蘭茂創業投資合夥企業(有限合夥))("**Nanjing Lanmao**"), Ningbo Junrun Hengsheng Venture Capital Partnership (L.P.) (寧波君潤恒昇創業投資合夥企業(有限合夥)) ("**Ningbo Junrun**"), Wuxi Jinyi Industrial Development Venture Capital Partnership (L.P.) (無錫金宜產發創業投資合夥企業(有限合夥)) ("**Wuxi Jinyi**"), Jiangsu Sinosure Insurance Linkage Venture Capital Partnership (Limited Partnership) (江蘇信保投保聯動創業投資合夥企業(有限合夥)) ("**Jiangsu Sinosure")**, Qinghao Chunxing (collectively, the "**Series C Investors**") entered into a capital increase agreement, pursuant to which, each of CICC SAIC, Luwei Kaiteng, Suzhou Qianwei No.2, CICC Zhike, Qingdao Weisheng, Shaanxi Caijin, Wuxi Shenqi, Qinghao Xiarun, Tianjin Huaqin, Nanjing Lanmao, Ningbo Junrun, Wuxi Jinyi, Jiangsu Sinosure and Qinghao Chunxing agreed to subscribe for 2,380,952 Shares, 1,428,571 Shares, 1,428,571 Shares, 1,190,476 Shares, 952,381 Shares, 714,286 Shares, 714,286 Shares, 714,286 Shares, 714,286 Shares, 654,762 Shares, 476,190 Shares, 357,143 Shares, 178,571 Shares and 119,048 Shares newly issued by the Company at a consideration of RMB100 million, RMB60 million, RMB60 million, RMB50 million, RMB40 million, RMB30 million, RMB30 million, RMB30 million, RMB30 million, RMB27.5 million, RMB20 million, RMB15 million, RMB7.5 million and RMB5 million, respectively. The consideration was determined based on arm's length negotiation with reference to the then valuation of the Company.

The Series C Financing has been duly settled and completed. See "— Details of the [REDACTED] Investments" for further details.

Equity Transfer in July 2025

On July 14, 2025, Shaanxi Caijin entered into an equity transfer agreement with Jiangsu Highstar Battery Manufacturing Co., Ltd. (江蘇海四達電源有限公司) ("**Jiangsu Highstar**"), pursuant to which, Shaanxi Caijin agreed to transfer all of its 714,286 Shares held in the Company to Jiangsu Highstar at a consideration of RMB34,938,082.19. The consideration was determined based on the capital contribution previously paid by Shaanxi Caijin for its capital increase in the Company, together with accrued interest, and was fully paid on July 18, 2025.

Equity Transfers in March 2026

On March 25, 2026, Luwei Kaiteng entered into an equity transfer agreement with Suzhou Suchuang Zhihui Talent Venture Capital Partnership (Limited Partnership) (蘇州蘇創智薈人才創業投資合夥企業(有限合夥)) ("**Suchuang Zhihui**"), Suzhou Suchuang Zhonghe Investment Management Partnership (Limited Partnership) (蘇州蘇創中荷投資管理合夥企業(有限合夥)) ("**Suchuang Zhonghe**") and Hubei Youshan Changjiang Investment Partnership Enterprise (Limited Partnership) (湖北優山長江投資合夥企業(有限合夥)) ("**Hubei Youshan**"), pursuant to which, Luwei Kaiteng agreed to transfer 408,163 Shares, 306,123 Shares and 714,285 Shares it held in the Company to Suchuang Zhihui, Suchuang Zhonghe and Hubei Youshan at a considerations of RMB19,971,421.58, RMB14,978,602.88 and RMB34,949,975.53, which were fully paid on April 7, 2026, April 7, 2026 and April 16, 2026, respectively. The considerations were determined based on the capital contribution previously paid by Luwei Kaiteng for its capital increase in the Company, together with accrued interest.

Equity Transfer in June 2026

On June 24, 2026, Tianjin Huaqin entered into an equity transfer agreement with Liuyang Economic Development High-Tech Innovation Industry Fund Partnership Enterprise (Limited Partnership) (瀏陽經開高創產業基金合夥企業(有限合夥)) ("**Liuyang High-Tech Innovation Fund**"), pursuant to which, Tianjin Huaqin agreed to transfer all of its 714,286 Shares held in the Company to Liuyang High-Tech Innovation Fund at a consideration of RMB37,206,575.34. The consideration was determined based on the capital contribution previously paid by Tianjin Huaqin for its capital increase in the Company, together with accrued interest, and was fully paid on June 26, 2026. The table below sets forth the shareholding structure of the Company immediately after completion of the Series C Financing, and the equity transfers in July 2025, March 2026 and June 2026.

Name	Number of Shares Held	Share Percentage
		(%)
Mr. Liu	46,044,900	41.10
Suzhou Qinhupan	10,485,600	9.36
Huaye Zhiyuan	8,633,700	7.71
Hehan Jiangze	5,836,700	5.21
Nanzhang Zichou	3,774,200	3.37
Ningbo Liji	3,225,800	2.88
Ningbo Dingmao	2,670,900	2.38
Zhongshen Xinchuang	2,580,600	2.30
CICC SAIC	2,380,952	2.13
Shanghai Zeqinhui	1,725,700	1.54
Dongshan Investment	1,646,800	1.47
Gongqingcheng Pengqin	1,612,900	1.44
Jiaxing Dingyun	1,600,200	1.43
Suzhou Qianwei No.2	1,428,571	1.28
Suzhou Donghe	1,354,800	1.21
Dongtai Qianxiu	1,315,100	1.17
Yuanjian Daotong	1,258,100	1.12
CICC Zhike	1,190,476	1.06
Ruishi Daqin	1,120,200	1.00
Qinghao Chunxing	1,086,748	0.97
Guangzhou GBA Fund	967,700	0.86
Suzhou Heyixin	967,700	0.86
Qingdao Weisheng	952,381	0.85
Jiangsu Highstar	714,286	0.64
Wuxi Shenqi	714,286	0.64
Qinghao Xiarun	714,286	0.64
Liuyang High-Tech Innovation Fund	714,286	0.64
Hubei Youshan	714,285	0.64
Suzhou Huaqi	658,700	0.59
Wuzhong Innovation	645,200	0.58
Nanjing Lanmao	654,762	0.58
Beijing Qingke	533,400	0.48
Ningbo Junrun	476,190	0.43
Suchuang Zhihui	408,163	0.36
Xi'an Huabin	373,400	0.33
Wuxi Jinyi	357,143	0.32
Suchuang Zhonghe	306,123	0.27
Jiangsu Sinosure	178,571	0.16
Total	**112,023,809**	**100.00**

DETAILS OF THE [REDACTED] INVESTMENTS

Details of the [REDACTED] Financings are set out below:

Name of [REDACTED] Investors	Date of agreement	Registered capital/number of Shares subscribed	Registered capital/ number of Shares after each round of [REDACTED] Investment	Cost per Share/ registered capital(1)	Total Consideration(2)	Post-money valuation of the Company after each round of [REDACTED] Investment	Date on which the consideration was fully settled	Discount to the mid-point of the [REDACTED] Range(4)
Series A Financing								
Huaye Zhiyuan	March 31, 2022	RMB3,030,303	RMB23,030,303	RMB5.09	RMB50,000,000	RMB380 million	April 28, 2022	[REDACTED]%
Series A+ Financing								
Jiaxing Dingyun	September 30, 2022	RMB493,506	RMB24,313,420	RMB18.75	RMB30,000,000	RMB1,478 million	October 20, 2022	[REDACTED]%
Ruishi Daqin	September 30, 2022	RMB345,455	RMB24,313,420	RMB18.75	RMB21,000,000	RMB1,478 million	October 21, 2022	[REDACTED]%
Beijing Qingke	September 30, 2022	RMB164,502	RMB24,313,420	RMB18.75	RMB10,000,000	RMB1,478 million	November 7, 2022	[REDACTED]%
Huaye Zhiyuan	September 30, 2022	RMB164,502	RMB24,313,420	RMB18.75	RMB10,000,000	RMB1,478 million	October 28, 2022	[REDACTED]%
Xi'an Huabin	September 30, 2022	RMB115,152	RMB24,313,420	RMB18.75	RMB7,000,000	RMB1,478 million	October 18, 2022	[REDACTED]%
Series B Financing								
Zhongshen Xinchuang	March 7, 2023	RMB795,857	RMB29,844,622	RMB31.00	RMB80,000,000	RMB3,100 million	March 20, 2023	[REDACTED]%
Gongqingcheng Pengqin	March 7, 2023	RMB497,410	RMB29,844,622	RMB31.00	RMB50,000,000	RMB3,100 million	March 8, 2023	[REDACTED]%
Suzhou Donghe	March 7, 2023	RMB417,825	RMB29,844,622	RMB31.00	RMB42,000,000	RMB3,100 million	March 9, 2023	[REDACTED]%
Ningbo Dingmao	March 7, 2023	RMB397,928	RMB29,844,622	RMB31.00	RMB40,000,000	RMB3,100 million	March 13, 2023	[REDACTED]%
Dongshan Investment	March 7, 2023	RMB348,187	RMB29,844,622	RMB31.00	RMB35,000,000	RMB3,100 million	March 14, 2023	[REDACTED]%
Qinghao Chunxing	March 7, 2023	RMB298,446	RMB29,844,622	RMB31.00	RMB30,000,000	RMB3,100 million	March 8, 2023	[REDACTED]%
Guangzhou GBA Fund	March 7, 2023	RMB298,446	RMB29,844,622	RMB31.00	RMB30,000,000	RMB3,100 million	March 10, 2023	[REDACTED]%
Suzhou Heyixin	March 7, 2023	RMB298,446	RMB29,844,622	RMB31.00	RMB30,000,000	RMB3,100 million	March 21, 2023	[REDACTED]%
Dongtai Qianxiu	March 7, 2023	RMB288,498	RMB29,844,622	RMB31.00	RMB29,000,000	RMB3,100 million	March 9, 2023	[REDACTED]%
Wuzhong Innovation	March 7, 2023	RMB198,964	RMB29,844,622	RMB31.00	RMB20,000,000	RMB3,100 million	March 15, 2023	[REDACTED]%
Suzhou Huaqi	March 7, 2023	RMB139,275	RMB29,844,622	RMB31.00	RMB14,000,000	RMB3,100 million	March 15, 2023	[REDACTED]%
Ningbo Liji	March 15, 2023	RMB994,821	RMB30,839,443	RMB31.00	RMB100,000,000	RMB3,100 million	March 21, 2023	[REDACTED]%
Series C Financing								
CICC SAIC	June 20, 2023	2,380,952 Shares	112,023,809 Shares	RMB42.00	RMB100,000,000	RMB4,705 million	June 25, 2023	[REDACTED]%
Luwei Kaiteng+	June 20, 2023	1,428,571 Shares	112,023,809 Shares	RMB42.00	RMB60,000,000	RMB4,705 million	June 25, 2023	[REDACTED]%
Suzhou Qianwei No.2	June 20, 2023	1,428,571 Shares	112,023,809 Shares	RMB42.00	RMB60,000,000	RMB4,705 million	June 20, 2023	[REDACTED]%
CICC Zhike	June 20, 2023	1,190,476 Shares	112,023,809 Shares	RMB42.00	RMB50,000,000	RMB4,705 million	June 25, 2023	[REDACTED]%
Qingdao Weisheng	June 20, 2023	952,381 Shares	112,023,809 Shares	RMB42.00	RMB40,000,000	RMB4,705 million	June 20, 2023	[REDACTED]%
Shaanxi Caijin+	June 20, 2023	714,286 Shares	112,023,809 Shares	RMB42.00	RMB30,000,000	RMB4,705 million	June 26, 2023	[REDACTED]%
Wuxi Shenqi	June 20, 2023	714,286 Shares	112,023,809 Shares	RMB42.00	RMB30,000,000	RMB4,705 million	June 26, 2023	[REDACTED]%
Qinghao Xiarun	June 20, 2023	714,286 Shares	112,023,809 Shares	RMB42.00	RMB30,000,000	RMB4,705 million	June 21, 2023	[REDACTED]%
Tianjin Huaqin+	June 20, 2023	714,286 Shares	112,023,809 Shares	RMB42.00	RMB30,000,000	RMB4,705 million	June 25, 2023	[REDACTED]%
Nanjing Lanmao	June 20, 2023	654,762 Shares	112,023,809 Shares	RMB42.00	RMB27,500,000	RMB4,705 million	June 21, 2023	[REDACTED]%
Ningbo Junrun	June 20, 2023	476,190 Shares	112,023,809 Shares	RMB42.00	RMB20,000,000	RMB4,705 million	June 25, 2023	[REDACTED]%
Wuxi Jinyi	June 20, 2023	357,143 Shares	112,023,809 Shares	RMB42.00	RMB15,000,000	RMB4,705 million	June 21, 2023	[REDACTED]%
Jiangsu Sinosure	June 20, 2023	178,571 Shares	112,023,809 Shares	RMB42.00	RMB7,500,000	RMB4,705 million	June 21, 2023	[REDACTED]%
Qinghao Chunxing	June 20, 2023	119,048 Shares	112,023,809 Shares	RMB42.00	RMB5,000,000	RMB4,705 million	June 21, 2023	[REDACTED]%

Name of [REDACTED] Investors	Date of agreement	Registered capital/number of Shares subscribed	Registered capital/ number of Shares after each round of [REDACTED] Investment	Cost per Share/ registered capital(1)	Total Consideration(2)	Post-money valuation of the Company after each round of [REDACTED] Investment	Date on which the consideration was fully settled	Discount to the mid-point of the [REDACTED] Range(4)
Through Transfer of Shares/registered capital								
Mr. Yu Chenghai (through Hehan Jiangze)	March 31, 2022	RMB1,800,000	RMB20,000,000	RMB0.31	RMB1,800,000	RMB20 million	April 12, 2023	[REDACTED]%
Shanghai Zeqinhui	March 2, 2023	RMB532,209	RMB25,865,340	RMB28.97	RMB50,000,000	RMB2,430 million	March 8, 2023	[REDACTED]%
Ningbo Dingmao	March 7, 2023	RMB425,767	RMB25,865,340	RMB28.97	RMB40,000,000	RMB2,430 million	March 13, 2023	[REDACTED]%
Dongtai Qianxiu	March 7, 2023	RMB117,086	RMB25,865,340	RMB28.97	RMB11,000,000	RMB2,430 million	March 9, 2023	[REDACTED]%
Dongshan Investment	March 7, 2023	RMB159,663	RMB25,865,340	RMB28.97	RMB15,000,000	RMB2,430 million	March 14, 2023	[REDACTED]%
Suzhou Huaqi	March 7, 2023	RMB63,865	RMB25,865,340	RMB28.97	RMB6,000,000	RMB2,430 million	March 15, 2023	[REDACTED]%
Jiangsu Highstar	July 14, 2025	714,286 Shares	112,023,809 Shares	RMB48.91	RMB34,938,082.19	RMB5,459 million	July 18, 2025	[REDACTED]%
Suchuang Zhihui	March 25, 2026	408,163 Shares	112,023,809 Shares	RMB48.93	RMB19,971,421.58	RMB5,481 million	April 7, 2026	[REDACTED]%
Suchuang Zhonghe	March 25, 2026	306,123 Shares	112,023,809 Shares	RMB48.93	RMB14,978,602.88	RMB5,481 million	April 7, 2026	[REDACTED]%
Hubei Youshan	March 25, 2026	714,285 Shares	112,023,809 Shares	RMB48.93	RMB34,949,975.53	RMB5,481 million	April 16, 2026	[REDACTED]%
Liuyang High-Tech Innovation Fund	June 24, 2026	714,286 Shares	112,023,809 Shares	RMB52.09	RMB37,206,575.34	RMB5,835 million	June 26, 2026	[REDACTED]%

Notes:

(1) The cost per Share/registered capital is calculated by dividing the consideration paid by each [REDACTED] Investors by the amount of the registered capital or the number of Shares subscribed for by each [REDACTED] Investor. For illustrative purpose only, the cost per Share presented herein has been adjusted on a look-through basis with reference to the total registered capital taking into account to the capital increase in March 2023 and the Company's conversion into a joint stock company.

(2) The total consideration represents the amount paid by each [REDACTED] Investor for subscription of the registered capital or the Shares. Under the [REDACTED] investments, each [REDACTED] Investor also contributed an amount to the Company which was credited as capital reserve of the Company. Also see "— Establishment and Development of the Group" above for further details of the [REDACTED] investments.

(3) "+" indicates that, as of the Latest Practicable Date, such [REDACTED] investor was not one of our Shareholders.

(4) This calculation has taken into account the capital increase in March 2023 and the Company's conversion into a joint stock company.

The Company received proceeds of an aggregate amount of approximately RMB1,133 million from the [REDACTED] Financings. All proceeds received from the [REDACTED] Financings have been or will be utilized by the Company for facilitating its research and development of products, business expansion and daily operations. As of the Latest Practicable Date, the Company have utilized approximately 71% of the proceeds from the [REDACTED] Financings.

The Directors were of the view that the Company would benefit from the capital raised through the [REDACTED] Financings, the [REDACTED] Investors' knowledge and experience, and the endorsement of the Company's performance, strength and prospects reflected by the [REDACTED] Financings or the equity transfers between the shareholders.

The Shares held by the [REDACTED] Investors are not subject to any lock-up pursuant to the terms of the [REDACTED] Financings or the equity transfers between the shareholders. However, according to the PRC Company Law, the [REDACTED] Investors shall not transfer their Shares in the Company within one year from the [REDACTED].

During the rounds of the [REDACTED] Financings and/or the equity transfers, certain [REDACTED] Investors were granted certain special rights, including but not limited to rights of first refusal, co-sale rights, anti-dilution rights, information rights, liquidation preference rights, rights of most favored treatment and redemption rights (the "**Special Rights**"), out of which, the redemption rights have been terminated immediately prior to the submission of the [REDACTED] application by the Company to the Stock Exchange, and will only be reinstated if (a) the Company fails to complete its [REDACTED] on the Stock Exchange within eighteen (18) months after the acceptance of its [REDACTED] by the Stock Exchange (except where, although the eighteen (18) month period has expired, the review process is still ongoing, in which case the final deadline shall not exceed twenty-four (24) months); (b) the Company or the Sponsor withdraws the [REDACTED] application; or (c) the Company's [REDACTED] application fails to pass the [REDACTED] of the Stock Exchange or fails to obtain the approval from the CSRC. All other Special Rights shall terminate immediately prior to the [REDACTED].

On the basis that (i) the consideration for each of the [REDACTED] Financings and the equity transfers between the Shareholders was settled no less than 120 clear days prior to the date of the [REDACTED], and (ii) the special rights granted to the [REDACTED] Investors shall cease to be exercisable upon [REDACTED] (save for redemption rights which have been terminated and will be reinstated as described above), the Sole Sponsor has confirmed that, the [REDACTED] Financings and the equity transfers between the Shareholders are in compliance with Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange.

As advised by the PRC Legal Advisor to the Company, the Company in all material respects has complied with applicable PRC laws and regulations in relation to the changes of shareholdings (including the [REDACTED] Financings and the equity transfers between the Shareholders) as set out above.

Background of the [REDACTED] Investors

The background information on the [REDACTED] Investors is set out below. To the best of our knowledge, information and belief and having made all reasonable enquiries, as of the Latest Practicable Date, except for otherwise disclosed, all the [REDACTED] Investors were Independent Third Parties.

Mr. Yu Chenghai

Mr. Yu Chenghai is an individual investor and has invested in the Company through Hehan Jiangze. Hehan Jiangze is a limited partnership established in the PRC. It is held as to 18.96% by its general partner, Mr. Liu, 44.44% by its limited partner, Mr. Tong Jiangcheng and 36.60% by its limited partner, Mr. Yu Chenghai. Mr. Yu Chenghai directly held 41.63% of the equity interests in one of the five largest suppliers of the Group for the year ended December 31, 2023. See "Business — Top Five Suppliers" for details.

Huaye Zhiyuan

Huaye Zhiyuan is a limited partnership established in the PRC. The general partner of Huaye Zhiyuan is Shenzhen Hengxin Huaye Equity Investment Fund Management Co., Ltd. (深圳市恒信華業股權投資基金管理有限公司) ("**Hengxin Huaye**"), holding approximately 0.65% of the partnership interest therein. Hengxin Huaye is held as to 45% by Wu Hao (吳昊), 35% by Chen Ying (陳纓) and 20% by a company, which is held as to 99% by Wu Hao. Huaye Zhiyuan has 24 limited partners which held an aggregate of approximately 99.35% of the partnership interest in Huaye Zhiyuan, none of them individually held more than 30% interest therein.

Ningbo Liji

Ningbo Liji is a limited liability company established in the PRC, held as to 99% by Ningbo Jimi Enterprise Management Co., Ltd. (寧波集米企業管理有限公司), which is in turn held as to 99% by Ginlong Technologies Co., Ltd. (錦浪科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300763).

Ningbo Dingmao and Jiaxing Dingyun

Ningbo Dingmao is a limited partnership established in the PRC, whose general partner is Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership) (上海鼎薾企業管理諮詢中心(有限合夥)) ("**Shanghai Dingxiao**"). The general partner of Shanghai Dingxiao is Shanghai Dingman Enterprise Management Co., Ltd. (上海鼎蔓企業管理有限公司), which is ultimately controlled by Yan Li (嚴力). Ningbo Dingmao has two limited partners, namely Jiaxing Dingyun and Ningbo Taiqi Equity Investment Partnership Enterprise (Limited Partnership) (寧波泰啓股權投資合夥企業(有限合夥)), holding approximately 86.42% and 12.35% of its limited partnership interests, respectively.

Jiaxing Dingyun is a limited partnership established in the PRC, whose general partner is Shanghai Dingxiao. Jiaxing Dingyun has two limited partners, namely Ningbo Dingyou Management Consulting Partnership Enterprise (Limited Partnership) (寧波鼎宥管理諮詢合夥企業(有限合夥)) ("**Ningbo Dingyou**") and Ningbo Dinggang Management Consulting Partnership Enterprise (Limited Partnership) (寧波鼎岡管理諮詢合夥企業(有限合夥)) ("**Ningbo Dinggang**"), each of which holds 49.995% of its limited partnership interests. Ningbo Dingyou is held as to 0.02% by its general partner, Shanghai Dingxiao, and 82.00% by its limited partner, Taicang Eastern Bell No.6 Equity Investment Partnership (L.P.) (太倉市鐘鼎六號股權投資合夥企業(有限合夥)) ("**Eastern Bell No.6**"), the general partner of which is Shanghai Dingxiao. Ningbo Dinggang is held as to 0.03% by its general partner, Shanghai Dingxiao, and 73.31% by its limited partner, Eastern Bell No.6.

Zhongshen Xinchuang

Zhongshen Xinchuang is a limited partnership established in the PRC. Its general partner is Shenzhen Youyue Consulting Partnership (Limited Partnership) (深圳優岳諮詢合夥企業(有限合夥)) ("**Shenzhen Youyue**"), whose general partner is Youshan Venture Capital Fund Management (Shenzhen) Co., Ltd. (優山創業投資基金管理(深圳)有限公司) ("**Youshan Venture Capital**"). Shenzhen Youyue is owned as to approximately 33.08% by Chen Yingjiu (陳迎九), 30% by Ningbo Yousheng Investment Management Partnership Enterprise (Limited Partnership) (寧波優勝投資管理合夥企業(有限合夥)), and as to approximately 34.92% by other four limited partners, each of which holding less than 30% of the partnership interest of Shenzhen Youyue. Youshan Venture Capital is owned as to 95% by Chen Yingjiu and 5% by Fang Bin (房斌). Zhongshen Xinchuang has 18 limited partners, each of whom holds less than 30% partnership interest therein.

CICC SAIC and CICC Zhike

CICC SAIC is a limited partnership established in the PRC. CICC SAIC is owned as to 0.22% by its general partner, CICC Capital Operations Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**") and as to 71.80% by Qingdao SAIC Innovation and Upgrading Industry Equity Investment Fund Partnership (Limited Partnership) (青島上汽創新升級產業股權投資基金合夥企業(有限合夥)) ("**Qingdao SAIC**"). CICC Capital Operations Co., Ltd. is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**"), a company listed on the Stock Exchange (stock code: 3908) and Shanghai Stock Exchange (stock code: 601995). Qingdao SAIC is owned as to 0.0166% by its general partner and fund manager, Shangqi Capital (上海尚頎投資管理合夥企業(有限合夥)), which is ultimately controlled by Feng Qian (馮戟), 0.0166% by another fund manager Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd. (上海恒旭創領私募基金管理有限公司), which is ultimately controlled by Lu Yongtao (陸永濤), and 99.6347% by SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600104) and ultimately controlled by the Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). Other than Qingdao SAIC, none of other limited partners holds more than 30% of the partnership interest in CICC SAIC.

CICC Zhike is a limited partnership established in the PRC. The general partner of CICC Zhike is CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司), a wholly-owned subsidiary of CICC. The largest limited partner of CICC Zhike is Sichuan Shentong Construction Engineering Co., Ltd. (四川申通建設工程有限責任公司) ("**Sichuan Shentong**"), holding approximately 37.26% of its partnership interest, and none of the other eight limited partners holds 30% or more in CICC Zhike. Sichuan Shentong is owned as to 95% by Tang Changgu (湯昌谷) and as to 5% by Tang Ziyang (湯子洋).

Shanghai Zeqinhui

Shanghai Zeqinhui is a limited partnership established in the PRC. The general partner of Shanghai Zeqinhui is Shanghai Henghuize Enterprise Service Partnership (Limited Partnership) (上海恒匯澤企業服務合夥企業(有限合夥)), whose managing partner is Jiang Yuren (蔣宇任). Shanghai Zeqinhui has six limited partners and none of them individually holds more than 30% interest therein.

Dongshan Investment

Dongshan Investment is a limited liability company established in the PRC, which is wholly owned by Suzhou Dongshan Precision Manufacturing Co., Ltd. (蘇州東山精密製造股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002384).

Gongqingcheng Pengqin

Gongqingcheng Pengqin is a limited partnership established in the PRC. The general partner of Gongqingcheng Pengqin is Gongqingcheng Penghui Investment Partnership (Limited Partnership) (共青城朋匯投資合夥企業(有限合夥)), which is ultimately controlled by Lu Xiaoting (陸曉婷). Gongqingcheng Pengqin has 15 limited partners, none of whom holds more than 30% of the partnership interests therein.

Suzhou Qianwei No.2

Suzhou Qianwei No.2 is a limited partnership established in the PRC. The general partner of Suzhou Qianwei No.2 is Suzhou Jinhaihui Private Equity Fund Management Co., Ltd. (蘇州金海匯私募基金管理有限公司), which is owned as to 99.90% by Feng Zhili (馮志麗). Suzhou Qianwei No.2 has nine limited partners, and none of such limited partners has 30% or more partnership interests therein.

Suzhou Donghe

Suzhou Donghe is a limited partnership established in the PRC, and is held as to 0.1% by its general partner, Suzhou Donghe Venture Capital Management Co., Ltd. (蘇州東合創業投資管理有限公司), which is in turn indirectly held as to 75% by Ji Liwei (嵇禮偉). Suzhou Donghe is held as to 98% by its limited partner, Ni Zugen (倪祖根) and as to 1.9% by another limited partner, Ji Liwei (嵇禮偉).

Dongtai Qianxiu

Dongtai Qianxiu is a limited partnership established in the PRC. The general partner of Dongtai Qianxiu is Shanghai Sharewin Equity Fund Management Co., Ltd. (上海盛宇股權投資基金管理有限公司), which is controlled by Zhu Jiangsheng (朱江聲). Dongtai Qianxiu has four limited partners, among which, Wang Jin (王瑾) and Zhu Qionghua (朱瓊華), holding approximately 47.45% and 33.89% of its partnership interest, respectively. No other limited partners has 30% or more partnership interests therein.

Ruishi Daqin

Ruishi Daqin is a limited partnership established in the PRC. The general partner of Ruishi Daqin is Suzhou Ruizhicheng Enterprise Management Partnership (Limited Partnership) (蘇州瑞之承企業管理合夥企業(有限合夥)) ("**Suzhou Ruizhicheng**"). Suzhou Ruizhicheng is held as to 20% by its general partner, Li Xiaowei (李肖維), and 40% by its limited partner, Yan Zhicheng (鄢志成). No other limited partners has 30% or more partnership interests therein. The sole limited partner of Ruishi Daqin is Suzhou Hengrui No.5 Venture Capital Partnership Enterprise (Limited Partnership) (蘇州恆睿五號創業投資合夥企業(有限合夥)) ("**Suzhou Hengrui**"), holding approximately 95.24% of its partnership interests. The general partner of Suzhou Hengrui is Suzhou Yiwen Innovation Capital Management Co., Ltd. (蘇州億文創新資本管理有限公司), a company which is ultimately controlled by Tang Shaowen (唐少文). Except Feng Jianxing (馮建興) holding approximately 38.46% of partnership interest of Suzhou Hengrui, none of the other four limited partners holds 30% or more of the partnership interest.

Qinghao Chunxing and Qinghao Xiarun

Qinghao Chunxing is a limited partnership established in the PRC. The general partner of Qinghao Chunxing is Jiaxing Qinghao Investment Co., Ltd. (嘉興青蒿投資有限公司) ("**Jiaxing Qinghao**"), which is ultimately controlled by Chen Yun (陳贇). Qinghao Chunxing has 13 limited partners, none of whom holds 30% or more of the interest therein.

Qinghao Xiarun is a limited partnership established in the PRC. The general partner of Qinghao Xiarun is Jiaxing Qinghao. Qinghao Xiarun has nine limited partners, except Zeng Yiliu (曾益柳) holding approximately 39.72% of the partnership interest, none of whom holds 30% or more of the interest therein.

Guangzhou GBA Fund

Guangzhou GBA Fund is a limited partnership established in the PRC. The general partner of Guangzhou GBA Fund is Yuxin Shicheng (Xiamen) Private Equity Fund Management Co., Ltd. (宇新獅城(廈門)私募基金管理有限公司), which is wholly owned by Yushi (Shanghai) Enterprise Management Consulting Co., Ltd. (宇獅(上海)企業管理諮詢有限公司), which is in turn owned as to 80% by Hong Weihua (洪偉華) and 20% by Guo Yanni (郭燕妮). Guangzhou GBA Fund has nine limited partners, none of whom holds more than 30% of the partnership interests therein.

Suzhou Heyixin

Suzhou Heyixin is a limited partnership established in the PRC, which is owned as to 0.99% by its general partner, Kong Jia (孔嘉), 82.51% by its limited partner, Gao Qi (高琪) and 16.50% by its limited partner, You Zhongxi (游忠喜).

Qingdao Weisheng

Qingdao Weisheng is a limited partnership established in the PRC. The general partner of Qingdao Weisheng is Beijing Yuanqi Private Fund Management Co., Ltd. (北京元齊私募基金管理有限公司), which is ultimately controlled by Wang Ye (王也). The largest limited partner of Qingdao Weisheng is Li Yueting (李閱婷), holding approximately 53.79% of its partnership interest, and none of the other eight limited partners holds 30% or more of the partnership interest therein.

Jiangsu Highstar

Jiangsu Highstar is a limited liability company duly established and validly existing under the laws of the PRC. Shanghai Pret Composites Co., Ltd. (上海普利特複合材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002342), holds 87.04% of the equity interests in Jiangsu Highstar. Jiangsu Highstar has 13 other shareholders, none of whom individually holds more than 30% of its equity interests.

Wuxi Shenqi

Wuxi Shenqi is a limited liability partnership established in the PRC. The general partner of Wuxi Shenqi is Wuxi Shenqi Yongcheng Private Equity Fund Management Partnership (Limited Partnership) (無錫神騏永誠私募基金管理合夥企業(有限合夥)), which is ultimately controlled by Yang Ning (楊寧). Wuxi Shenqi has two limited partners, Chongqing Wuba Xinfu Information Technology Co., Ltd. (重慶五八新服信息技術有限公司) ("**Chongqing Wuba**") and Wuxi Huikai Zhengyuan Venture Capital Partnership Enterprise (Limited Partnership) (無錫惠開正源創業投資合夥企業(有限合夥)) ("**Wuxi Huikai**"), holding 52.70% and 47.00% of its partnership interest, respectively. Chongqing Wuba is ultimately controlled by Yao Jingbo (姚勁波) and Wuxi Huikai is ultimately controlled by Wuxi Huishan Economic and Technological Development Zone Enterprise Development Promotion Center (無錫惠山經濟技術開發區企業發展促進中心).

Tianjin Huaqin

Tianjin Huaqin is a limited partnership established in the PRC. The general partner of Tianjin Huaqin is Beijing Jinqiu Private Equity Fund Management Co., Ltd. (北京錦秋私募基金管理有限公司) ("**Beijing Jinqiu**"), which is held as to 99.00% by Yang Jie (楊潔). The sole limited partner of Tianjin Huaqin is Jinqiu Jiaqin Dongjiang Haihe (Tianjin) Venture Capital Fund Partnership (Limited Partnership) (錦秋佳秦東疆海河(天津)創業投資基金合夥企業(有限合夥)), which is owned as to 3.05% by its general partner, Tianjin Jinqiu Huajiang Enterprise Management Consulting Partnership (Limited Partnership) (天津錦秋華疆企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Huajiang**"), and 96.95% by its limited partner, Tianjin Dongjiang Haihe Intelligent Industry Fund Partnership (Limited Partnership) (天津東疆海河智慧產業基金合夥企業(有限合夥)) ("**Tianjin Dongjiang**"). Tianjin Huajiang is held as to 90.00% by its general partner, Beijing Jinqiu. Tianjin Dongjiang is ultimately controlled by Administrative Committee of Tianjin Dongjiang Comprehensive Free Trade Zone (天津東疆綜合保税區管理委員會).

Suzhou Huaqi

Suzhou Huaqi is a limited partnership established in the PRC. The general partner of Suzhou Huaqi is Suzhou CrossCurrents Capital Management Co., Ltd., (蘇州乾匯智投資本管理有限公司), which is ultimately controlled by Chang Yubao (常玉保). The largest limited partner of Suzhou Huaqi is Zhang Xiaomei (張小梅), holding 89% of its partnership interest, and none of other two limited partners holds 30% or more of the partnership interest therein.

Wuzhong Innovation

Wuzhong Innovation is a limited partnership established in the PRC. The general partner of Wuzhong Innovation is Suzhou Wuzhong Economic Development Technology Industry Development Co., Ltd. (蘇州吳中經開科技產業發展有限公司), a wholly-owned subsidiary of Suzhou Wuzhong Rong Yue Cci Capital Ltd. (蘇州吳中融玥投資管理有限公司) ("**Wuzhong Rongyue**"). Wuzhong Rongyue is controlled by the Administrative Committee of Suzhou Wuzhong Economic and Technological Development Zone (蘇州吳中經濟技術開發區管理委員會) ("**Wuzhong Administrative Committee**"). Wuzhong Innovation has two limited partners, namely Suzhou Wuzhong Economic Development Venture Capital Co., Ltd. (蘇州吳中經開創業投資有限公司) and Suzhou Wuzhong Economic Development Industry Fund Co., Ltd. (蘇州吳中經開產業基金有限公司), holding 91.60% and 8.00% of its partnership interest, respectively, and both are ultimately controlled by Wuzhong Administrative Committee.

Nanjing Lanmao, Wuxi Jinyi and Jiangsu Sinosure

Nanjing Lanmao is a limited partnership established in the PRC. The general partner of Nanjing Lanmao is Nanjing Maoxi Venture Capital Partnership Enterprise (Limited Partnership) (南京茂希創業投資合夥企業(有限合夥)), which is held as to 65% by its general partner, Jolmo (Tibet) Venture Capital Management Co., Ltd. (金雨茂物(西藏)創業投資管理有限公司) ("**Jolmo Tibet**"). Jolmo Tibet is a wholly-owned subsidiary of Jolmo Investment Management Co., Ltd. (金雨

茂物投資管理股份有限公司), controlled by Zhang Min (張敏), Duan Xiaoguang (段小光) and Xu Yongliang (許顒良). Nanjing Lanmao has 14 limited partners, and none of such limited partners has 30% or more partnership interests therein.

Wuxi Jinyi is a limited partnership established in the PRC. The general partner of Wuxi Jinyi is Wuxi Jinluan Entrepreneurship Investment Partnership (Limited Partnership) (無錫金鸞創業投資合夥企業(有限合夥)), which is held as to 76.50% by its general partner, Jolmo Tibet. Wuxi Jinyi is held as to 30.00% by its largest limited partner, Wuxi Venture Capital Group Co., Ltd. (無錫創業投資集團有限公司), which is in turn owned as to approximately 99.69% by Wuxi Industry Development Jinfu Group Co., Ltd. (無錫產發金服集團有限公司) ("**Wuxi Jinfu**"). Wuxi Jinfu is ultimately controlled by the State-owned Assets Supervision and Administration Commission of People' Government of Wuxi City (無錫市人民政府國有資產監督管理委員會). None of other 12 limited partners of Wuxi Jinyi holds more than 30% of the partnership interest in Wuxi Jinyi.

Jiangsu Sinosure is a limited partnership established in the PRC. The general partner of Jiangsu Sinosure is Wuxi Jinxin Venture Capital Partnership (Limited Partnership) (無錫金信創業投資合夥企業(有限合夥)), which is owned as to 75.00% by its general partner, Jolmo Tibet. The largest limited partner of Jiangsu Sinosure is Jiangsu Xinbao Investment Co., Ltd. (江蘇信保投資有限公司) ("**Jiangsu Xinbao**"), a wholly-owned subsidiary of Jiangsu Credit Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司) ("**Jiangsu Credit Group**"). Jiangsu Credit Group is held as to 33.44% by Jiangsu Guojin Investment Group Co., Ltd. (江蘇省國金投資集團有限公司), which is wholly owned by Jiangsu Provincial Department of Finance (江蘇省財政廳). No other shareholders holds more than 30% interest in Jiangsu Credit Group. Other than Jiangsu Xinbao, none of other two limited partners holds more than 30% of the partnership interest in Jiangsu Sinosure.

Beijing Qingke

Beijing Qingke is a limited partnership established in the PRC. Beijing Qingke is owned as to 1.13% by its general partner, Shenzhen Zero2IPO Private Equity Venture Capital Fund Management Co., Ltd. (深圳清科私募創業投資基金管理有限公司) ("**Shenzhen Zero2IPO**") and as to 98.87% by other 12 limited partners, each holding no more than 30% of the partnership interests therein. Shenzhen Zero2IPO is wholly owned by Beijing Zero2IPO Chuangfu Investment Management Co., Ltd. (北京清科創富投資管理有限公司), which is in turn wholly owned by Zero2IPO Management Consulting Group Co., Ltd. (清科管理顧問集團有限公司) ("**Zero2IPO Management**"). Zero2IPO Management is owned by Ni Zhengdong (倪正東), as to 54.93%, and other 47 shareholders, who individually hold no more than 30% of the equity interest.

Ningbo Junrun

Ningbo Junrun is a limited partnership established in the PRC. The general partner of Junrun Hengsheng is Ningbo Junrun Venture Capital Management Co., Ltd. (寧波君潤創業投資管理有限公司), which is held as to 50% by Jiang Huichang (蔣會昌). Ningbo Junrun has 13 limited partners, and none of whom holds 30% or more of the partnership interest therein.

Xi'an Huabin

Xi'an Huabin is a limited partnership established in the PRC. The general partners of Xi'an Huabin are Xi'an Binghang Investment Partnership (Limited Partnership) (西安秉航投資合夥企業(有限合夥)) ("**Xi'an Binghang**") and Ginkgo Evergreen (Xi'an) Private Equity Fund Co., Ltd. (銀杏長青(西安)私募基金有限公司) ("**Ginkgo Evergreen**"). Xi'an Binghang is held as to 33.40% by its general partner, Li Chao (李超), 33.30% by its limited partner, Zhang Weiping (張衛萍), and 33.30% by its limited partner, a company wholly owned by Ji Runmiao (紀潤苗). Ginkgo Evergreen is controlled by Bian Longgang (邊隴剛). Xi'an Huabin has seven limited partners, among which, Shaanxi Ruiwei Technology Holding Co., Ltd. (陝西瑞維技術控股有限公司) ("**Shaanxi Ruiwei**") and Shaanxi Shengwei Industry and Trade Co., Ltd. (陝西聲威工貿有限公司) ("**Shaanxi Shengwei**") each holds approximately 38.08% of its partnership interests. Shaanxi Ruiwei is held as to 53.00% by

Zhang Yifu (張奕夫) and 47.00% by Yang Hui (楊輝). Shaanxi Shengwei is held as to approximately 65.22% by Zhao Ting (趙挺) as its largest shareholder and none of other three shareholders holds 30% or more equity interests therein.

Suchuang Zhihui and Suchuang Zhonghe

Suchuang Zhihui is a limited partnership established in the PRC. The general partner of Suchuang Zhihui is Suzhou International Development Venture Capital Holding Co., Ltd. (蘇州國發創業投資控股有限公司) ("**SIDVC**"), which is held as to 94.74% by Suzhou Innovation Investment Group Co., Ltd. (蘇州創新投資集團有限公司) ("**Suzhou Innovation**"), which is in turn held as to 91.67% by Suzhou International Development Group Co., Ltd. (蘇州國際發展集團有限公司), a company wholly owned by Suzhou Municipal Finance Bureau (蘇州市財政局). Suchuang Zhihui is held as to 50.00% by its limited partner, Suzhou Talent No.1 Venture Capital Partnership Enterprise (Limited Partnership) (蘇州人才壹號創業投資合夥企業(有限合夥)) ("**Talent No.1**"). None of other two limited partners holds more than 30% of the partnership interest in Suchuang Zhihui. Talent No.1 is held as to 39.98% by its limited partner, Suzhou Innovation and 0.04% by its general partner, Suzhou Angel Venture Capital Guidance Fund Management Co., Ltd. (蘇州天使創業投資引導基金管理有限公司) ("**Suzhou Angel VC**"). None of the other three limited partners holds more than 30% of the partnership interest in Talent No.1. Suzhou Angel VC is held as to 42.00% by Suzhou Innovation and 38.00% by Suzhou Yuanfeng Capital Management Co., Ltd. (蘇州園豐資本管理有限公司), a company ultimately controlled by Suzhou Industrial Park Management Committee (蘇州工業園區管理委員會).

Suchuang Zhonghe is a limited partnership established in the PRC. Suchuang Zhonghe is held as to 0.20% by its general partner, SIDVC, and 45.00% by its limited partner, Suzhou Energy Development Group Co., Ltd. (蘇州市能源發展集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Suzhou (蘇州市人民政府國有資產監督管理委員會). None of other three limited partners holds more than 30% of the partnership interest in Suchuang Zhonghe.

Hubei Youshan

Hubei Youshan is a limited partnership established in the PRC. Hubei Youshan is owned as to approximately 1.10% by its general partner, Wuhan Youchu Venture Capital Partnership Enterprise (Limited Partnership) (武漢優楚創業投資合夥企業(有限合夥)), which is owned as to 50.00% by its general partner Youshan Venture Capital Fund Management (Shenzhen) Co., Ltd. (優山創業投資基金管理(深圳)有限公司) ("**Youshan VC**"), and 50.00% by its limited partner Hainan Youshan Haihui Investment Partnership Enterprise (Limited Partnership) (海南優山海匯投資合夥企業(有限合夥)) ("**Youshan Haihui**"). Youshan VC is owned as to 95.00% by Chen Yingjiu (陳迎九). Youshan Haihui is owned as to 36.06% by its limited partner, Ma Xin (馬昕), and 6.25% by its general partner, Hainan Youshannuo Consulting Services Co., Ltd. (海南優山諾諮詢服務有限公司), which is ultimately controlled by Chen Yingjiu. None of the other three limited partners holds more than 30% of the partnership interest in Youshan Haihui. Hubei Youshan has seven limited partners, none of whom holds 30% or more of the partnership interest therein.

Liuyang High-Tech Innovation Fund

Liuyang High-Tech Innovation Fund is a limited partnership established in the PRC. Liuyang High-Tech Innovation Fund is owned as to 0.03% by its general partner, Hunan Hi-Tec Horizon Asset Management Co., Ltd. (湖南高新縱橫資產經營有限公司), a company wholly owned by Hunan Hi-Tech Venture Capital Investment Group Co., Ltd. (湖南高新創業投資集團有限公司), which is in turn ultimatedly contolled by Hunan Provincial People's Government (湖南省人民政府). Liuyang High-Tech Innovation Fund is owned as to 50% by its limited partner, Hunan Jinyang New City Construction Development Group Co., Ltd. (湖南金陽新城建設發展集團有限公司), which is wholly owned by Liuyang State-owned Assets Affairs Center (瀏陽市國有資產事務中心), and as to 40% by its limited partner, Hunan Jinyang Investment Group Co., Ltd. (湖南金陽投資集團有限公司), which is wholly owned by Liuyang Municipal People's Government (瀏陽市人民政府).

PUBLIC FLOAT

Following the [REDACTED] of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):

(a) a total of [REDACTED] H Shares to be [REDACTED] from the Unlisted Shares and [REDACTED] on the Stock Exchange, held by each of Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou, will not be counted as part of the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as such Shares are being held or controlled by the core connected persons of the Company, representing approximately [REDACTED]% of our total issued Shares in aggregate;

(b) a total of [REDACTED] Unlisted Shares held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) (details of which are set out in the section headed "Share Capital — [REDACTED] of Unlisted Shares into H Shares") will be [REDACTED] into H Shares and [REDACTED] on the Stock Exchange, and therefore will be counted as part of the public float, representing approximately [REDACTED]% of our issued share capital in aggregate; and

(c) a total of [REDACTED] H Shares issued pursuant to the [REDACTED] will be counted as part of the public float, representing approximately [REDACTED]% of our issued share capital in aggregate.

Based on the above, it is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), a total of [REDACTED] H Shares, representing [REDACTED]% of our total issued share capital upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) will be counted as part of the public float.

With respect to the indicative [REDACTED] range of HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] per [REDACTED] (being the low-end, the mid-point and the high-end of the [REDACTED], respectively), the expected [REDACTED] of our Company's Shares at the time of [REDACTED] (assuming the [REDACTED] is not exercised) would be over HK$[REDACTED] but not exceeding HK$[REDACTED], and the minimum prescribed public float percentage applicable to our Shares is [REDACTED]%, [REDACTED]% and [REDACTED]%, respectively. Therefore, the Company will be able to meet the minimum public float requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

Based on an [REDACTED] of HK$[REDACTED] per [REDACTED], being the low-end of an indicative [REDACTED] range, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and as of the Latest Practicable Date, the Group did not conduct any major acquisitions, mergers or disposals.

PREVIOUS LISTING ATTEMPT

Proposed A-Share Listing

In December 2022, the Company planned to apply for listing on the Shenzhen Stock Exchange (the "**Proposed A-Share Listing**"). In preparation for the Proposed A-Share Listing, Haitong Securities Co., Ltd. (海通證券股份有限公司, "**Haitong**") was engaged by the Company to provide tutoring and preliminary compliance advice with regards to the requirements of the CSRC. In July

2023, the Company started to attend a pre-listing tutorial (上市輔導). During the pre-listing tutorial, updates were made to the Jiangsu Regulatory Bureau of CSRC from time to time in respect of the progress of the preliminary guidance and tutoring services provided by Haitong in accordance with the relevant CSRC's guidelines on the Company's major operational and financial condition, corporate governance and internal control measures. The scope of the pre-listing tutorial provided by the Haitong involved, among others, the provision of comprehensive training to the directors, supervisors, senior management and shareholders of the Company on their obligations and duties, as well as the inspection and supervision of the Company's compliance with the relevant laws and regulations, corporate governance and internal control measures. The pre-listing tutoring has not been completed as of the Latest Practicable Date. The pre-listing tutorial did not constitute a listing application with the CSRC or the ChiNext of the Shenzhen Stock Exchange as confirmed by the PRC Legal Advisor and there was no proposed timetable for the Proposed A-Share Listing.

However, in consideration of the reasons as set out in "— Reasons for Seeking [REDACTED] on the Stock Exchange" below and the uncertainty of the A-share listing timetable, the Group decided to focus its resources on the [REDACTED] on the Stock Exchange and did not proceed with the Proposed A-Share Listing.

To the best of their knowledge, the Directors confirm that they are not aware of (i) any matters relating to the Proposed A-Share Listing that may have material adverse implications on the Group's suitability for [REDACTED] on the Stock Exchange; or (ii) any other matters that need to be brought to the attention of the Stock Exchange, the Shareholders or the potential investors in relation to the Proposed A-Share Listing. The Directors also confirm that (i) no formal listing application was filed in relation to the Proposed A-Share Listing as of the Latest Practicable Date, and (ii) during the preparation for the Proposed A-Share Listing, the Company did not encounter any disagreements with the relevant professional parties nor the CSRC.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause it to disagree with the Directors' view above.

Reasons for Seeking [REDACTED] on the Stock Exchange

The Directors believe that the [REDACTED] will be in the interest of the Group's business development strategies, and would be beneficial to the Company and its Shareholders as a whole for, among others, the following reasons:

(i) the Stock Exchange, as a leading player of the international financial markets, could offer the Company a direct access to the international capital markets, enhance its fundraising capabilities and broaden its fundraising channels and its Shareholders base as well as strengthen its corporate governance;

(ii) the [REDACTED] would give the Company a better platform to further develop its business; and

(iii) the [REDACTED] will raise the Company's brand awareness, business profile and thus, enhance its corporate image to attract customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for the Group's business.

Taking into account, among others, the aforementioned factors and the long-term business development strategies of the Group, the Directors consider the Stock Exchange to be a more suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of the Company and its Shareholders as a whole.

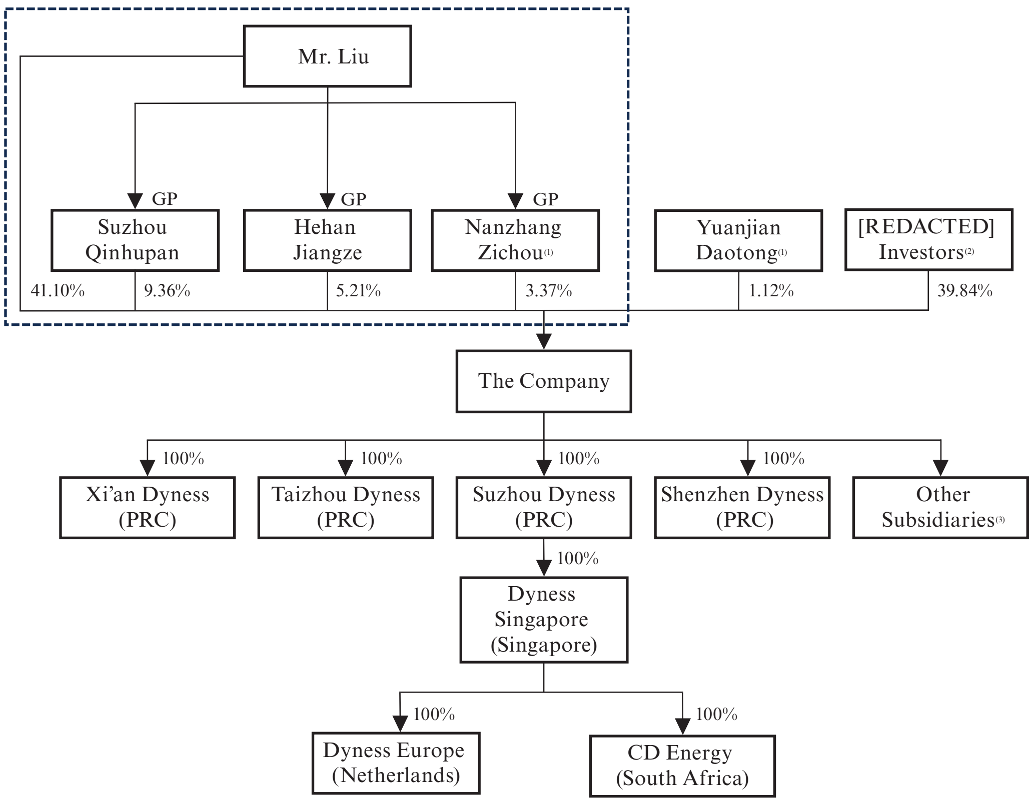
OUR SUBSTANTIAL SUBSIDIARIES

The following table sets forth the detailed information of the major subsidiaries of our Company that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period.

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
Xi'an Dyness	PRC	June 7, 2017	100%	Sales of ESS products
Taizhou Dyness	PRC	March 6, 2020	100%	R&D and sales of ESS products
Suzhou Dyness	PRC	January 13, 2023	100%	Investment holding
Shenzhen Dyness	PRC	June 26, 2023	100%	Domestic sales C&I ESS products
Dyness Europe	Netherlands	January 11, 2021	100%	Sales of ESS products
Dyness Singapore	Singapore	March 8, 2023	100%	Sales of ESS products and investment holding
CD Energy	South Africa	May 11, 2023	100%	Sales of ESS products

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure Immediately prior to the [REDACTED]



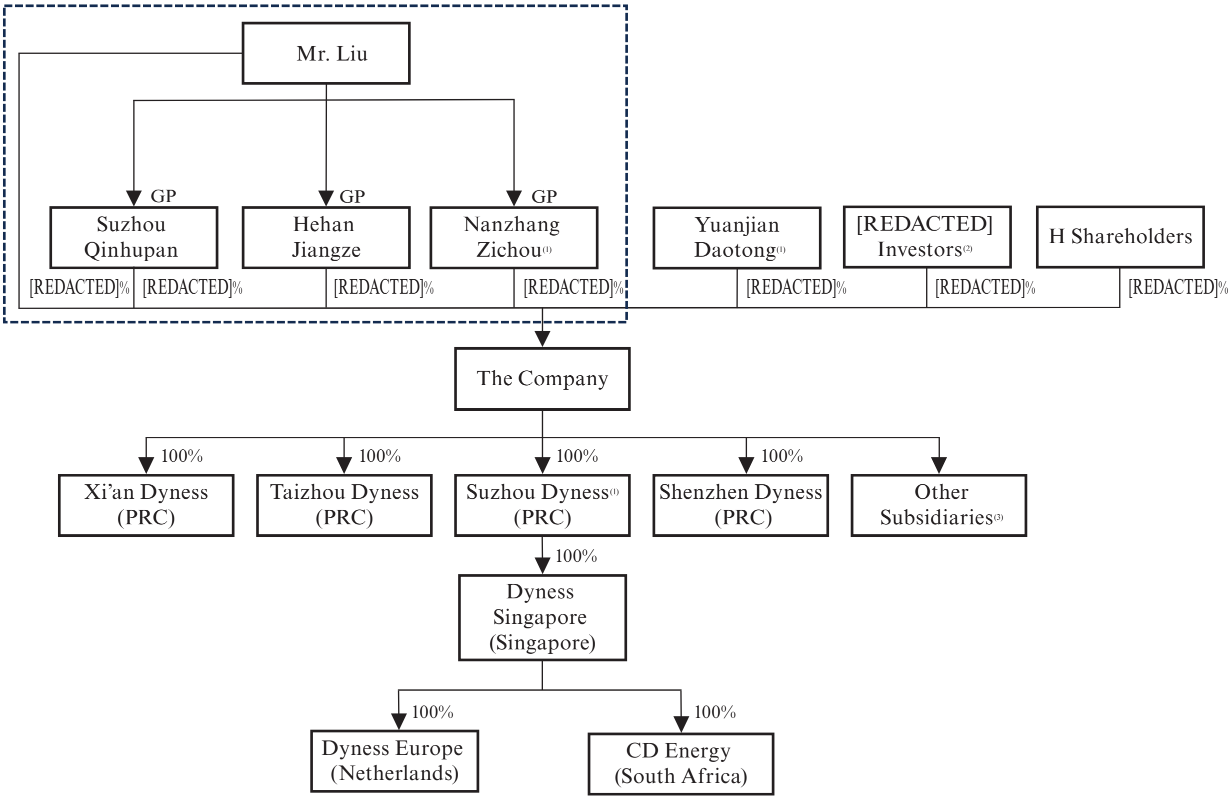
Notes:

(1) Nanzhang Zichou and Yuanjian Daotong are employee shareholding platforms of the Company. See "Appendix IV — Statutory and General Information — Share Incentive Plan" for further details.

(2) See "— Establishment and Development of the Group" for information on the [REDACTED] Investors and their respective shareholding.

(3) As of the Latest Practicable Date, other subsidiaries were 22 subsidiaries that were directly or indirectly wholly owned by our Company, and one non-wholly owned subsidiary, namely Guangdong Dyness. See "Appendix IV — Statutory and General Information — Disclosure of Interests of Substantial Shareholders — (ii) Interests in other member of the Group" for details.

Corporate Structure Immediately Following the [REDACTED] (Assuming the [REDACTED] is not Exercised)



Notes:

See notes (1) to (3) to the Corporate Structure Immediately prior to the [REDACTED].

OVERVIEW

Our Mission

Bringing sustainable energy accessible to everyone.

Our Vision

Empower every home and business with intelligent energy solutions.

Who we are

We are an early mover in the ESS industry among Chinese players focusing on the R&D, manufacturing and sales of residential and C&I ESS products. According to Frost & Sullivan, we were the fifth largest residential ESS provider worldwide by shipment volume in 2025, with shipments of approximately 2.5 GWh. Our C&I ESS shipments in 2025 were approximately 0.6 GWh, bringing our total ESS shipments to approximately 3.1 GWh. We also have one of the widest global footprint among Chinese ESS companies.

We offer a comprehensive product portfolio built on years of hands-on experience serving a large number of customers across different markets and energy environments. Such experience endows us a granular understanding of how energy storage needs vary from one region to the next. Our products are designed with standardized, modular architectures, which allow them to be flexibly configured to support a wide range of applications based on different customer needs and market conditions. They span the full range of energy storage applications, including photovoltaic self-generation and self-consumption, peak shaving and load shifting, electricity price arbitrage, emergency power supply, and microgrid construction, serving both residential and commercial and industrial customers worldwide.

We are one of the first Chinese companies to focus on overseas ESS markets. From the outset, we adopted a globalized operating model supported by localized service, entering each market with products tailored to local requirements. Over time, we built a distribution network spanning Europe, Asia Pacific, the Americas, Africa and the Middle East and have accumulated on-the-ground knowledge of grid conditions, energy consumption patterns and end user behavior across dozens of markets. These market insights enable us to adapt quickly to the needs of different markets and provide products that are suited to local application scenarios.

In 2025, 95.1% of our revenue was generated outside of the Chinese mainland, with sales of residential ESS products accounting for 75.7% of our total revenue. Our C&I business is growing rapidly, as more and more commercial and industrial operators seek cost-effective and reliable energy management solutions in response to rising electricity prices and increasing grid instability. As of December 31, 2025, our products had been deployed across more than 100 countries and regions and cumulative ESS battery shipments reached over 1,000,000 units.

We are committed to advancing the digital evolution of energy, making sustainable energy accessible to everyone and empowering homes and businesses through intelligent energy solutions. As the global energy transition accelerates, we believe the demand for distributed energy storage will continue to grow, and we are well positioned to capture that opportunity through our global footprint, localized expertise and continued investment in product innovation.

Our business comprises two principal product lines:

- **Residential ESS**. We develop and sell small-scale ESS products for residential end users, including residential ESS batteries, which typically comprises battery modules and supporting components, such as BMS and aerosol fire extinguisher, and all-in-one ESS, which typically integrates ESS battery, inverter, and EMS into a single product for quick and easy installation. Our residential ESS products are designed to address the challenges faced by households across different regions, including high electricity costs, unreliable grid supply and greater solar self-consumption. By storing energy when it is low-cost or abundant and dispatching it when needed, our systems give homeowners greater control over their energy consumption and the opportunity to benefit from dynamic electricity pricing.

- **C&I ESS**. We provide C&I ESS batteries and all-in-one ESS products for commercial and industrial customers. These systems enable the storage, conversion and dispatch of electrical energy at scale and are widely deployed across settings such as industrial parks and commercial complexes. By optimizing energy management strategies, our C&I ESS products help users reduce electricity costs, manage peak demand and ensure continuity of power supply.

Our key business highlights and achievements are illustrated in the following chart:

Scale	Brand Recognition
Fifth largest residential ESS provider worldwide by shipment volume in 2025 Annual production capacity of 3 GWh as of December 31, 2025 Revenue of RMB2,525.5 million in 2025, representing a year-on-year increase of 244.3%	Recognized as the "*Best PV/ESS Brand*" by EUPD Research across Brazil, South Africa, the Czech Republic, Romania and Poland *"2025–2026 Solar Consumer Award"* by EUPD Research

Coverage	R&D and Technology
Products deployed in over 100 countries and regions Cumulative ESS battery shipments over 1,000,000 units as of December 31, 2025 Flagship residential ESS product DL5.0C: cumulative sales approximately 200,000 units since debut in 2023	244 patents and 41 copyrights as of the Latest Practicable Date Proprietary BMS, EMS, power conversion system ("**PCS**") and smart cloud platform

Our Growth Opportunities

Diversifying Demand Across Underserved Markets

According to Frost & Sullivan, global residential ESS shipments are expected to grow at a CAGR of 52.3% from 2025 to 2030. This growth reflects a number of structural shifts that are reshaping how energy is generated and consumed around the world. Electricity costs have been rising across developed and emerging markets in recent years, as the retirement of conventional power plants, costly grid upgrades and the broader shift away from fossil fuels drive energy bills higher. For many homeowners, ESS has become an economically compelling tool for managing energy costs as ESS enables them to store cheaper off-peak electricity and reduce their reliance on grid supply during peak pricing periods. For C&I customers, ESS provides a valuable alternative as rising grid electricity costs squeeze margins and power supply is not always reliable. At the same time, aging infrastructure and extreme weather events are making power outages more frequent and unpredictable in many regions. Therefore, the scale and pace of the expansion of the global ESS market present a sustained opportunity for providers of ESS products.

Moreover, emerging applications are opening up new frontiers for energy storage. Many of these new use cases are still evolving, with industry standards and market structures yet to be fully established. Our technology platform and product portfolio allow us to flexibly adapt and configure existing products to respond quickly to these developments, giving us an opportunity to establish an early presence in new markets. For example, the rapid expansion of AI data centers is generating substantial demand for reliable, large-scale power infrastructure, and ESS is increasingly seen as a critical component providing backup power, peak shaving and valley filling and supporting grid stability. The rollout of smart grid infrastructure is creating similar opportunities, as grid operators look to storage to manage the growing complexity of power systems increasingly dominated by variable renewable generation. Emerging application scenarios such as balcony ESS are also creating new avenues for growth by broadening the range of residential use cases. These emerging applications add another layer of long-term growth potential to a market with strong underlying growth momentum. We believe our established global distribution network, differentiated product portfolio and proven ability to respond to various market opportunities make us well placed to grow alongside this expanding market.

Favorable Policy Environment

Governments across key markets are actively introducing policy frameworks that strengthen the commercial case for energy storage. In Europe, the EU's electricity market reform is opening up new opportunities for ESS owners by facilitating their participation in ancillary services markets and enabling dynamic electricity pricing. These changes allow homeowners and businesses to monetize their ESS more effectively, improving the economics of deployment across the region. In the United Kingdom, the Warm Homes Plan, a GBP 15 billion subsidy program aiming to help millions of households install rooftop solar PV systems, ESS, heat pumps and insulation facilities by 2030, is expected to significantly lower the upfront cost barrier for homeowners and accelerate the pace of residential ESS deployment. In China, the capacity electricity price compensation mechanism is establishing a more predictable revenue framework for ESS deployments, giving developers greater confidence in the long-term returns of ESS projects. Concurrently, China continues to advance its energy conservation and emissions reduction initiatives and its "dual-carbon" goals, while promoting the coordinated development of renewable energy generation and energy storage, further reinforcing the role of energy storage within the next-generation power system. As installed capacity of solar and wind power continues to grow rapidly, their inherent intermittency is driving increased demand for energy storage systems for peak shaving, load balancing and grid regulation, thereby providing additional growth momentum for the ESS market.

As a result, these policy developments are diversifying the revenue models available to ESS owners and improving project-level economics across the industry. As more governments recognize ESS as a critical component of a resilient and low-carbon energy system, we expect the policy environment to remain broadly supportive and to continue driving demand for ESS across both residential and C&I markets.

Evolving Technology Landscape

Technological advancements are rapidly transforming the ESS landscape, creating significant opportunities by enhancing both performance and safety and by driving down costs. For example, sodium-ion battery technology is also emerging as a promising battery chemistry for certain ESS applications, offering potential advantages in safety and low-temperature performance. AI-driven energy dispatch algorithms are making ESS smarter, enabling more precise and efficient management to maximize customer savings and grid benefits. Advances in thermal management are improving the safety and reliability of systems operating across a wide range of environmental conditions, an increasingly important consideration as storage deployments expand into more demanding climates.

At the same time, advances in areas such as large-capacity cell technology are increasing energy density and extending cycle life, allowing systems to store more energy in a smaller footprint and deliver more value over their operational lifetime. These advancements are concurrently leading to more cost-effective ESS deployments, reducing both capital expenditure and operating costs for ESS owners. These innovations will continue to reduce the cost of ESS deployment, bringing systems within reach for a much broader range of customers and geographies once they reach cost-competitive scale. The combined effect of the technological advances creates a larger and more diverse addressable market over time, and we are committed to closely monitoring and incorporating next-generation technologies into our product roadmap as they mature to capitalize on these opportunities.

Our Financial Performance

Supported by our market position, technology and global footprint, we have delivered strong financial growth in recent years. In 2023, 2024 and 2025, our revenue was RMB722.9 million, RMB733.6 million and RMB2,525.5 million, respectively, representing growth of 244.3% and 249.4% over the two-year period. This performance reflects the strength of our business model and our ability to execute our growth strategies effectively across markets. We believe our diversified product portfolio, market insights and operational execution provide a solid foundation for continued market share gains and sustainable growth in the years ahead.

OUR COMPETITIVE STRENGTHS

Established Global Footprint Built on Early-Mover Advantage

We were among the first Chinese ESS companies with integrated R&D capabilities to focus primarily on global markets. We built our distribution channels, products and service capabilities around overseas expansion from day one. That early commitment allowed us to establish a global distribution network, accumulate deep market expertise and build brand recognition well before competition in the ESS market intensified in recent years.

Specifically, the early presence gave us the opportunity to develop a deep understanding of the real needs of distributors and end users across different countries and regions, including the practical aspects of product installation, after-sales support, local grid conditions and household energy usage patterns. That understanding, built up over years of global operations, has translated into a set of mutually reinforcing capabilities spanning distribution, localized service and product iteration that would be difficult for new entrants to replicate quickly. These market insights have been the driving force behind our product design and technology development, enabling us to continuously refine our ESS products in response to the specific requirements of every market we serve.

We have one of the widest global footprints among Chinese ESS companies, having deployed our products across more than 100 countries and regions and cumulative ESS battery shipments reached over 1,000,000 units as of December 31, 2025. We have established 33 branches across Europe, Asia Pacific, the Americas, the Middle East, Africa and the Chinese Mainland. Our presence spans Europe, the Americas, Africa and the Middle East, giving us geographic diversification that reduces our dependence on any single market and positions us to capture growth wherever it emerges. According to Frost & Sullivan, we ranked fifth globally by residential ESS shipment volume in 2025, with total shipments of approximately 2.5 GWh.

Global Distribution Network and Localized Operating Capabilities

Underpinning our global footprint across more than 100 countries and regions is an extensive distribution network comprising renowned local distributors worldwide. In key markets such as Europe, Asia Pacific, the Americas, the Middle East and Africa, we have established long-term, stable relationships with renowned local distributors that form the backbone of our commercial presence in those regions.

What sets our distribution network apart is not just its geographic reach, but the depth of our relationship with distributors. Through market training, pre-sales technical support and a comprehensive after-sales system, we continuously enable our distributors to deliver greater value to their customers and strengthen channel loyalty. We also continuously tailor our products to different grid conditions, energy pricing mechanisms and installation scenarios of different regional markets, lowering onboarding costs for new distributors and reinforcing the stability of our channel relationships over time. At the same time, the market intelligence we obtained from our distributors feeds directly into our product design and channel support capabilities, allowing us to better address end-customer pain points and improve the fit of our products for local markets. This, in turn, makes our products more attractive to both existing and prospective distributors, creating a reinforcing cycle in which broader market reach strengthens product-market fit, and stronger product-market fit supports further channel expansion.

To support our distribution network on the ground, we have established subsidiaries in key markets including the Netherlands, Germany, Spain, Dubai and South Africa, providing localized services spanning multilingual customer support, local regulatory compliance and after-sales management. We have also established warehouses overseas to improve delivery efficiency, inventory management and supply chain resilience. Together, these capabilities form the foundation of our global distribution network and continuously reinforce the long-term stability and sustainability of the collaboration with our distributors.

Brand Trust and Long-Term Service Capabilities

In the ESS market, brand extends beyond product awareness. It reflects the trust that end users and distributors place in a company's ability to deliver safe, reliable products and dependable long-term service. This is particularly true for residential ESS products, which typically have long operational lifespans, and for which customers place significant weight on product stability, after-sales support and the continuity of the brand they choose to work with.

Over the years, we have made sustained investments in product quality and after-sales service capabilities, building a comprehensive quality management system that spans the full product lifecycle from product design through to after-sales technical support. We also continuously strengthen our local support infrastructure across key markets through multilingual service support and distributor training programs, improving customer experience and service response efficiency. Drawing on years of real-world operational data and product validation experience, we have gradually earned the long-term trust of our end users and distributors.

That trust has translated into tangible brand recognition in several key markets. We are recognized as the "Best PV/ESS Brand" by EUPD Research across multiple major markets including Europe, South America and South Africa, and have established a strong market presence in Europe, Africa and Asia Pacific. We believe the brand trust and market reputation we have built over the years will continue to strengthen our competitive position in the global residential ESS market and form a durable moat that cannot be easily built.

Proven and Market-Driven Product Portfolio

Our broad product portfolio spans residential and C&I ESS applications across multiple markets and use cases, underpinned by our continuous product definition capability and rapid iteration capacity. Certain of our products have proven themselves in the market, standing out through their integrated design, ease of installation, energy management capabilities and overall performance. The DL5.0C series and STACK100, for example, have achieved strong market validation and widespread customer recognition across multiple core markets. By prioritizing affordability and reliability, DL5.0C has established itself as an entry-level residential ESS product of choice in underserved and supply-constrained markets. In 2025, it achieved cumulative sales of approximately 200,000 units, with a product failure rate of approximately 0.3%, significantly below the industry average. STACK100 is recognized for its stackable design, flexible deployment across different application scenarios and ease of installation, all of which have contributed to its strong sales performance and broad customer acceptance in multiple core markets. Our C&I all-in-one ESS, DH800Y, has introduced a number of innovations in integrated design and scenario-specific applications, further strengthening our competitiveness in the C&I ESS market.

In addition, our products are compatible with the major global inverter brands and are designed to meet the grid standards and electricity pricing mechanisms in different countries. Built on a modular architecture, our products can also be configured flexibly to suit different applications requirements. This compatibility reduces integration risk for distribution partners and allows our distributors to serve different types of customer.

Today, we have built a vertically integrated capability spanning battery modules, BMS, EMS, inverters, cloud platform and mobile application. Through the integrated design of hardware and software, we are able to optimize the performance of our core products in a coordinated way. Our Dyness App allows users to monitor power generation, energy storage and consumption in real time and to configure strategies such as peak shaving, valley filling and backup power, maximizing energy efficiency and economic returns. Such capability covering hardware, software, manufacturing and services enables us to offer customers a one-stop, cost-effective ESS and to continue driving innovation across the industry.

Platform-based R&D and Technology Capabilities

The foundation of our product portfolio is an integrated R&D platform and a growing set of proprietary core technologies. To continuously bring competitive products to market, we have implemented a R&D framework based on the IPD system, bringing together R&D, procurement, manufacturing, sales and marketing and quality functions throughout the product development process and enabling efficient cross-functional collaboration. A technology platform featuring pre-engineered hardware and software design modules that can be flexibly combined across different product lines, allowing us to reuse proven technical solutions efficiently across different products and markets. The IPD system improves not only product quality and development efficiency but also our ability to adapt quickly to local market requirements wherever we operate.

Building on this platform, we invest in forward-looking technology research that informs our product roadmap and have built strong capabilities across key areas including BMS, EMS, PCS and our smart cloud platform, covering hardware, software, energy management and system integration. We also continue to deepen our capabilities in energy dispatch algorithms, system safety, on-grid and off-grid control and multi-country grid compatibility, strengthening our ability to support a wide range of applications including dynamic electricity price management, VPP aggregation, photovoltaic self-consumption optimization and multi-scenario energy management.

As of the Latest Practicable Date, we had accumulated 244 patents and 41 copyrights. Our R&D costs amounted to RMB58.5 million, RMB81.6 million, and RMB103.9 million for the years ended December 31, 2023, 2024, and 2025, respectively. Our residential ESS R&D cycle runs six to 15 months per product, with an average overall product iteration cycle of two to four years, which strikes an appropriate balance between speed, product reliability and technical rigor, allowing us to respond thoughtfully to market feedback and evolving customer needs while maintaining the performance and safety standards our customers expect.

Robust Manufacturing and Supply Chain Capabilities

We operate two manufacturing centers in Suzhou and Taizhou, which had a combined annual production capacity of approximately 3 GWh as of December 31, 2025. In late 2025, we also added a new production center in Zhuhai. Our production lines feature a high degree of automation with a modular design. To support our continued growth, we plan to expand our annual production capacity to 10 GWh by 2027 to meet the growing demand for residential and C&I ESS products across global markets.

Supply chain resilience is a core pillar of our global operating capabilities. We have established long-term strategic relationships with our core battery cell suppliers, securing stable access to critical materials while maintaining quality control and delivery visibility, and improving our ability to manage market volatility and supply disruption risks. For other key electronic components, we adopt a diversified procurement strategy, avoiding single-source dependency and maintaining appropriate safety stock levels to smooth supply fluctuations and improve supply chain stability.

To improve responsiveness across our global markets, we are building an international supply chain network and have established an overseas warehousing network that positions inventory closer to end markets, shortening delivery lead times for distributors and improving our ability to respond to regional demand fluctuations. Together, the manufacturing and supply chain capabilities enable us to maintain product quality and delivery reliability while improving our market responsiveness and scalability for our further expansion globally.

Experienced Management with Deep Industry Insights and a Global Perspective

Our management team brings together deep industry knowledge, a global vision and long-term strategic judgment. Our founder and core management team have held senior positions at industry-leading companies across the energy and ESS sector, accumulating extensive experience across R&D, operations, marketing and management of international businesses.

Our Chairman, Mr. Liu, has approximately 18 years of experience in the energy industry, with a career spent at the forefront of energy technology and global energy markets. He brings to the Company the forward-looking strategic judgment and global operating capabilities that define our management approach today.

Our management team identified the emerging opportunity in overseas residential ESS markets early and began building a global operating infrastructure well before the market entered its period of rapid growth. The distribution network, service capabilities and diversified product portfolio developed over that period gave us a meaningful head start ahead of intensifying competition. This allowed us to progressively build the organizational depth needed to operate effectively at scale across multiple markets.

In the face of industry downturns, our management team had maintained a disciplined, long-term oriented approach, prioritizing distributor relationships, product quality and cash flow resilience during periods of market stress, while continuously strengthening our global operating capabilities to ensure our business is well positioned to capture opportunities as markets recover and grow.

Looking ahead, our management team has set a clear course for broadening our residential and C&I ESS product portfolio and expanding into new application scenarios globally. We believe the industry insight, global operating capabilities and track record of strategic execution that our team has built over the years will continue to be a source of durable advantage as we grow.

OUR GROWTH STRATEGIES

We believe the global energy transition, increasing penetration of distributed energy and ongoing electricity market liberalization will continue to drive long-term growth in residential and C&I ESS markets worldwide. Building on our global footprint, product capabilities and technology expertise, we plan to capture these opportunities by expanding into new markets, extending our products across a broader range of applications, enhancing our AI-driven energy management capabilities and strengthening our global production and operational infrastructure, with the longer-term ambition of evolving from an ESS product supplier into a trusted solution provider for end users around the world.

Deepening Global Market Presence and Brand Recognition

We plan to continue deepening our global market presence by broadening our coverage across different markets while further expanding our distributor network and strengthening our local service capabilities. To achieve this, we plan to pursue the following initiatives:

- ***Expanding global market presence***. Drawing on the market insight and distributor management capabilities we have accumulated over years of global expansion, we plan to continue to extend our reach into high-potential markets that remain underserved by existing ESS providers. We will leverage our regional teams to accelerate channel expansion in the United States, the United Kingdom, Latin America, Africa, as well as selected countries in Asia Pacific such as Australia and Japan, building a globally diversified distribution network. In mature markets such as Europe, we plan to continue working closely with our core distributors to improve channel efficiency and deepen market penetration, further consolidating our position in markets where we are already well established.

- ***Strengthening our brand position***. We plan to strengthen our brand recognition and market influence among end users and distributors worldwide through sustained investment in product quality, after-sales support and localized operations. As end users are expected to play an increasingly active role in product selection in many markets in the future, our goal is to create a brand that end users actively seek out and trust.

- ***Enhancing customer support across the full product lifecycle***. We plan to continue investing in our global after-sales service system, including further leveraging our cloud platform and mobile app, developing standardized installation tools and visualized operating guides to simplify installation and reduce on-site labor time for residential ESS, as well as streamlining commissioning processes for C&I ESS. We also plan to expand our global service center network and regional warehousing for spare parts to improve delivery efficiency and after-sales response times, further enhancing end-user trust and distributor long-term commitment.

Broadening Our Product Portfolio Across New Applications and Markets

We plan to continue expanding our product portfolio and addressable market across a broader range of applications. To achieve this, we plan to pursue the following initiatives:

- ***Broadening our product portfolio and application scenarios***. We plan to broaden our residential and C&I ESS product portfolio while expanding into new applications and market segments including VPPs, off-grid systems, industrial microgrids, integrated solar-storage-charging systems, AI data centers, EV charging stations and utility-scale ESS, thereby expanding the application coverage of our products and the markets we can address.

- ***Enhancing product adaptability and local market fit***. As grid conditions, electricity pricing mechanisms and energy management requirements vary and continue to evolve across different markets, we plan to continue refining our products in response to local market conditions, customer needs and feedback. This ongoing process of adaptation is critical to how we maintain the relevance and competitiveness of our products across the diverse markets in which we operate.

Building AI-Powered Capabilities and Strengthening Core Technologies

We plan to continue investing in AI-powered capabilities and emerging technologies in order to improve performance and safety, helping users improve cost efficiency and operational efficiency, delivering greater overall value across our product portfolio. To achieve this, we plan to pursue the following initiatives:

- ***Advancing AI-Driven Energy Storage Intelligence***. We plan to continue advancing the integration of AI with our ESS products. Leveraging our smart cloud platform and the Dyness App, we aim to enhance capabilities across device connectivity, data collection, system monitoring, remote monitoring, operation and maintenance, intelligent diagnostics, SOC and SOH prediction and proactive safety alerts. In energy management applications, we plan to continue improving our AI-driven charge and discharge strategies, dynamic electricity pricing management, solar self-consumption optimization and load forecasting capabilities, while enabling integration with VPP ecosystems, to enhance the value our systems deliver in energy management and electricity market applications.

- ***Strengthening our core technology capabilities***. We plan to continue investing in core technology capabilities across BMS, EMS, PCS and our smart cloud platform, while enhancing our energy management, scheduling, dispatch and data analytics capabilities to support ongoing product iteration and accelerate commercialization.

- ***Developing next-generation power electronics technologies***. We plan to continue developing our capabilities in high-efficiency power electronics, high-power-density integration and grid-forming energy storage control, including in areas such as power electronics integration for large-capacity cells and GaN-related technology, with the goal of improving product performance, system efficiency, safety and energy coordination.

- ***Investing in emerging battery technologies***. We plan to explore next-generation battery technologies, such as sodium-ion batteries and deepen our research collaboration with academic institutions to support the continued evolution of our products and long-term technology capabilities.

Strengthening Manufacturing and Logistics Capabilities

We plan to continue building a robust global delivery and manufacturing infrastructure to ensure scalable, efficient operations across different markets. To achieve this, we plan to pursue the following initiatives:

- ***Bolstering manufacturing capabilities***. We plan to enhance our manufacturing capabilities to support our ongoing global market expansion including by establishing new production bases overseas to bring manufacturing closer to local markets and strengthen supply chain resilience. We also plan to continue investing in smart manufacturing capabilities at our Suzhou production center to strengthen product quality consistency, production efficiency and cost control. We also plan to expand our annual production capacity to 10 GWh by 2027 to meet the expected growing demand for residential and C&I ESS products across global markets.

- ***Optimizing logistics and delivery infrastructure***. We plan to continue building our global supply chain network and optimizing our logistics capabilities and overseas warehousing operations to improve market responsiveness, delivery efficiency and overall operational efficiency across our global network.

Deepening Value Chain Collaboration

We are committed to deepening collaboration across the value chain and building strategic partnerships to strengthen supply chain resilience, improve cost competitiveness and enhance our position within the global ESS ecosystem. To achieve this, we plan to pursue the following initiatives:

- ***Downstream integration***. We plan to explore collaborations with VPP operators, third-party-owned energy project developers, larger distribution groups and other energy market participants to strengthen our competitive position across the ESS value chain and capture emerging opportunities in ESS and broader energy ecosystems.

- ***Upstream partnerships and investment***. We plan to deepen collaboration with partners in core raw material supply and technology development and pursue targeted investments and partnerships for critical stages of the supply chain to improve supply chain stability and cost control.

Investing in Global Talent and Organizational Excellence

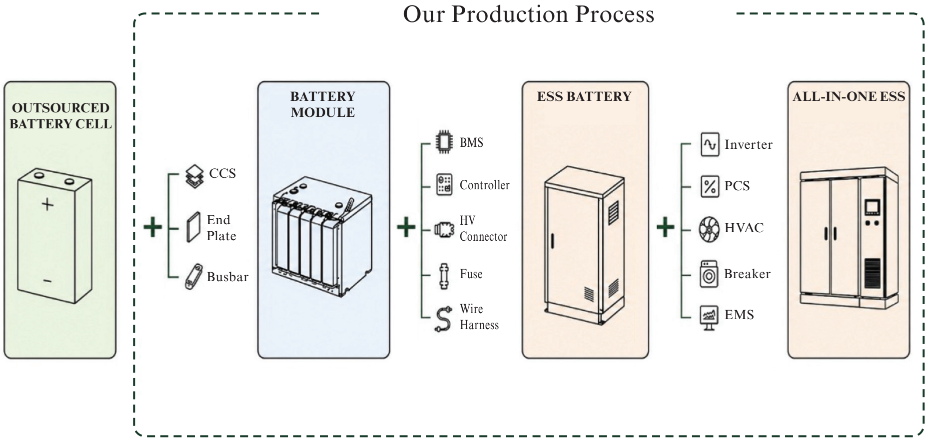
We are dedicated to building a world-class team capable of supporting our long-term global growth by investing in talent development and organizational culture. To achieve this, we plan to pursue the following initiatives:

- ***Strengthening global talent development and cultural integration***. We plan to refine our talent recruitment, development and management systems, building a global talent pipeline to support our long-term growth and strengthen our competitive position. We also plan to strengthen our cross-cultural management capabilities to support effective collaboration across our global operations.

- ***Building localized expertise teams in key markets***. In markets including Europe, Australia, the Americas and Japan, we plan to expand our local teams and recruit industry experts and senior management teams with deep market insights, hands-on experience in managing international operations, and knowledge of local market dynamics and regulatory environments to bring the full depth of our collective expertise to bear for customers across different markets we serve.

OUR PRODUCTS

We are primarily engaged in the development, manufacturing and sales of ESS products. Our product portfolio covers from ESS batteries to all-in-one ESS, which includes complete systems delivered in individual cabinets or containers. Our residential ESS products are primarily standardized products designed to serve a broad range of markets and household end users. For our C&I ESS products, we provide both standardized and customized solutions and work closely with customers to tailor system designs to their specific applications and project conditions, including target capacity, power output, safety requirements and site integration needs.



Our ESS batteries primarily use LFP battery cells with strong safety performance, stable energy output and effective thermal performance. ESS battery forms the core energy storage building block of our ESS products and can be configured flexibly to meet different installation constraints and performance specifications across a range of applications. It typically incorporates supporting features and system-level integration capabilities, including battery management, thermal management and other system management components, to enable safe and stable operation throughout the system lifecycle. In our all-in-one ESS products, these batteries are integrated with inverter or PCS and other key functional components into a single unit.

We endeavor to develop and bring products to market with features that effectively address diverse customer needs across different markets. To this end, we have established a systematic product development process focused on identifying customer requirements, drawing on our understanding of each market's characteristics, customer pain points and industry trends.

During the Track Record Period, our residential ESS product contributed to the majority of our revenue. The table below sets forth a revenue breakdown by ESS product type for the periods indicated:

	Year ended 31 December					
	2023		**2024**		**2025**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	717,593	99.3	625,936	85.3	1,911,437	75.7
ESS Battery	717,593	99.3	621,311	84.8	1,890,189	74.8
Low-voltage Battery	585,925	81.1	503,702	68.7	1,352,662	53.6
High-voltage Battery	131,668	18.2	118,609	16.2	537,527	21.3
All-in-one ESS	—	0.0	3,625	0.5	21,248	0.8
C&I ESS	1,599	0.2	89,403	12.2	603,373	23.9
ESS Battery	—	—	6,313	7.1	342,858	13.6
All-in-one ESS	1,599	0.2	83,090	11.3	260,515	10.3
Others[(1)]	3,676	0.5	18,268	2.5	10,675	0.4
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Note:

(1) Other typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

Residential ESS

C&I ESS

Our Product Portfolio

Our ESS products are designed to support reliable energy storage, conversion and dispatch across a range of use cases, including residential use and commercial and industrial applications. They are built around a modular architecture that enables customers to configure, scale and upgrade systems based on their operating needs. Depending on customer requirements, our ESS products can be deployed as an all-in-one ESS or ESS batteries stacked into larger configurations. Key features of our products are set forth below.

- **Modular Architecture and Flexible System Configuration**

Our ESS products are typically configured using standardized functional modules that can be combined to form an integrated system. This modular architecture is designed to enhance configurability and scalability. Customers can expand system capacity and power output by adding modules based on site conditions, load profiles and targeted operating strategies. Generally, a single residential ESS can support the parallel connection of up to 50 battery modules, with a maximum configurable system capacity of up to 0.8 MWh and maximum rated power of up to 0.56 MW; a single C&I ESS can support the parallel connection of up to 10 battery modules, with a maximum configurable system capacity of up to 8.36 MWh and maximum rated power of up to 4.2 MW.

We tailor our system configuration and integration design based on customer requirements, including target capacity and power output, installation footprint, interconnection requirements and site conditions. Our ESS products are designed for both indoor and outdoor installation, with typical enclosure protection ratings of IP55. Our solutions team works closely with customers to determine the most suitable system configuration and deployment approach for each project, with the objective of meeting performance, safety and operational requirements.

- **Power Conversion and Control**

Our ESS products incorporate power conversion and control functions designed to manage bidirectional power flow between the battery system, onsite loads and the grid. The control system optimizes energy utilization and can be configured to operate in different modes, including peak shaving, load shifting, self-consumption and backup power. Depending on the product model and measurement basis, our residential ESS products can achieve a maximum round-trip efficiency of up to 92% (measured on an AC-AC/DC-DC basis) and PCS peak efficiency of 97.6%. The control system can also achieve a response time for self-consumption adjustment of less than 2 seconds, and the anti-export control accuracy of our residential ESS inverters can be as low as 10 W. Our C&I ESS products can achieve round-trip efficiency ranging from 88% to 95% and PCS peak efficiency of 97% to 99%.

- **On-grid and Off-grid Operating Capability**

Our ESS products are designed to support both on-grid and off-grid operating conditions to enhance energy security and operational resilience. In grid-connected operation, the system may be configured to charge from onsite generation sources, such as photovoltaic systems and discharge to serve onsite loads or export power to the grid. In off-grid operation, the system can supply power to designated loads based on different site-specific conditions. Certain products can support parallel operation of up to 16 units for capacity expansion and provide overload capacity of up to 2x their rated power to support the start-up of inductive loads such as air conditioners. Certain products are able to provide backup power transfer within 4 ms.

- **System Safety and Protection Design**

Safety is a central design consideration for our ESS products. Our system design typically incorporates multi-layer monitoring and protection mechanisms intended to support stable operation and mitigate risks arising from abnormal conditions. These protections include monitoring and protective responses for conditions such as over voltage, under voltage, over current, short circuit, insulation faults and abnormal thermal events. Our products typically have BMS functions, which include cell-level or module-level monitoring, SOC estimation and balancing control, and may support protective shutdown and isolation logic. Some of our products incorporate additional system-level safety measures, such as smoke or temperature detection, pressure relief design, emergency stop and fire protection measures, and are designed to meet applicable local standards and certification requirements.

- **Thermal Management and Environmental Adaptability**

Our ESS products are designed with thermal management measures intended to support stable performance and safe operation under varied environmental conditions. We also consider factors such as temperature, humidity, dust and water resistance and corrosion exposure in selecting enclosure and protection designs. Accordingly, our ESS products are typically designed to operate across an ambient temperature range of -25°C to 50°C, with a storage temperature range of -10°C to 45°C.

- **Energy Management and Monitoring**

Our ESS are supported by the Dyness App, our smart energy management tool that provides real-time monitoring and control functions. It helps users track energy flows, operational status, key performance indicators and fault information, and supports remote operation and maintenance.

Our proprietary smart energy storage cloud platform, operating in tandem with the Dyness App, enables large-scale connectivity, data acquisition and status monitoring across residential and C&I applications. It supports a full range of remote operational functions, including device activation, monitoring, firmware upgrades, fault diagnostics and after-sales maintenance, across different product lines and markets.

Leveraging big data analytics and deep learning models, the cloud platform's AI-powered charge and discharge strategies integrate system operating data, user load profiles, dynamic electricity pricing and weather forecasts to optimize energy dispatch and improve renewable energy utilization. Our SOC and SOH prediction technologies provide data-driven support for operational strategies, maintenance decision-making and product lifecycle management, while an integrated safety detection framework identifies potential risks and provides early warnings such as short circuits and abnormal temperature rises.

Residential ESS

We provide residential ESS products designed to help households manage electricity consumption more efficiently, increase self-consumption of photovoltaic generation and enhance energy resilience. Our products are built on standardized and expandable batteries that support flexible configuration and storage capacity expansion, while adapting to different photovoltaic system configurations to match different household load profiles, and support household power continuity in the event of a grid outage.

ESS Battery

The ESS battery is the core energy storage component of a residential ESS. It comprises battery modules we produce from battery cells sourced from suppliers and supporting components, such as BMS and aerosol fire extinguishing components. Our residential ESS batteries offer configurable storage capacity ranging from 2.56 kWh to 803.84 kWh. They provide 0.5C to 1C discharge capability with a maximum discharge current of up to 200A and an operating temperature range of -20°C to 55°C. Our main residential ESS batteries are designed with an IP65 or IP66 protection rating.

Low-voltage Battery

Low-voltage batteries are generally suited for households that prefer flexible installation arrangements, including smaller residential units or applications requiring targeted backup for selected loads. They can be deployed in a standalone installation or parallel configurations. A single battery typically provides a rated energy capacity of 2.56 kWh to 16.077 kWh, allowing users to select an entry configuration that matches household consumption patterns and available installation space. Our low-voltage ESS batteries support a discharge rate of up to 1.2C, enabling higher instantaneous power output and accommodating households with higher peak loads.

High-voltage Battery

High-voltage batteries are generally suited for households seeking a more integrated, higher-capacity home energy storage setup, including for whole-home backup and higher daily energy throughput. Adopting a modular design, high-voltage ESS batteries are typically stacked together with a BDU to form a tower or rack system for sale, allowing users to size the system to their household load profile and to expand capacity over time as electricity usage increases, such as following the addition of new appliances or home charging equipment. A single high-voltage ESS battery module can be stacked with additional modules to form a system with an energy capacity ranging from 7.104 kWh to 23.04 kWh, and they are designed to achieve DC-side charge and discharge efficiency of up to 95%, which helps reduce energy losses and improve the utilization of electricity generated from photovoltaic systems.

All-in-one ESS

Our all-in-one residential ESS products integrate the key functional components in a single system, including ESS batteries, inverters and EMS, into a single unit, simplifying system configuration, and reducing costs of installation and commissioning. Our products typically incorporate in-house developed BMS and support 1C charge and discharge capability. They also include system-level safety functions, such as arc fault detection and rapid shutdown, as well as built-in active fire protection systems.

Key Feature of Our Residential ESS

As a market leader in residential ESS products, we seek to differentiate our products not only through product performance, but also through an application-driven approach to product design. We design our products with a focus on the practical requirements of deployment and operation, including ease of configuration and scaling, installation and commissioning, integration with onsite generation and the grid, operating reliability, safety and ongoing monitoring and maintenance. We have therefore equipped our products with a range of features intended to align with customer expectations of residential applications, including:

Customer Expectations	Our Answers
Fast installation	• A true plug-and-play design that minimizes wiring and eliminates most on-site setup • A stacked modular blind-mate structure eliminates inter-module wiring during installation • The BMS automatically assigns addresses, once stacked, the system can be powered on without additional commissioning or manual address configuration • The BMS includes built-in protocols compatible with over 90% of mainstream inverter brands and will match the inverter communication protocol automatically • The Dyness App supports Bluetooth-based setup to quickly complete Wi-Fi provisioning
Cold weather performance	• Our ESS battery module includes an integrated heating film, which works with the BMS to help ensure that battery temperature remains above 0℃ before charging, supporting safe and stable long-term battery operation • The Dyness App provides one-tap and scheduled heating options. Users can schedule in advance (e.g., based on dynamic electricity pricing) so in low-temperature environments, the system actively regulates battery temperature within pre-set periods, maintaining optimal operating conditions to ensure charging efficiency and system stability
Expandability with mixed modules (including different capacities and compatibility across module generations)	• Certain products can incorporate built-in DC-DC circuit in each module. The modules are stacked and connected in parallel, system capacity can be expanded by adding additional modules • The DC-DC circuit enables independent charge/discharge power control at the individual-module level, which allows mixed stacking of different-capacity modules and a combination of new and existing modules for capacity expansion
Built-in redundancy for single-module fault tolerance	• Our bypass optimization technology allows the system to continue operating even if a single module in a series string experiences a typical fault

The table below sets forth representative products and features of our residential ESS products.

Product Type	**Specifications and Price range**
Low-voltage ESS Battery	2.56kWh-16.08kWh; US$300 to US$1,750

Key Features

- Built-in multi-protection BMS, an internal thermal aerosol fire suppression module and IP65-rated enclosure
- Long cycle life: LFP cells rated for over 6,000 cycles support a 10-year design lifespan, delivering long-term value for household users
- Modular architecture: Standardized plug-and-play modules enable straightforward capacity expansion, installation and maintenance
- Flexible installation: Compact form factor supports floor-standing, wall-mounted and stacked configurations to suit varied installation environments
- Passive cooling: Natural convection cooling eliminates active cooling components, helping reduce noise and environmental impact

Product Type	**Specifications and Price range**
High-voltage ESS Battery	7.10kWh-23.04kWh; US$1,200 to US$5,600

Key Features

- High system conversion efficiency: High-voltage design reduces circuit current and I^2R losses, achieving charge/discharge efficiency of over 95%
- Stacked modular design: Vertical stacking is designed to improve space utilization by over 40%, with plug-and-play expansion and independent module replacement
- Multi-level BMS architecture: Individual module BMS handles cell monitoring and the master BMS oversees overall system safety with a response time of <250ms
- Strong high-power load support capability: Small-capacity, high-rate cells support sustained discharge capability of at least 1C, suitable for high-power load applications

Product Type	Specifications and Price range
All-in-one ESS 	8/10 kW; 7.68kWh–46.08kWh; US$2,000–US$12,500 **Key Features** • Utilizes high-safety, long cyclelife LFP battery cells that support fast charging and discharging • Modular design enables convenient installation and expansion, with a variety of capacity options • Cell-level monitoring, and a built-in active fire suppression system to enhance safety • IP66 protection rating design, suitable for indoor and outdoor installation • Smart app-enabled real-time monitoring and remote OTA updates

C&I ESS

We provide C&I ESS products designed for a broad range of operating environments, including industrial parks and large manufacturing facilities, commercial complexes, rural and remote distribution networks and solar-storage-charging projects. These applications typically have high power demand, extended periods of high-load operation and, in certain cases, limited installation space and short-duration peak load spikes, such as those arising from vehicle charging. Our C&I ESS products are designed to help customers reduce electricity costs through peak-valley electricity price arbitrage, peak shaving and demand management and to increase on site renewable energy self-consumption and support customers' decarbonization objectives.

ESS Battery

Our C&I ESS batteries are engineered for higher-capacity C&I deployments and are typically delivered in rack or cabinet configurations that integrate battery modules with key control and safety functions. They support up to 1C charge and discharge capability, with maximum charge and discharge current of up to 200A, which is suited for rapid charge and discharge applications such as frequency regulation and charging stations. They also incorporate a built-in aerosol fire extinguishing device designed to activate automatically within five seconds, as well as smoke, CO, hydrogen and temperature detection.

All-in-one ESS

Our all-in-one C&I ESS products are designed to provide a highly integrated solution for commercial and industrial customers seeking streamlined deployment and operation. These products integrate key energy storage functions into a single cabinet-level system, which can reduce onsite integration work and simplify commissioning and ongoing operations. For product models with photovoltaic system integration capabilities, storage and charging applications can increase photovoltaic self-consumption efficiency and help reduce the impact of high-power loads on transformer capacity, supporting more efficient use of existing electrical infrastructure and phased expansion of charging capacity.

Key Feature of Our C&I ESS

Our C&I ESS products include a range of features intended to meet the expectations of commercial and industrial customers in various applications, including:

Customer Expectations	Our Answers
High safety and reliability	• Multiple layers of protection and monitoring to enhance safety and contain faults • Five levels of DC-side protection to cover a range of short-circuit current conditions • Module-level protection controls to reduce the risk of overcharge, over-discharge and thermal runaway • Real-time monitoring of insulation resistance between the battery cluster and ground to detect abnormal conditions early and enhance overall system safety • Dual-level fire protection at both the module level and the cluster level to support early detection, early intervention and incident containment
Intelligent operation and control	• Intelligent operations and maintenance, including real-time monitoring of key modules and remote OTA updates • Intelligent thermal management to minimize temperature differentials across the ESS
Low noise	• Operating noise reduced through hardware noise-reduction measures and optimized thermal management to keep noise levels at around 65 dB
Streamlined delivery and maintenance	• Modular design with pre-integration and pre-commissioning, reducing onsite commissioning time • Standardized installation procedures to reduce reliance on highly specialized installers • Simplified fault monitoring and diagnostic functions, including fault identification and event recording, to facilitate faster troubleshooting and remote diagnostics
Flexible scalability	• Scalable capacity through parallel configuration, including AC-side parallel operation to increase system power and energy capacity, and DC-side parallel connection to expand energy capacity • Flexible configurations designed to meet different customer requirements and support a range of application scenarios

The table below sets forth representative products and features of our C&I ESS products.

Product Type	Specifications and Price range
ESS Battery 	15.36kWh–2.89MWh; US$2,300 to US$313,200 **Key Features(1)** • Utilizes long-cyclelife LFP cells, offering over 8,000 cycles • Modular design supporting stackable installation and internal blind-mating design • High protection rating coupled with a built-in heating module • Incorporates a bypass function

Product Type	Specifications and Price range
ESS Battery 	86kWh–600kWh; US$11,000 to US$82,000 **Key Features(2)** • Broad compatibility with mainstream energy storage inverters • Air-cooled design suitable for outdoor use, easy to install, supports capacity expansion of all-in-one systems • Supports parallel operation of up to 6 units

Product Type	Specifications and Price range
All-in-one ESS 	100kW to 4.2MW; 71kWh–8.36MWh; US$18,000 to US$1,290,000 **Key Features** • Covers applications for medium-voltage grids and low-voltage grids • Modular design, integrated and delivered as a complete package • Supports PV consumption, dynamic capacity expansion, self-consumption, backup power, grid trading and applications for AC-DC charging piles • All product series come standard with active and passive safety configurations • Supports DC-side battery expansion for storage duration of up to 8 hours • Supports multi-unit parallel operation: Up to 10 units for grid-tied, and up to 4 units for off-grid operation

Notes:

(1) Series STACK as an example

(2) Series BF as an example

RESEARCH AND DEVELOPMENT

We consistently invest in research and development to seize new market opportunities, expand our product portfolio and strengthen our competitive position in the ESS industry. These investments are essential for delivering advanced and reliable ESS products, enhancing product performance and staying ahead in a rapidly evolving and dynamic energy storage market.

R&D Process

Our products are designed to meet a broad range of application requirements of our customers. By closely monitoring industry trends and maintaining close collaboration with our customers, we ensure that our products align with their performance needs, operational goals and evolving requirements. To continue developing competitive products and bringing them to market efficiently, we have implemented an IPD system, bringing together R&D, procurement, manufacturing, sales and marketing and quality functions throughout the product development process and enabling efficient cross-functional collaboration. As part of the R&D process, we have developed pre-engineered hardware and software design modules that can be flexibly combined across different product lines, allowing us to reuse proven technical solutions efficiently across different products and markets, improving R&D efficiency and accelerating product development. We follow a systematic approach to product development as detailed below:

- *Demand Insight*. Our R&D team works closely with management and with teams across procurement, manufacturing, quality, marketing and after-sales functions to conduct systematic analyses of market dynamics, customer needs, competitive landscapes and technology trends.

- *Project Initiation and Feasibility Study*. Cross-functional experts from R&D, marketing and product management jointly evaluate potential projects' market feasibility, technical viability, cost-effectiveness and manageable risk profile. All projects are reviewed and approved by our Integrated Product Management Team before proceeding.

- *R&D Implementation*. Our R&D teams execute system design and development, progressing through structured technical reviews to prototype assembly.

- *Testing and Verification*. To help ensure product quality, we have established a comprehensive three-level testing framework, conducted sequentially by our R&D team, testing team, and key customers through small-batch beta trials.

- *Mass Production Conversion*. Upon successful verification, products are transferred to mass production through a controlled conversion process, ensuring manufacturing consistency, yield targets and quality standards are met at scale.

- *Iteration and Optimization*. A standing feedback collection mechanism aggregates insights from customer service channels, market research and after-sales data analysis to drive continuous improvements in performance, functionality and user experience.

R&D Achievements

We continue to invest in key battery and power electronics technologies, algorithmic capabilities and system integration capabilities, establishing an R&D system covering BMS, EMS, PCS, cloud platforms and energy management algorithms.

- *Battery management and BMS technology*. We have established core capabilities covering core BMS algorithms, active balancing and battery safety management. Based on software configuration modes and algorithmic control mechanisms, our BMS supports short-circuit protection for input and output ports, mixed use of new and existing batteries, dynamic SOC balancing, and automatic isolation of single-module or partial-module failures while supporting continued system operation without shutdown, thereby continuously improving the safety and stability of batteries.

- *Power electronics and system integration capabilities.*

  - o We have developed core capabilities in large-capacity cell power electronic conversion, high-power-density integration and high-efficiency energy conversion, continuously enhancing system power density, energy conversion efficiency, and overall integration through research into LLC resonant converter and DAB topology control technologies;

  - o We have developed integrated system control capabilities, including on-grid and off-grid coordinated control, wireless paralleling, multi-port integration and collaborative control, supporting the coordinated operation of devices such as PV, ESS, the grid, generators and smart loads to reduce complexity, improve energy dispatch and enhance weak-grid adaptability;

  - o We have also developed inter-phase energy transfer and weak-grid adaptation technologies. Built on our in-house grid-connection control algorithms, these technologies enable adaptive power output and anti-backflow control based on load conditions and grid status, support stable operation under three-phase imbalance scenarios and improve system stability and end-user returns in weak-grid environments.

- *Cloud Platform and AI Energy Management Capabilities.* We have built a smart energy storage cloud platform supporting remote operation and maintenance, firmware upgrades, fault diagnosis and intelligent scheduling, forming a full lifecycle digital capability covering system monitoring and after-sales operation and maintenance. Leveraging large data models and algorithmic capabilities, we have developed energy management functions including AI-powered charge and discharge strategies, dynamic electricity pricing management, load forecasting, PV self-consumption optimization and API-based connectivity with VPP ecosystems.

Future R&D Focus

In the future, we will continue to invest in technologies that enhance the intelligence, platform capabilities, efficiency and reliability of our ESS products, which include:

- *Next-generation battery management systems.* We will continue to advance the development of next-generation BMS architecture and core algorithmic capabilities, and the adaptation to sodium-ion batteries and large-capacity battery cell and further explore integrated BMS architectural innovations that incorporate DC-DC technology. Also, we will focus on cloud-edge collaborative BMS architecture, combining real-time control capabilities at the device end with cloud data analysis capabilities, continuously improving the accuracy of SOC and SOH estimation and functions such as fault diagnosis, health management and proactive safety warnings. On that foundation, we will continue to deepen the application of AI in high-precision SOC/SOH estimation, battery health management and proactive safety warnings, while advancing the use of GaN MOSFETs and EIS online detection technologies in BMS to further enhance battery safety, estimation accuracy and intelligent energy management capabilities.

- *High-efficiency power electronics and grid-forming technologies.* We will continue to advance R&D in grid-forming control technology and high-efficiency power electronics technology, improving the stability, energy conversion efficiency, and system collaborative capabilities of PCS and ESS in both on-grid and off-grid scenarios. We plan to further promote the development of multi-port collaborative control and weak-grid adaptation capabilities to enhance system integration and scenario adaptability across different application scenarios, particularly those combining energy storage and charging.

- *AI-powered smart energy management*. We plan to further deepen the application of AI in EMS, continuously enhancing predictive health management, intelligent energy scheduling and distributed energy collaboration capabilities.
- *Next-generation energy storage technologies*. We will focus on next-generation electrochemical and electrical engineering technologies, including sodium-ion batteries and GaN-related technology.

R&D Team and Expenses

Our R&D department serves as a key technology enabler for the development and advancement of energy digitalization and intelligent solutions. The department is structured into specialized functions, including product design, software and hardware development, algorithm development, project management and testing, supporting the full lifecycle of product development and innovation. We time our product launches based on our analysis of market conditions and demand trends, bringing competitive product portfolios to market at the right pace and enabling both long-term strategic alignment and agile responses to market demands. Project execution is coordinated through a centralized project management function that efficiently allocates development, testing and algorithm resources.

The department works closely with other business units. Requirements from marketing, sales, and manufacturing are consolidated and translated into product solutions, followed by structured development and joint validation at key milestones. After product launch, customer and market feedback is continuously incorporated into the R&D process, driving ongoing iteration and optimization. Beyond product development, the R&D department also supports internal innovation and incubation, promoting smarter, more integrated and ecosystem-oriented R&D practices.

As of December 31, 2025, we had 167 experienced research and development personnel, representing 17.8% of our total employees, with 81.4% of them holding a bachelor's degree or above. The core members of our R&D team have over 10 years of experience on average in the R&D of ESS technologies.

In 2023, 2024 and 2025, our research and development costs amounted to RMB58.5 million, RMB81.6 million and RMB103.9 million, representing 8.1%, 11.1% and 4.1% of our total revenue in the respective periods. Our research and development costs were generally not capitalized.

R&D Resources

In addition to our in-house R&D capabilities, we collaborate with universities and research institutions in China to leverage collective expertise and foster innovation. We believe these collaborations enable us to gain deeper insights into industry trends and emerging technologies, allowing us to focus our R&D efforts more effectively and efficiently. The major terms of our joint technology development agreement typically include the following:

Technology sharing	These collaborations are generally structured on a project- or task-specific basis, each centered around a defined technological objective, with us funding certain operating expenses, preliminary research outputs and equipment, while institutions provide research expertise, technical guidance and personnel training.
Ownership of intellectual property	Intellectual property rights are generally retained by us.

Milestone	The researchers are expected to meet specified technical milestones within agreed timeframes and project phases. We will assess performance against these outcomes based on our established evaluation procedures.
Confidentiality	These agreements usually have strict confidentiality provisions.
Development risks	Each party shall bear, at its own risk, any development risks arising from existing technological limitations in connection with the joint R&D projects.
Term and termination	Either party may terminate with written notice for force majeure events rendering performance impossible or unnecessary.

SALES AND MARKETING

Our sales and marketing efforts are centered on building and expanding strategic relationships with our customers, with the goal of becoming and remaining their trusted long-term collaborator. For our residential ESS products, we focus on building resilient distribution and installer networks, supported by standardized product portfolios and integrated after-sales services. For our C&I ESS products, we focus on key application scenarios, providing end-to-end capabilities from demand identification and solution design through to project delivery and after-sales support.

Currently, we have 11 regional sales and customer service teams covering key markets such as Europe, Asia Pacific, the Middle East, Africa and the Americas.

Our Customers

During the Track Record Period, we primarily sold our ESS products through distributors.

Our Distributors

During the Track Record Period, we primarily sold our ESS products through distributors to expand our global market presence. In 2023, 2024 and 2025, sales to our distributors amounted to RMB624.5 million, RMB678.4 million and RMB2,480.5 million, accounting for 86.4%, 92.5% and 98.2% of our total revenue in the respective periods.

Our relationship with distributors is strategic and mutually beneficial as they have experience and resources in overseas sales, including market access, distribution networks and local support. We believe we benefit from this relationship by leveraging their overseas channel resources to achieve faster market penetration and expansion. In particular, our products typically require professional installation, commissioning, grid connection and ongoing after-sales support, and our distributors are generally better positioned to provide these services locally. In addition, overseas markets often have region-specific or country-specific grid standards, regulatory requirements and certification processes, and our distributors can assist in navigating these requirements, supporting product certification and customer adoption. We also believe this distribution model helps us manage the capital and operational risks of overseas expansion, as distributors can share inventory, working capital and market development costs. Distributors are also incentivized to continue promoting our ESS products due to strong market demand, high customer satisfaction, and the competitive value we offer in terms of performance, reliability and support.

We have a seller-buyer relationship with our distributors whereby the ownership of the products is transferred to our distributors upon their purchase of the products. During the Track Record Period, we mainly sold our products to distributors, who either (1) sold the products to end customers and performed the installation or (2) resold the products to sub-distributor, primarily local installers, who install the products for end customers. We generally do not enter into agreements or directly establish relationships with the sub-distributors, including local installers. Consequently, we have no control over sub-distributors.

To the best knowledge of our Directors, during the Track Record Period, all our distributors were independent third parties, and none of our distributors were controlled by any of our former or present employees.

Selection and Management of Distributors

We select our distributors based on a number of factors, including their qualifications, scope of operations, business scale, relevant industry experience and customer service capabilities. We regularly assess the performance of our distributors and leverage the assessment as a basis to determine whether to renew our agreement with a certain distributor. To assist our performance review, we also conduct review of our distributors' inventory level. We consider various factors for renewing agreements with distributors, including their historical sales, payment record, compliance with the distribution agreement and sales and marketing capabilities.

We also regularly assess their performance and use such assessment as a basis to manage channel stuffing risks and to determine whether to continue our cooperation. To support our assessment, we conduct reviews of their inventory levels, sales target, ordering patterns and other sales-related information to the extent available. We generally reserve the right to impose penalties and terminate the relevant arrangement if they materially breach contractual requirements, including any requirements relating to distribution channels and compliance obligations.

We maintain strict internal control measures to ensure that our distributors are in compliance with applicable laws and regulations and our policies, including our Sales System Management Regulations and Employee Code of Conduct and Assessment Rules. At the same time, we have also implemented robust channel management mechanisms, including anti-cannibalization and anti-channel stuffing measures, to safeguard the integrity and long-term health of our distribution network.

- **Anti-cannibalization**. To prevent channel cannibalization, we conduct comprehensive market research to determine the appropriate number of distributors in each region. We generally work with larger, more established distributors and maintain differentiated pricing tiers across our distribution network to preserve reasonable margin spacing at each level of the chain. On pricing, we provide our distributors with suggested retail prices, which may be updated in response to market conditions. While we do not mandate resale prices, we monitor market pricing and take distributor pricing behavior into account in our periodic performance reviews. Where we become aware of pricing practices that are significantly out of line with market norms, such as unusually aggressive discounting that may undermine other distributors or damage our brand positioning, we reserve the right to take remedial action, including adjustments to distributor ratings and pricing terms or, in serious cases, termination of the cooperation arrangement. We conduct periodic site visits and ongoing market monitoring to oversee distributor sales activities, gather firsthand market intelligence and ensure that our channel management policies are being observed in practice.

- **Anti-channel stuffing**. Although our distributor relationships are based on a buyer-seller model, we have put in place a number of measures to monitor actual sell-through and reduce the risk of channel stuffing. We incorporate distributor inventory levels, sell-through rates, destocking cycles and demand forecasts as key inputs in our shipment scheduling and production planning, and where we identify a buildup of unsold inventory at the distributor level, we adjust shipment volumes accordingly. We also generally require an advance payment upon order placement and full payment before or at the time of delivery, reducing the incentive for distributors to place orders in excess of their actual selling capacity. Distributor inventory and ordering patterns are factored into our periodic performance reviews, and we reserve the right to adjust distributor ratings and pricing terms or terminate cooperation where we identify patterns consistent with channel stuffing.

- **Performance monitoring**. We monitor the performance of our distributors against agreed targets. Where a distributor is underperforming against expectations, we engage proactively to provide support, including operational analysis, tailored improvement plans and marketing assistance across online and offline channels.

Arrangement with Our Distributors

In 2023 and 2024, we did not typically enter into long-term or framework agreements with our distributors. Instead, our sales were generally conducted on a transactional basis governed by individual purchase orders. They were governed by standard terms and conditions of sale, which set out key commercial terms, including the applicable Incoterms provisions relating to the transfer of risk and return and exchange policies. Partly as a response to our gross loss attributable to certain legacy inventory as detailed in "Financial Information — Our Gross Loss in 2024," we began formalizing these arrangements by entering into standard distribution agreements with our distributors starting in 2025. For our key distributors, we maintain a tiered distributor rating system comprising Black Diamond, Diamond and Gold with ratings determined based on factors such as historical purchase volume, sales target achievement, market development performance, compliance with our policies and business expansion plans, and each rating is subject to different pricing policies and payment terms under the relevant distribution agreement. The terms of the agreements vary depending on the distributor rating and the result of our negotiation with each distributor, but these agreements largely follow our standard template for distribution agreements. The table below sets forth the key terms of our distribution agreements:

- **Duration**. Generally one year.

- **Purchase Order and Forecast**. The purchase order typically specifies the shipment schedule, quantity, price and product specifications.

  Our Black Diamond, Diamond and Gold distributors are required to submit a written rolling four-month demand forecast every month and place purchase orders accordingly.

  For Black Diamond distributors, upon receipt of their forecasts, we begin arranging procurement and production capacity. They may adjust forecasts within the upcoming three-month period, subject to a 15% variance tolerance without affecting price. If the adjustment exceeds that threshold, we may charge storage fees, resell the ordered products to other customers and reduce the distributor's annual sales rebate.

- **Pricing policy**. Price is generally specified in individual purchase orders. Purchase prices are determined with reference to the distributor's rating, with Black Diamond distributors generally receiving the most favorable price.

- **Pricing adjustment**. For certain distributors, the Company may adjust purchase prices with at least one month's prior notice in response to changes in raw material costs, market conditions or prevailing market price trends. Once a price adjustment takes effect, all undelivered orders will be repriced accordingly.

- **Payment and credit terms**. Black Diamond and Diamond distributors are generally granted credit terms of up to 60 days for shipments from European warehouses and up to 90 days for shipments from the PRC, while Gold distributors are generally granted credit terms of up to 30 days for shipments from European warehouses and up to 60 days for shipments from the PRC. Credit terms for other distributors are determined on a case-by-case basis and are generally no more favorable than those granted to Gold distributors.

- **Rebate**. To incentivize distributors to meet sales targets, we offer performance-based sales rebates to certain distributors, which are treated as variable consideration under IFRS 15 and recognized as a reduction of revenue. According to Frost & Sullivan, such rebate mechanism is an industry norm in the ESS industry and is widely adopted to align distributor performance with supplier growth objectives.

  Rebates are generally expressed as a percentage of a distributor's purchase amount, typically less than 10%. Additional rebates may be granted under special circumstances, such as significant overachievement of sales targets or exclusive cooperation in strategic markets, and are applied against outstanding accounts payable by the distributors.

  Sales targets and rebate levels are set on a case-by-case basis, reflecting each distributor's local market conditions, strategic importance and capabilities. Within 15 working days of each quarter end, we meet with our distributors to review sales performance against targets, evaluate marketing effectiveness, discuss competitor dynamics and agree on remedial measures where targets have been missed and update targets where necessary. All rebate arrangements are reviewed and approved by our Sales and Contract Management Department to ensure alignment with our overall sales strategy and financial discipline and compliance with our internal control policies. Where a distributor falls short of its agreed targets for two consecutive quarters, we reserve the right to downgrade the distributor's rating (with corresponding adjustments to purchase prices and rebate rates) or terminate the distribution agreement.

  At the same time, to further enhance brand visibility and expand market share in certain markets, we may also provide marketing initiative support to our distributors, including through rebates, which shall not exceed 1% of the relevant distributor's total annual purchase amount.

- **Rights and restriction of distributors**. Unless written consent is given by us, the distributor shall only promote and distribute the designated products within the authorized region.

- **Exclusivity**. Nonexclusive; unless otherwise agreed, we are entitled to engage other distributors to promote and sell the designated products within the authorized region.

- **Transfer of risks**. Risk of loss of or damage to the products generally passes to the distributor upon delivery to the distributor.

- **Minimum purchase requirements**. The distributor is generally subject to sales targets and is required to maintain sufficient inventory to support achievement of those targets, and failure to meet sales targets may result in adjustment of rebates and distributor rating, or termination.

- **Logistics**. The delivery cost and logistics arrangement are generally specified in purchase orders.

- **Returns/exchanges**. The returns/exchanges terms are generally specified in purchase orders.

- **Confidentiality**. These agreements usually have strict confidentiality provisions.

- **Termination and renewal**. Either party may terminate the agreement on at least one calendar month's written notice, and we may also terminate immediately in specified circumstances or upon an uncured breach following notice.

As of December 31, 2025, we had entered into distribution agreements with 68 distributors in aggregate whose sales in aggregate generated approximately RMB1,199.1 million, representing approximately 47.5% of our total revenue in 2025, and we are continuing to enter into such agreements with more distributors.

In the past, we entered into certain framework distribution agreements that included a price protection provision, pursuant to which distributors may apply for retroactive price adjustment for delivered products that remain such distributors' inventory when we make downward adjustment of the price of a particular model. This arrangement is similar to the price concession we granted in connection with certain Legacy Inventory in 2023 and 2024. Where an application is approved, and subject to an ongoing obligation to submit monthly inventory data, we will issue a credit note in the approved amount accordingly. The credit note can be used for future purchases, and corresponding amount of revenue will be deducted in the year when the credit note is issued. Any such application is subject to a stringent internal approval process, including case-by-case review at the management level, and is approved only in exceptional circumstances. As of the Latest Practicable Date, we had entered into agreements containing price protection terms with 26 distributors. In 2025, sales to these 26 distributors accounted for 16.2% of our total revenue. All other distributors are not entitled to any price protection. We have not approved any price protection application or issued any credit notes since entering into these agreements. As part of our ongoing efforts to strengthen distributor management and financial control, we are in the process of phasing out price protection provisions from the existing agreements by way of supplemental agreements or replacement with new distribution agreements. Going forward, any new distribution agreements entered into with our distributors will not contain such terms.

Fluctuation of Distributor Network

The table below sets forth the total number of our distributors and their movement during the Track Record Period.

	2023	2024	2025
Number of distributors at the beginning of the period	185	235	481
Number of new distributors	157	387	300
Number of terminated distributors	107	141	278
Number of distributors at the end of the period	235	481	503

Our distributor base expanded significantly from 185 at the beginning of 2023 to 503 by end of 2025, driven by the rapid market adoption of ESS and our proactive efforts to broaden our customer reach in different new markets. During this period, we onboarded 157, 387 and 300 new distributors in 2023, 2024 and 2025 respectively, reflecting strong market momentum and growing recognition of our product offerings.

We terminated 141 and 278 distributors in 2024 and 2025, respectively, as part of our strategy to optimize our distributor base. In general, when we enter a new market, we initially engage a number of distributors to build coverage and test channel fit, and over time retain those that demonstrate stronger execution and pipelines, commercial commitment and repeat-purchase potential. Distributors that fail to generate satisfactory sales typically do not remain in our network for more than a year. Accordingly, the majority of our revenue from distributors is attributable to a stable group of long-standing distributors. As an example, distributors that had joined our network by the end of 2023 accounted for 47.5% of our revenue from distributors in 2024. In 2025, that same group of distributors, together with those that joined in 2024 and remained in our network through the end of 2025, contributed 71.6% of our revenue from distributors. This reflects the degree to which a selected group of high-quality, long-standing distributors drive the substantial majority of our revenue. At the same time, the addition of new distributors each year presents an ongoing opportunity to broaden our distributor base and deepen our presence across new markets and geographies. This strategic recalibration, while contributing to a moderation in total distributor count, is expected to improve the overall quality and sustainability of our distributor base over time. According to Frost & Sullivan, the fluctuations in the number of our distributors during the Track Record Period were consistent with broader industry trends and reflected the evolving commercial dynamics of the ESS markets.

Direct Sale Customers

We sell a portion of our product directly to C&I ESS customers in the Chinese mainland and generally enter into product purchase agreements with our direct sales customers. The terms of these agreements vary depending on the specific product or solution and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Price and Volume	Pricing and volume of the products is generally specified in the product purchase agreements.
Payment and credit terms	Payment and credit terms are negotiated on a case-by-case basis and typically fall into one of three arrangements: full payment upon delivery, payment within 30 to 90 days of delivery or staged installment payments.
Logistics	Delivery is deemed complete upon arrival of goods at the agreed location.
Returns/exchanges	Our customers will inspect the products upon delivery and are generally entitled to return or exchange for products that do not meet their requirements in terms of quality or specifications.

Top Five Customers

In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB515.2 million, RMB211.3 million and RMB609.7 million, accounting for 71.3%, 28.8% and 24.1% of our total revenue in the respective years. The table below sets forth certain information of our top five customers during the Track Record Period, all of whom were our distributors except for Customer H.

For the year ended December 31, 2025

	Customer	Transaction amount	Percentage of revenue	Year of Commencement of business relationship	Credit Terms	Major products sold
		(in RMB thousands)	*%*			
1	Customer A[(1)]	218,730.1	8.7	2020	Installment payment according to the contract	Residential and C&I ESS
2	Customer B[(2)]	121,733.6	4.8	2024	Installment payment according to the contract	Residential and C&I ESS
3	Customer C[(3)]	104,648.8	4.1	2022	Installment payment according to the contract	Residential and C&I ESS
4	Customer D[(4)]	84,097.8	3.3	2024	Installment payment according to the contract	Residential and C&I ESS
5	Customer E[(5)]	80,475.9	3.2	2023	Installment payment according to the contract	Residential and C&I ESS

Notes:

(1) Customer A is a company engaged in manufacturing and distribution of building materials and the development of new materials, as well as related engineering and technical services, located in Beijing, the PRC.

(2) Customer B is a company engaged in the wholesale distribution of solar photovoltaic products, energy storage systems and related renewable energy equipment, located in Romania.

(3) Customer C is a company engaged in the wholesale distribution of solar energy products and related electrical equipment, located in Australia. We hold an approximately 44.4% equity interest in an investment fund as a limited partner, which in turn holds an approximately 3.9% equity interest in Distributor C.

(4) Customer D is a company engaged in the wholesale distribution of solar photovoltaic products, energy storage systems and related components, located in the United Kingdom.

(5) Customer E is a company engaged in the trading of industrial equipment and related products, located in Yemen.

For the year ended December 31, 2024

	Customer	Transaction amount	Percentage of revenue	Year of Commencement of business relationship	Credit Terms	Major products sold
		(in RMB thousands)	*%*			
1	Customer A	89,161.7	12.2	2020	Installment payment according to the contract	Residential ESS
2	Customer F[(1)]	37,925.7	5.2	2023	Installment payment according to the contract	Residential ESS
3	Customer E	36,192.1	4.9	2023	Installment payment according to the contract	Residential and C&I ESS
4	Customer G[(2)]	24,388.2	3.3	2023	90/120 days against monthly clearing	Residential ESS
5	Customer H[(3)]	23,654.5	3.2	2024	Installment payment according to the contract	C&I ESS

Notes:

(1) Customer F is a company specializing in the distribution and servicing of electric vehicles and related mobility solutions, headquartered in Poland.

(2) Customer G is a company specializing in the distribution and supply of solar panels, inverters, and renewable energy solutions, located in Poland.

(3) Customer H is a company specializing in the research, development, and manufacturing of solar modules and photovoltaic products, located in Anhui, China.

For the year ended December 31, 2023

	Customer	Transaction amount	Percentage of revenue	Year of Commencement of business relationship	Credit Terms	Major products sold
		(in RMB thousands)	*%*			
1	Customer A	335,539.8	46.4	2020	Installment payment according to the contract	Residential ESS
2	Customer I[(1)]	89,794.4	12.4	2022	Prepayment	Residential ESS
3	Customer G	49,775.4	6.9	2023	Installment payment according to the contract	Residential ESS
4	Customer J[(2)]	26,890.7	3.7	2022	Installment payment according to the contract	Residential ESS
5	Customer K[(3)]	13,215.9	1.8	2022	Installment payment according to the contract	Residential ESS

Notes:

(1) Customer I is a company specializing in the import and export of photovoltaic products, solar modules, and related renewable energy solutions, located in Jiangxi, China. Its parent company is listed on the NYSE.

(2) Customer J is a company specializing in the supply and installation of solar panels, photovoltaic systems, and renewable energy solutions, located in Ireland.

(3) Customer K engaged in the wholesale distribution of photovoltaic systems, energy storage solutions and related renewable energy products, located in Germany.

Concentration of Our Customers

Our sales to customers were relatively concentrated in 2023, with our top five customers contributing 71.3% of our revenue and our largest customer contributing 46.4% of our revenue in that year. According to Frost & Sullivan, in the ESS markets in which we operate, customers with strong local market access, established channel relationships and strong local installation and after-sales service capabilities typically account for a larger share of product sales. As a result, we often work closely with a selected group of higher-quality customers. We therefore tend to build stable, long-term relationships with distributors that demonstrate strong execution, commercial commitment, who therefore typically contribute a larger proportion of our revenue.

In particular, the relatively high contribution of Customer A, which remained our largest customer in 2024 and 2025, was primarily attributable to our increased sales of ESS products in South Africa, where Customer A served as a key customer in that market.

Based on these industry characteristics and the strength of our established customer relationships, we believe our relationships with our major distributors are mutually beneficial and durable, and that the likelihood of any material adverse change in the near term is low.

Pricing

We price our products based on various factors including raw material costs, production overheads, order volumes, delivery requirements, warranty offered, competitors' pricing, prevailing market conditions, payment methods and specification of products requested by customers. According to Frost & Sullivan, our pricing for ESS products is generally in line with the prevailing market trend.

Third-party Payment Arrangements

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain customers owed to us in connection with their purchases of our products ("**Third-party Payment Arrangements**"). In the years ended December 31, 2023, 2024 and 2025, the aggregate transaction amounts settled through such Third-party Payment Arrangements accounted for 1.4%, 5.0% and 5.4% of our total transaction amounts for the respective years. The number of customers who settled payments through third-party channels ("**Third-party Settled Customers**") was 15, 9 and 37 in 2023, 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, the majority of third-party payments were accepted in connection with transactions involving our entities in the PRC and the Netherlands. We expect to cease all Third-party Payment Arrangements prior to [REDACTED].

According to Frost & Sullivan, it is not uncommon for distributors of renewable energy products and climate control appliances located outside of the PRC to settle payments to their vendors through third-party payers in order to facilitate payment for convenience and efficiency, particularly for cross-border transactions. To the best knowledge of our Directors, the main reasons for the Third-party Settled Customers to use the Third-party Payment Arrangements were (i) the convenience and efficiency of foreign exchange settlement and (ii) such third-party payers were entities within the same corporate group as, or under common control with, the Third-party Settled Customers who initially made the purchase from us, individuals who were the controlling shareholders of such Third-party Settled Customers or their family members or otherwise had an established business relationship with the relevant Third-party Settled Customers.

The Third-party Payment Arrangements were not intended to circumvent any laws and regulations. All payments we received from the Third-party Payers have been duly recorded in accordance with our accounting procedures and policies. Our Directors confirm that we had not been subject to any inquiry, investigation or administrative penalties by the competent government authorities concerning applicable tax laws and regulations as a result of the Third-party Payment Arrangements.

During the Track Record Period and up to the Latest Practicable Date, (i) we did not provide any discount, commission, rebate or other benefits to any of the Third-party Settled Customers to facilitate or incentivize the Third-party Payment Arrangements; (ii) we had not encountered any disputes with, nor received any refund requests arising from the Third-party Payment Arrangements.

As advised by our PRC legal advisor (i) the risk that our Third-Party Payment Arrangements would be found to violate mandatory provisions of PRC laws and administrative regulations is low, and (ii) the risk that such arrangements would be deemed to constitute money laundering under the PRC Criminal Law is low.

As advised by our Netherlands Legal Advisor, (i) third-party payment arrangements are in principle permissible under Dutch civil law, (ii) the third party payment does not in themselves contravene mandatory provisions of Dutch law relating to payment arrangements, foreign exchange control, anti-money laundering or anti-terrorist financing, and (iii) the Netherlands Legal Advisor is not aware of any pending investigation, enforcement action or dispute by any Dutch regulatory authority in connection with the third-party payment arrangements. Therefore, the risk of us being required under Dutch law to refund amounts received solely by reason of such Third-party Payment Arrangements would be low.

Our Directors have confirmed that the Third-party Settled Customers involved in the Third-party Payment Arrangements during the Track Record Period are independent third parties and, save for being customers of us under the Third-party Payment Arrangements, they did not have any past or current family, business, financing or employment relationship with us, our subsidiaries, our Shareholders, Directors, senior management, or any of their respective associates.

Enhanced Internal Control Measures

To safeguard our interests from risks associated with the Third-party Payment Arrangements, we have adopted various internal control measures (collectively, the "**Enhancement Measures**") to further regulate and govern such arrangements. Our efforts in this regard included, among others: (i) we implemented internal control policies governing the Third-party Payment Arrangements, which restrict third-party payments, providing, among others, that: (i) (1) we will not accept Third-party Payment Arrangements. In special circumstances where customers have genuine business reasons, in which case we will consider and approve each arrangement on a case-by-case basis and require the relevant customers to comply with our enhanced requirements, including entering into tripartite agreements or tripartite supplemental agreements, which formalize the arrangement by clearly identifying all parties, confirming payment obligations, allocating risks and including representations regarding the genuineness of transactions and legality of funds to mitigate risks, including those related to anti-money laundering. In addition, the customers would ultimately be liable to us for all of their respective obligations and responsibilities; (2) when accepting payments from such third-party payers, we verify the payment details against the information in our records to ensure that such payments are settled through the accounts of the contracting parties to the relevant agreement; (ii) we have started communicating with our distributors regarding the Enhancement Measures with respect to third-party payments, and we have also informed our employees of these policies and the requirement to observe them; and (iii) we have established a periodic review mechanism involving the random sampling of transactions, pursuant to which for selected transactions we require customers to provide documentary proof (such as bank statements or remittance receipts) to verify that the source of funds corresponds to the identity of the customer.

We believe that the Enhancement Measures will not have any material adverse impact on our financial condition and results of operations as a result of the cessation of Third-party Payment Arrangements and the implementation of the Enhancement Measures.

SEASONALITY

ESS sales in our key markets are subject to seasonality due to a variety of factors, including seasonal demand fluctuations, policy influences, holidays and climate conditions. The pattern and intensity of seasonality vary across different markets. In Europe, for example, customers generally prefer to install ESS products from spring to early fall due to more favorable weather conditions. In South Africa, for example, demand for ESS products is elevated during the delivery window before the winter season. As a result, we typically receive more sales inquiries and order placements during these periods.

SUPPLY CHAIN

Raw Materials

The main raw materials of our ESS products consist of LFP battery cells, sheet metal parts, control modules such as BMS modules, wire harnesses and electronic components.

We mainly source raw materials from the Chinese mainland. Our raw material prices fluctuate due to a variety of factors, including supply and demand dynamics, our ability to negotiate prices with suppliers and others. We usually work with multiple suppliers to reduce risks associated with product supply. We also establish strategic partnerships with certain suppliers to reduce procurement costs and enhance supply chain resilience. During the Track Record Period, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

Our suppliers are mainly suppliers of raw materials, equipment and logistics services. We have established and maintain stable and long-term relationships with our major suppliers.

Selection and Management of Suppliers

We have established rigorous processes for the selection, evaluation and management of our suppliers to ensure suppliers meet our quality and performance standards. We consider a number of factors during our supplier selection and qualification process, including whether the products or raw materials meet our technical requirements, each supplier's financial condition, industry reputation, technical certifications, pricing, quality consistency in mass supply and delivery capabilities. For battery cells, which are critical to product performance and safety, we apply even more rigorous qualification and evaluation procedures, including systematic cell teardown analysis, qualification testing and regular sampling inspections, to ensure that battery quality consistently meets our high standards. We carefully assess each potential supplier's qualifications and credentials, conduct on-site visits to prospective suppliers' facilities, and carry out relevant audits and quality process reviews, with the results jointly reviewed by our procurement, quality and technical teams before deciding whether to engage them.

We regularly evaluate the performance of our suppliers, focusing on criteria such as delivery capabilities, pricing and product quality, service levels and their compliance with our policies and requirements.

Arrangement with our Suppliers

We typically enter into supply framework agreements with major suppliers of raw materials, with the price, quantity and specifications of the raw materials specified in individual purchase orders. The major terms of the framework agreements we enter into with our suppliers generally include the following:

Purchase order	We generally place purchase orders with suppliers in writing, specifying the type, specification, unit price, quantity and delivery schedule.
Price	Pricing is determined by the applicable purchase order, with suppliers generally committed to competitive rates and terms.
Inspection and product returns	We generally conduct sample inspections within five days of receipt. Batches failing inspection are subject to full scrutiny. Non-conforming goods may be returned at the supplier's expense.
Payment and credit terms	Payment is generally due within 30 to 100 days of receiving a valid invoice, following acceptance of goods. A small advance payment may be required in certain cases.
Confidentiality	These agreements usually have strict confidentiality provisions.

Top Five Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB689.7 million, RMB221.4 million and RMB947.2 million, accounting for 76.3%, 47.0% and 48.4% of our total purchases in the respective periods. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB333.2 million, RMB103.1 million and RMB316.0 million, accounting for 36.9%, 21.9% and 16.1% of our total purchases in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

The tables below set forth certain information of our top five suppliers during the Track Record Period.

For the year ended December 31, 2025

	Supplier	Transaction amount	Percentage of total purchase	Year of Commencement of business Relationship	Credit Term	Major products sold to us
		(in RMB thousands)	*%*			
1	Supplier A[(1)]	316,026.9	16.1	2022	Installment payment according to the contract	Battery cell
2	Supplier B[(2)]	193,857.0	9.9	2023	Installment payment according to the contract	Battery cell
3	Supplier C[(3)]	165,882.1	8.5	2025	Installment payment according to the contract	Battery cell
4	Supplier D[(4)]	156,368.0	8.0	2024	Installment payment according to the contract	Battery cell
5	Supplier E[(5)]	115,062.8	5.9	2022	Installment payment according to the contract	Battery cell

Notes:

(1) Supplier A is a company specializing in the research, development, and manufacturing of batteries and energy storage solutions, headquartered in Jiangsu, China.

(2) Supplier B is a company engaged in the manufacturing and supply of rechargeable batteries, solar photovoltaic products, energy storage systems and other new energy technologies, headquartered in Shenzhen, China. It is listed on the HKSE and Shenzhen Stock Exchange.

(3) Supplier C is a company specializing in the development and manufacturing of power batteries for new energy vehicles and energy storage applications, headquartered in Anhui, China.

(4) Supplier D is a company specializing in the research, development, and manufacturing of power batteries for electric vehicles and energy storage systems, headquartered in Shanghai, China.

(5) Supplier E is a company specializing in the research, development, and manufacturing of lithium batteries for consumer electronics and energy storage applications headquartered in Guangdong, China. It is listed on the Shenzhen Stock Exchange.

For the year ended December 31, 2024

	Supplier	**Transaction amount**	**Percentage of total purchase**	**Year of Commencement of business relationship**	**Credit Term**	**Major products sold to us**
		(in RMB thousands)	*%*			
1	Supplier B	103,138.3	21.9	2023	Installment payment according to the contract	Battery cell
2	Supplier D	35,881.9	7.6	2024	Installment payment according to the contract	Battery cell
3	Supplier F[(1)]	30,283.9	6.4	2022	Installment payment according to the contract	Battery cell
4	Supplier G[(2)]	26,612.7	5.6	2022	90 days against monthly clearing	Structural part
5	Supplier H[(3)]	25,448.8	5.4	2023	Installment payment according to the contract	Battery cell

Notes:

(1) Supplier F is a company specializing in the research, development, and manufacturing of energy storage systems and lithium battery solutions, headquartered in Guangdong, China. It is listed on the Shenzhen Stock Exchange.

(2) Supplier G is a company specializing in the research, development and manufacturing of sheet metal parts and electronic components, headquartered in Jiangsu, China.

(3) Supplier H is a company specializing in the research, development, and manufacturing of power batteries and energy storage solutions for electric vehicles and other applications, headquartered in Jiangsu, China. It is listed on the HKSE.

For the year ended December 31, 2023

	Supplier	Transaction amount	Percentage of total purchase	Year of Commencement of business relationship	Credit Term	Major products sold to us
		(in RMB thousands)	*%*			
1	Supplier A	333,151.2	36.9	2022	Installment payment according to the contract	Battery cell
2	Supplier I(1)	115,015.8	12.7	2022	Installment payment according to the contract	Battery cell
3	Supplier J(2)	102,346.6	11.3	2022	90 days against monthly clearing	BMS
4	Supplier K(3)	73,145.5	8.1	2022	Installment payment according to the contract	Battery cell
5	Supplier E	66,021.7	7.3	2022	Installment payment according to the contract	Battery cell

Notes:

(1) Supplier I is a company specializing in the research, development and manufacturing of power batteries for electric vehicles and energy storage systems, headquartered in Hunan, China.

(2) Supplier J is a company specializing in the research, development, and manufacturing of lithium batteries and related materials, headquartered in Jiangsu, China. One of our [REDACTED] investors holds approximately 41.6% equity interest in supplier J.

(3) Supplier K is a company headquartered in Fujian, China, specializing in the research, development, and manufacturing of lithium batteries for consumer electronics and energy storage applications. Its parent company is listed on the HKSE and Shenzhen Stock Exchange.

Concentration of Our Suppliers

Our purchases from suppliers were relatively concentrated during the Track Record Period, with our top five suppliers accounting for 76.3%, 47.0% and 48.4% of our total purchases in 2023, 2024 and 2025, respectively. We believe this concentration does not indicate undue reliance on our suppliers. Battery cells are a critical raw material for our ESS products, and we source them only from selected, industry-recognized suppliers that meet our stringent standards for quality, safety, consistency and long-term performance. Given the importance of battery cell quality to the reliability and safety of our products, we maintain a disciplined supplier qualification process and generally do not diversify procurement beyond suppliers that have satisfied our technical and commercial requirements. According to Frost & Sullivan, it is common in the ESS industry for manufacturers to rely on a relatively concentrated group of qualified battery cell suppliers. Our relationships with key battery cell suppliers are also mutually beneficial, as our growing procurement volumes and long-term cooperation provide them with a stable customer relationship and a recurring source of revenue.

The relatively high concentration in 2023 was primarily attributable to the early stage of our business development. As our business expanded and procurement volume increased, our supplier base broadened, which reduced the degree of concentration in 2024 and 2025. We believe our supplier concentration is consistent with the characteristics of our industry and our procurement strategy, and that the likelihood of any material adverse change in the near term is low.

Overlapping Customers and Suppliers

During the Track Record Period, certain of our top five distributors were also our suppliers, and certain of our top five suppliers were also our customers, details of which are explained below.

During the Track Record Period, Supplier D, one of our five largest suppliers in 2024 and 2025, was also our customer in 2024. We sold a small quantity of products to Supplier D for testing purposes, and sales of those products represented less than 0.01% of our revenue for that year.

Supplier J, one of our five largest suppliers in 2023, was also a customer of ours in the same year. We sold a small quantity of products to Supplier J for testing purposes, with the relevant sales accounting for less than 0.01% of our total revenue for that year.

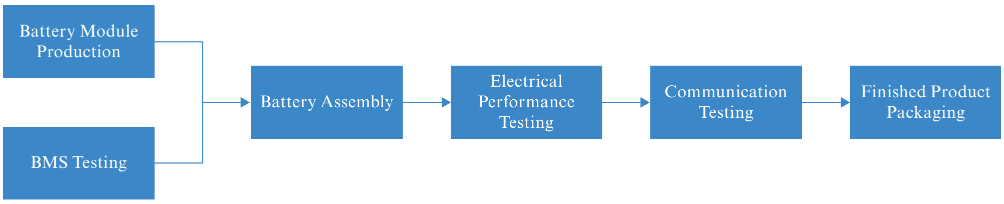
Customer G, one of our five largest customers in 2023 and 2024, was also our supplier in 2024. Our purchases from Customer G amounted to RMB7.6 million in 2024. Certain of our products experienced stronger demand in Europe, while market demand for those same products in South Africa was relatively limited. We therefore repurchased from Customer G certain products that we had previously sold to it.

Our sales to and purchases from Supplier D, Supplier J and Customer G were conducted in the ordinary course of business and on normal commercial terms on an arm's length basis.

PRODUCTION

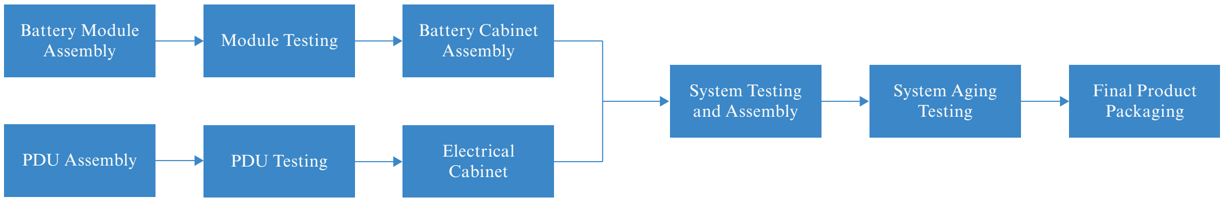
Production Process

ESS Battery



- *Battery Module Production*: We produce battery modules using battery cells sourced from our suppliers, which are then configured in series based on different product requirements.
- *BMS Testing*: Our proprietary BMS undergoes 100% testing prior to deployment to ensure its reliability and operational integrity.
- *Battery Assembly:* Core components such as modules, protection boards, and casings are integrated through a series of processes to form a safe and reliable battery product.
- *Electrical Performance Testing:* Each product undergoes safety compliance testing, aging tests, individual battery cell voltage testing, and differential voltage confirmation.
- *Communication Testing:* Product communication testing, WiFi module information testing, and version information testing are performed to ensure normal product communication.
- *Finished Product Packaging:* Each product undergoes automated packaging and protective film wrapping, with accessory selection customized to client specifications.

All-in-one ESS*



**Note:* Using DH800Y as an example

- *Battery Module Assembly:* Battery cells are assembled into a battery module through series and parallel configurations. This process generally includes cell welding or connection, as well as the installation of BMS sampling harnesses.

- *Module Testing:* The assembled battery modules undergo functional and safety testing, which generally includes BMS communication testing and insulation withstand voltage testing.

- *Battery Cabinet Assembly:* Multiple battery packs are installed and secured within a battery cabinet framework, with necessary wiring connections completed to form an integrated battery system.

- *PDU Assembly:* Key components, including BMS, fuses, circuit breakers, contactors, busbars, and PCS, are assembled into a power distribution unit module.

- *PDU Testing:* The PDU modules are subject to functional and safety testing, which generally includes on/off functionality, insulation withstand voltage testing, and signal acquisition verification.

- *Electrical Cabinet Assembly:* The PDU and liquid cooling unit are integrated into an electrical cabinet.

- *System Testing and Assembly:* The assembled battery cabinets and electrical cabinets are connected to form a complete system, which then undergoes overall functional and safety testing.

- *System Aging:* The integrated system is typically subjected to continuous charge and discharge cycling tests to evaluate key parameters, including component temperatures, battery performance, and overall system performance.

- *Final Product Packaging:* Upon successful completion of testing and aging processes, the system is cleaned, packed, and prepared as a finished product.

Production Facilities

We manufacture our ESS products in our production facilities in Suzhou, Jiangsu, Taizhou, Jiangsu and Zhuhai, Guangdong, PRC. Our production lines are designed to be compatible with the production of different ESS products. The following table sets forth certain information regarding our production centers as of December 31, 2025.

Production center	Primary products	Year of establishment	Total gross floor area
			(m^2)
Suzhou, Jiangsu, PRC (Phase II)	C&I ESS, Residential ESS	2025	33,750
Suzhou, Jiangsu, PRC (Phase I)	Inverters, Residential ESS	2023	5,429
Taizhou, Jiangsu, PRC	Residential ESS	2020	25,082
Zhuhai, Guangdong, PRC*	C&I ESS	2023	20,725

Note:

* The production center in Zhuhai was acquired on December 30, 2025

Set forth below are photos of our production centers.

	Year ended December 31,					
	2023		2024		2025	
Production Center	**Capacity[1]**	**Utilization[2]**	**Capacity**	**Utilization**	**Capacity**	**Utilization**
	(GWh)	*%*	*(GWh)*	*%*	*(GWh)*	*%*
Taizhou, Jiangsu, PRC	1.0	90.8	1.2	60.3	2.9	84.3
Suzhou, Jiangsu, PRC[3]	—	—	0.0	5.7	0.2	76.1
Total[4]	**1.0**	**90.8**	**1.2**	**58.5**	**3.1**	**83.7**

Notes:

(1) Production capacity is calculated based on the following assumptions: (i) all our production lines and equipment operating in their full capacity, (ii) automated production lines are staffed with on-line operators, running 10 hours a shift, 2 shifts a day and 312 days a year, and (iii) testing equipment is operated by off-line monitoring personnel, running 12 hours per shift, two shifts per day and 312 days per year.

(2) Utilization rate is calculated by dividing the actual number of units produced in the period by the production capacity of the period.

(3) The production center in Suzhou had no large-scale production capability in 2024 and was used exclusively for R&D and testing purposes. In 2025, a new production line was introduced at the production center.

(4) The production center in Zhuhai was acquired on December 30, 2025 and is therefore not included.

Excluding our Zhuhai Production Center, our designed annual production capacity reached 3 GWh as of December 31, 2025. The above table sets forth the production capacity and utilization rate for our main product categories for the periods indicated.

In addition to our in-house manufacturing operations, we engage a limited number of third-party contract manufacturers to produce selected products in order to meet peak demand efficiently for certain residential low-voltage ESS batteries and C&I ESS batteries. In selecting contract manufacturers, we generally supply key raw materials, such as LFP battery cells, insulation and thermal interface materials copper, aluminum and other metal-related products, BMS components and related electronic components, which apply rigorous evaluation criteria encompassing manufacturing scale and capacity utilization, technical and process capability, product quality and consistency, track record of on-time delivery, compliance with applicable safety and industry standards, and cost competitiveness. Our arrangements with these third-party contract manufacturers are typically governed by framework agreements and purchase orders.

At the same time, we engage a limited number of third-party ODM partners to support the production of certain to-C residential ESS products, with revenue attributable to such arrangements accounting for less than 1% of our total revenue during the Track Record Period. We use these ODM arrangements primarily to supplement our product offering for specific customer or market requirements and achieve lower unit production costs. We select ODM partners based on factors including their product development and manufacturing capabilities, quality control standards, delivery performance, industry reputation and pricing competitiveness. Our arrangements with these ODM partners are typically documented under framework agreements or purchase orders, which set out the relevant product specifications, quality requirements, delivery schedules and pricing. We generally supply the raw materials to the ODM partners in accordance with agreed technical and quality standards, while the ODM partners are responsible for manufacturing the products in compliance with our product and quality requirements.

Production Planning

We typically plan our production on a monthly basis, taking into account actual orders received, customers' demand forecasts, anticipated market trends, inventory levels, export logistics, and our production cycles and estimated production lead times. We continuously review our production plans and utilization rates, update our production plans on a monthly basis and implement them on a monthly basis, pursuant to the utilization rate of our factories in the preceding week and the rolling forecasts of customer orders, expected utilization rates and changes in inventory levels. We also strategically plan our production in advance to prepare for increases in customer orders.

Equipment and Machinery

Major equipment and machinery used in our production processes include automated assembly lines with laser welding for residential ESS and C&I ESS battery modules, low-voltage burn-in test chambers, high-voltage burn-in test chambers, and BMS tester. We generally purchase the equipment from industry leading suppliers. We work with and require our suppliers to provide equipment that meet our requirements and quality standards. We regularly inspect and maintain the material equipment and machinery used in our production processes and replace worn consumable parts and components. Our major production equipment and machinery have an estimated average useful life of ten years.

Inventory Management

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. Our inventory management department conducts a monthly check and makes any necessary adjustments to our production plan and to determine whether corresponding changes are required to our procurement plan and raw material call-off plan. We generally maintain raw material inventory sufficient to support approximately one week of production activities. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence and employ our warehousing system to track and manage our inventory aging status. Our inventory management strategy also applies to our ODM partners. In most cases, raw materials are supplied directly by us, and production plans are scheduled by our planning department.

As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB812.5 million, RMB511.1 million and RMB781.1 million. Our inventory turnover days in 2023, 2024 and 2025 are 334 days, 271 days and 120 days.

Logistics

Our products are usually stored in our own warehouses located in our production centers before they are delivered to our customers. We primarily use third-party logistics service providers for the delivery of finished goods from our production centers and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on an annual basis.

WARRANTY, PRODUCT RETURN AND AFTER SALES SERVICES

Subject to product type, applicable local laws and regulations and market practice in the jurisdictions in which we operate, we provide a five- to ten-year warranty for our residential ESS and C&I ESS products. For certain products, customers may purchase extended warranty coverage for an additional fee. According to F&S, it is in line with prevailing industry practice. Our warranties cover product or parts replacement, repairs, calibration and other services. We make provisions for warranties based on our best estimate of the expected claims. See "Appendix I — Accountants' Report" for details. As of December 31, 2023, 2024 and 2025, we recorded provisions of RMB20.4 million, RMB26.3 million and RMB55.9 million, respectively.

We have devised a standard operation procedure for customer service. We collect and record customer feedback and complaints from different channels and make timely responses in order to achieve customer satisfaction. These procedures include:

- *Service standardization*: Our after-sales services are led by our in-house after-sales team and delivered in conjunction with a network of distributors, installers and local service providers. We have established standardized service processes and training programs to ensure consistency of service quality across different markets. We also apply performance management to our service providers and regional after-sales teams to maintain service response times and customer experience standards.

- *Spare parts network*: We have deployed spare parts warehouses across major markets, to enable rapid local fulfillment and shorten customer service times.

- *Digitalized after-sales management*: Following installation, users can register their warranty and monitor product performance in real time through our app. We have developed a proprietary digital after-sales service system through which customers can submit queries or requests. The system centralizes incoming requests and automatically assigns them for handling, improving response efficiency and customer experience. Beyond managing service requests, the system continuously collects device operational data, fault records and user feedback, which we analyze to generate quality improvement insights that feed directly into our product R&D and manufacturing processes, helping us improve product reliability and performance over time. The system also identifies recurring failure patterns and uses them to build a dynamically updated fault case library, giving end users a practical reference for self-troubleshooting and providing our after-sales personnel with better diagnostic support.

We accept returns of our products for defects. We have not received any requests for returns during the Track Record Period which individually or in aggregate had a material adverse effect on our business and financial condition. In addition, during the Track Record Period, we had not experienced any product recall that adversely impacted on our reputation, business operations or financial condition.

QUALITY CONTROL

We believe that product quality is the cornerstone of our business operations and sustainable growth. We are committed to delivering products that meet the highest industry standards and exceed customer expectations. Our comprehensive quality control and quality assurance systems are integrated into our R&D and every stage of our production process, ensuring consistent and reliable production and delivery of high-quality products through structured reviews, prototype testing, customer validation and pilot production controls. In particular, we source battery cells only from industry-recognized producers with stringent qualification standards. Our battery cell suppliers are subject to a rigorous and lengthy validation process to assess quality and safety of their products before they are approved for use in our products.

We have established an ISO9001-certified quality management system. We conduct regular internal audits and management reviews of our quality control systems to promptly identify and address potential issues, ensuring continuous improvement and refinement of our quality control systems. In addition, our products have obtained certifications from recognized testing and certification bodies, including TÜV, CQC and CSA, further demonstrating the quality and safety of our products.

To ensure product quality, we have a quality control department dedicated to implementing quality control measures throughout the entire production cycle, including raw material inspection, in-process quality control and final product inspection.

Our quality control procedures and processes cover our entire production process to ensure that our product quality meets the expectations and imposes requirements after each critical process. Yield rate is the critical indicator we monitor during each of our critical production processes.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we conducted certain transactions between our Group entities in the ordinary course of our business.

Sales of Finished Goods

To facilitate our sales globally and expand our market reach, two of our entities sold finished goods to eleven of our domestic entities and overseas subsidiaries for onward sale to external customers during the Track Record Period.

Our transfer pricing policy for the sale of finished goods requires that prices are determined through negotiation between the transacting parties. This negotiation takes into account various factors, including local market conditions, prices of competitive products and other relevant market dynamics, with the objective of allowing each entity to retain a reasonable profit margin.

Intra-group Allocation of Goods

To enhance operational and supply chain efficiency, we undertook intra-group allocations of goods during the Track Record Period, which included the allocation of production materials and finished products among three of our entities to ensure procurement timeliness and optimize production schedules. Allocations of finished goods also occurred between our overseas subsidiaries to manage inventory levels and effectively meet specific customer orders when local stock is unavailable. The pricing for these allocations is determined by mutual agreement, with reference to third-party market prices.

Procurement of Third-party Testing Products

To support product testing and evaluation needs, one of our overseas sales subsidiaries procured certain third-party products from the open market, undertook the related purchasing and export arrangements and sold such products to one of our domestic entities. These transactions were conducted on a pass-through basis, with transfer prices equal to the acquisition costs incurred by the originating entity, and no material margin was retained.

Based on the foregoing, the Directors are of the view that all the Group's intra-group transactions were consistent with the arm's length principle and our transfer pricing practice did not have any material non-compliance issues.

INTELLECTUAL PROPERTY

Our research and development efforts have produced 244 patents, 157 registered trademarks and 41 copyrights as of the Latest Practicable Date. See "Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property" for details.

Throughout our R&D process, we proactively advance our intellectual property portfolio through the filing of invention and utility model patents. These intellectual properties cover our production processes as well as the design of our products.

We rely on a combination of intellectual property protections laws and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights.

Our ESG department is primarily responsible for protecting our intellectual property. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual property and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to obtain, protect and enforce our intellectual property rights" for details.

During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties were the subject of, or to the best of the Directors' knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance

We are committed to integrating ESG considerations into our strategic planning and daily operations as part of our pursuit of sustainable long-term development. We have established an ESG governance structure, with our Board as the highest decision-making body for ESG affairs of the Group, including developing ESG strategic goals, reviewing and approving ESG policies, identifying and evaluating ESG risks and opportunities, establishing appropriate ESG and climate risk management mechanisms and internal monitoring systems and overseeing ESG performance. Following the [REDACTED], we plan to establish a dedicated ESG committee to further assist the board in its ESG decision-making.

At the management level, we have established an ESG working group whose responsibilities include developing ESG policies, coordinating ESG efforts across relevant departments and overseeing the implementation, assisting the board in identifying and assessing ESG risks and opportunities, tracking and evaluating ESG progress, performance and related risks on an ongoing basis and monitoring external regulatory developments relevant to ESG and the Group's compliance status.

ESG Risk Management

We place significant emphasis on ESG risk management. We require each department to identify environmental and social risks that may arise in its day-to-day activities and to implement appropriate mitigation measures. Our ESG risk assessment framework assesses each risk based primarily on the severity of its potential impact and the likelihood of its occurrence.

We have identified ESG-related risk factors across the environmental, social and governance dimensions and have implemented targeted mitigation measures to reduce the likelihood and impact of those risks.

Environmental Matters

Resource Utilization

We have established an energy conservation and emission reduction task force to coordinate and promote energy saving and consumption reduction work. One of our subsidiaries had obtained certification as a Green Factory of Jiangsu Province in December 2023.

The table below sets out our energy usage during the Reporting Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Purchased electricity	kWh	1,394,850.7	2,375,875.1	4,184,084.8
Petrol	Tons	59.4	63.8	76.1
Total energy consumption[(1)]	MWh	2,106.0	3,139.4	5,094.7
Comprehensive energy consumption per unit of product[(2)]	MWh/Annual Production (GWh)	2,368.4	4,470.8	1,957.2

Note:

1. Total energy consumption: calculated with reference to the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2020) issued by the State Administration for Market Regulation and the Standardization Administration of China.

2. The variance of comprehensive energy consumption per unit of product and GHG emissions per unit of product is as follows: (1) the increase in 2024, as compared to that of 2023, was due to the upgrading of high-power, high integration, and long cycle energy storage systems, resulting in longer time required for testing, aging, verification, and other process and thus more energy consumption; (2) the decrease in 2025, as compared to that of 2024 was due to the improved utilization rate of production capacity, as a result of fast business expansion.

We implement quota controls for electricity and water consumption, conduct regular inspections of the pipe network, and carry out early warnings and rectification for excessive consumption. We have also introduced self-developed and self-produced energy storage systems into our own operations, regulating charging and discharging strategies to reduce peak electricity demand. The table below sets out our water usage during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Total water consumption	Ton(s)	6,963.0	33,991.0	53,581.0
Total water consumption intensity	tons/annual production (MWh)	7.8	48.4	20.6

During the Track Record Period, no hazardous waste was generated in our production and operation processes. The non-hazardous waste generated mainly consisted of general industrial solid waste such as centralized boxes, foam and pallets. Non-hazardous waste is collected centrally, sorted, and managed in a unified manner before being periodically transferred to licensed recycling facilities for disposal. We standardize material requisition and packaging management in our daily operations to minimize waste generation.

During the Track Record Period, our production process did not generate waste gas or production wastewater, while production noise was generated by equipment operations. We have adopted structural isolation measures for noise reduction, including architectural acoustic insulation and spatial isolation, to ensure that noise at the plant boundary complies with regulatory requirements. The waste gas generated at our Zhuhai factory, consisting primarily of particulate matter and non-methane total hydrocarbons, is treated by a dust removal system and discharged through standardized exhaust stacks in compliance with applicable regulations.

Climate Change

We closely monitor the risks brought by climate change, comprising transition risks arising from the transition to a low-carbon economy and physical risks arising from extreme weather events. We have integrated climate risk management into our overall corporate risk management mechanism, forming a closed-loop system comprising risk identification, risk assessment, risk response, monitoring and reporting, and audit and improvement. For physical risks, we focus on operational continuity at our manufacturing bases and have implemented emergency response protocols for extreme weather events. For transition risks, we monitor policy and regulatory developments, including the PRC's dual carbon targets and assess their implications for our energy procurement, product requirements and supply chain.

The table below sets out our greenhouse gas emissions during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Direct GHG emissions (Scope 1)[(1)]	tCO_2e	178.4	191.6	228.5
Indirect GHG emissions (Scope 2)[(2)]	tCO_2e	740.1	1,260.6	2,220.1
Total GHG emissions (Scope 1 and Scope 2)	tCO_2e	918.5	1,452.2	2,448.5
Total GHG emissions (Scope 1 and Scope 2) intensity	tCO_2e/annual production (MWh)	1.0	2.1	0.9

Notes:

(1) Direct GHG emissions (Scope 1): petrol consumption multiplied by the corresponding emission factors referenced from the China Energy Statistical Yearbook and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

(2) Indirect GHG emissions (Scope 2): purchased electricity consumption multiplied by corresponding emission factors referenced from the Announcement on the Publication of 2023 Electricity Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment and Bureau of Statistics.

Social Responsibilities and Corporate Governance

Employment Management

Our Employee Handbook sets out our employment management policies and is supplemented by regular training sessions to ensure staff understanding and compliance. We recruit through a range of channels and conduct identity verification as part of our onboarding process. The employment of minors under the age of 16 is strictly prohibited. We maintain several employee feedback mechanisms, including monthly check-in interviews with new hires during their first six months of employment, an online suggestion channel and direct complaint channels to line manager or HR. We provide employees with benefits including medical examinations, holiday gifts and team-building activities to enhance well-being.

We have established a comprehensive training system governed by our Training Management System and the Management Measures for On-the-job Training of Front-line Staff. Training covers corporate culture, new employee orientation, production safety, professional techniques and general skills, delivered through combined online and offline methods, as well as external training seminars and lectures, to all employees.

Product Responsibility and Customer Complaint Management

We maintain a standardized, traceable quality and service system covering the full lifecycle of energy storage products, encompassing multi-stage quality assurance (incoming materials, process control, shipment checks, traceability and corrective actions). Customer complaints are handled through unified channels, such as hotline, email, app portal and on-site support, under a standardized process with defined timelines, supported by monthly review and improvement.

Supply Chain Management

Supply chain management is governed by our Procurement Management Procedures, Supplier Management Procedures and Framework Agreement for Procurement of Raw Materials. We apply tiered supplier management, conduct monthly and annual assessments and joint audits with stricter controls for high-risk suppliers. Environmental requirements, including regulatory compliance checks, hazardous substance standards, and the use of eco-friendly materials, are incorporated at every stage.

Integrity and Anti-Corruption

Integrity and anti-corruption obligations are enforced through various regulatory documents. Suppliers sign integrity agreements, procurement is fully monitored, violations result in penalties or blacklisting, and whistleblowing channels are in place.

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. They support the standardized and consistent execution of our operating processes, provide digital tools to support management and decision-making, improve operating efficiency and help safeguard data and information security. Our key information technology systems are set forth below:

- Customer Relationship Management ("**CRM**") system. Our CRM system standardizes the way we manage customer information and execute sales processes. It helps our sales teams track leads and opportunities more effectively, respond to customers more quickly and support compliant sales practices while improving market development efficiency. It also includes encryption and other safeguards to protect customer data.

- Enterprise Resource Planning ("**ERP**") system. Our ERP system serves as a collaboration platform that standardizes cross-functional processes and data and supports seamless coordination among key functions, including R&D, production and finance. It consolidates operating data in real time to support timely management decision-making. It also includes tiered access controls designed to protect the security and confidentiality of key operating data while enabling efficient collaboration.

- Supplier Relationship Management ("**SRM**") system. Our SRM system standardizes supplier onboarding, procurement execution and supplier performance management. It improves efficiency through demand forecasting, inventory management and information sharing with suppliers, which can help reduce supply chain costs while supporting timely material supply and balancing process discipline with operational flexibility.

- Manufacturing Execution System ("**MES**"). Our MES standardizes workflows for production, equipment maintenance and quality inspection and supports standardized control across key stages of manufacturing. By collecting production data in real time, it optimizes production scheduling, manages quality risks and supports manufacturing in compliance with applicable requirements while improving operating efficiency.

- Warehouse Management System ("**WMS**"). Our WMS standardizes the warehousing processes, including goods receipt, dispatch, inventory counting and bin management, enabling precise and coordinated management of materials and finished goods. The system connects with our ERP to receive inbound and outbound instructions and drives on-site execution through mobile terminals, giving our warehouse team real-time visibility into inventory status and enabling them to optimize bin allocation and picking routes. It also enhances quality control through batch tracking and traceability functions, reducing inventory loss and the risk of mis-shipment.

- Product Lifecycle Management ("**PLM**") system. Our PLM system standardizes our R&D processes and the management of technical deliverables. It maintains product and bill of materials master data and includes a preferred component library designed to support materials standardization and improve efficiency across both R&D and supply chain operations. It also includes safeguards designed to protect key technical data and reduce the risk of intellectual property leakage.

- Integrated digital after-sales system. Our integrated digital after-sales system digitalizes and standardizes the after-sales process, covering customer fault reporting, work order dispatching, repair progress tracking, spare parts management and service quality feedback. This system enables our in-house after-sales team to receive and process customer requests more efficiently, track work order status in real time and reduce average response times. It also accumulates historical service data that informs process improvements and product development. With built-in support for remote diagnostics, knowledge base sharing and mobile operations, it empowers frontline technicians to diagnose and resolve issues quickly, improving first-time fix rates across our global service network.

- HR system. Our HR system standardizes key HR processes, including recruitment, compensation and performance management, to support fair and compliant human resources practices. It automates routine administrative tasks to reduce manual processing and improves the accuracy and completeness of HR data.

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

DATA PRIVACY AND CYBERSECURITY

We collect and store business, operational and transaction data generated in the course of, or in connection with, our business operations, including data relating to our transactions with customers, suppliers and other counterparties, as well as data relating to equipment. For devices that operate without being connected to our systems, any operating data on such devices is stored locally and managed solely by the user and is not accessible to us. Where a user chooses to connect a device to our systems and grants explicit authorization, we collect the operating data necessary to deliver core services, with the specific data collected varying by device type. Personal data of customers, including email addresses, which are the only mandatory information we collect, as well as any additional information customers voluntarily provide, is stored in regional cloud service data centers. For further details on potential regulatory risks associated with data security and cybersecurity, see "Risk Factors — Risks Relating to Our Industry and Business — Failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities."

To ensure the confidentiality and integrity of our data, we pay close attention to compliance with all applicable data security laws, including the European GDPR. We believe we maintain stringent data security and compliance policies that set out, among other things, procedures for the establishment and management of our data security systems, the responsible personnel, the classification of information and information security and access controls. We protect the data rights of our customers, including rights of access, rectification, objection, restriction of processing and erasure.

We have implemented a data compliance and security framework that combines internal governance and procedures with technical controls. Our information systems have obtained China's Multi-Level Protection Scheme (MLPS) Level 2 certification. We have implemented security controls such as firewalls and data backup measures, and we carry out regular vulnerability scanning and remediation to enhance our network defenses. We also maintain end-to-end data access management, supported by tiered access controls, encryption and log monitoring, and we have established incident response plans to enable prompt handling of cybersecurity and data security incidents. In addition, we provide ongoing data security training for employees, including as part of onboarding, to ensure they understand our data security policies and their responsibilities in terms of data protection.

Our IT and Process Department is responsible for developing and implementing our policies and procedures relating to cybersecurity and data security. As advised by our PRC Legal Advisors, during the Track Record Period, we had complied with applicable laws and regulations related to cybersecurity and data protection in all material aspects.

PROPERTIES

As of December 31, 2025, we operated our business through ten leased properties in China and five leased properties overseas. We primarily use these leased properties as production and research facilities, office premises, warehouses and employee residences.

As of the Latest Practicable Date, leasing agreements of one lease property had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. As advised by our PRC Legal Advisor, according to the PRC Civil Code, failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements. However, the relevant PRC authorities may impose a maximum fine of RMB10,000 for each unregistered lease, if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities. The aggregate amount of the maximum fine would be approximately RMB10,000, which our Directors believe will not have any material adverse impact on our business operations.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

EMPLOYEES

We believe that our long-term growth depends on the expertise, experience and development of our employees. As of December 31, 2025, we had a diverse workforce of 938 full-time employees, including 50 foreign nationals from over 20 countries, with 66 employees based overseas. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	**As of December 31, 2025**	
	Number	*%*
Production and Quality Control	417	44.5
Sales and Marketing	223	23.8
R&D	166	17.7
Finance and Administrative	63	6.7
Supply Chain Management	69	7.4
Total	**938**	**100.0**

We enter into individual employment contracts or services agreements with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined with reference to their job positions, technical skills, job performance and competition. We have various employee training programs that aim to enhance our employees' technical skills and innovation capability.

Some of our employees are represented by a union or collective bargaining agreements. Our Directors consider that our Group has maintained a good relationship with our employees. During the Track Record Period, there was no material dispute between our Group and our employees, and we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

During the Track Record Period, we made social insurance and housing provident fund contributions for our employees in accordance with PRC laws and regulations and local practices. During the Track Record Period, we had certain shortfalls in our statutory contributions in the PRC. For reasons therefor and the laws and regulations related thereto, see "Risk Factors — Risks Relating to Our Industry and Business — Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions" for details. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty on us with respect to this non-compliance incident. As of the Latest Practicable Date, we were not aware of any material arbitration or material litigation filed by any of our employees regarding our social security insurance and housing provident fund policy. Our PRC Legal Adviser is of the view that, on the premise that there are no material changes in the current relevant policies and regulations regarding social insurance and housing provident funds and the enforcement and supervision requirements of local governments, and that no mass complaints or reports occur or relevant litigation or arbitration is initiated by employees, the risk that the Company and its relevant PRC subsidiaries will be centrally required by the competent social insurance and housing provident fund authorities to make up for the contributions and be subject to material administrative penalties due to the aforementioned non-compliance during the Track Record Period is remote.

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors, which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

COMPETITION

According to Frost & Sullivan, the ESS market is highly competitive. To maintain and grow our business, we must continue to meet our customers' requirements and deliver differentiated, high-performance products that meet their evolving needs. We believe our global footprint, differentiated product portfolio and ability to adapt products to local market requirements position us well to compete effectively in this market. See "Industry Overview" for details relating to our competitive landscape.

LICENSES, PERMITS AND APPROVALS

We are required to obtain or maintain various licenses, permits and approvals in order to operate our business. We believe we have all material licenses, permits and approvals necessary in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

INSURANCE

We maintain product liability insurance, property insurance covering our machinery, equipment and inventories and export credit insurance for our trade receivables. In addition, we have purchased global cargo insurance and overseas warehouse property insurance to cover risks arising during transportation and other potential logistics-related issues. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to Our Industry and Business — Our insurance might be insufficient to cover full business risks, which could negatively impact our financial condition and results of operations" for details.

During the Track Record Period, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See "Risk Factors" for a discussion of these risks.

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented or will adopt upon [REDACTED] a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems.

In January 2026, we engaged an independent consulting firm to perform a review over our internal control. The key areas of inspection include corporate level governance, financial reporting and disclosure, sales, accounts receivable and collection management, procurement and payable management, production, cost, and inventory management, research and intangible asset management, human resources and remuneration management, fixed asset management, fund management, insurance management, investment management, budget management, related transaction management, tax management, contract and seal management, and information system control.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refers to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a provider of distributed ESS products. We offer a comprehensive portfolio of residential and C&I ESS products serving a broad customer base across different markets and energy environments.

In 2023, 2024 and 2025, our revenue amounted to RMB722.9 million, RMB733.6 million and RMB2,525.5 million, respectively. We recorded losses for the year of RMB182.3 million and RMB377.7 million for 2023 and 2024, respectively, and profit for the year of RMB125.3 million for 2025.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our historical financial condition and results of operations have been affected by a number of important factors, which we believe will continue to affect our financial condition and results of operations in the future. Our results are primarily affected by the following factors:

Customer Demand and End-Market Dynamics

Our business is closely tied to demand for ESS products across our key end markets, namely the residential and C&I sectors. Our revenue growth, capacity utilization and profitability are therefore significantly influenced by demand fluctuations and market developments and trends in these end markets.

Residential ESS. Demand for residential ESS is generally influenced by the economics of self-consumption and backup power, grid stability, government subsidies and incentive programs supporting renewable energy and ESS deployment, household electricity tariffs, and the broader adoption of rooftop solar systems. For example, in Europe, which accounts for a significant portion of our revenue, demand is supported by favorable energy policies and high electricity prices that improve the economics of residential ESS. In South Africa, demand is primarily driven by the need for reliable backup power in response to frequent grid outages. Consumer awareness and the availability of financing solutions also affect the pace of adoption across these markets.

C&I ESS. Demand for C&I ESS is generally driven by energy cost management needs, peak load shaving, electricity price volatility, corporate carbon neutrality commitments and regulatory requirements relating to ESS deployment. Businesses are sensitive to broader macroeconomic conditions, and capital expenditure decisions by commercial and industrial customers are often influenced by business confidence, financing conditions and overall economic activity. The scale and complexity of C&I ESS projects vary significantly, ranging from smaller installations for individual commercial users to large-scale industrial deployments, which may cause our revenue and gross profit to fluctuate from period to period.

More broadly, any changes in these end markets, including industry cycles, policy shifts, changes in customer spending plans, timing of purchasing decisions and order execution, or faster-than-expected adoption of alternative technologies, could materially affect inventory levels held by us and our distributors and, in turn, our sales volumes, average selling prices, our product mix and results of operations.

In addition, differences in pricing and profitability across geographical markets have also affected our financial performance. These variations are driven by country-specific factors, including local demand conditions, competitive intensity, regulatory environments and differences in distribution channels and cost structures, such as logistics and shipping, local operating costs, tariffs and after-sales service requirements. As a result, certain markets generate higher margins, while others, particularly during periods of market adjustment or intensified competition, may record reduced profitability or even losses.

Fluctuations in Raw Material Cost

Raw materials constitute a significant portion of our cost of sales. In 2023, 2024 and 2025, our raw material costs accounted for 86.0%, 82.4% and 90.9% of our cost of sales, respectively, and LFP battery cells accounted for the majority of our raw material costs. The prices of LFP battery cells, which are closely tied to lithium carbonate prices, have historically experienced significant volatility due to changes in global supply and demand dynamics, capacity additions and inventory levels, and fluctuated significantly during the Track Record Period, which had a material impact on our average selling prices and profitability. See "— Our Gross Loss in 2024" for details. Our profitability has been, and may in the future be, affected if changes in raw material prices are not reflected in our selling prices in a timely manner or in full, due to competitive pricing pressure or the time lag between cost changes and selling price adjustments. The following table sets forth a sensitivity analysis showing the effect of changes in raw material prices on our gross profit.

	For the year ended December 31,		
	2023	2024	2025
	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)
	RMB	*RMB*	*RMB*
Change in cost of LFP battery cells			
+/– 40%	+/–139,298	+/–189,607	+/–437,902
+/– 50%	+/–174,122	+/–237,008	+/–547,377
+/– 75%	+/–261,183	+/–355,513	+/–821,066

To mitigate the impact of raw material price volatility and supply risks, we have adopted various measures, including optimizing our procurement planning and inventory management based on market trends and production schedules and incorporating price adjustment mechanisms in our contracts. We periodically review our product prices to make sure they are in line with the prevailing market prices, our production costs and market outlook. Certain of our distribution agreements also contain provisions that allow for pricing adjustments within a certain time period. See "Business — Sales and Marketing — Our Customers — Our Distributors" for details. However, if raw material prices experience significant or sustained fluctuations and we are unable to offset the impact through timely pricing adjustments, or if prolonged price movements influence overall market pricing, our gross profit margins and results of operations may be adversely affected. Our bargaining power with suppliers and customers, the competitive landscape and existing contractual arrangements may also impact our ability to manage this dynamic.

Product Mix and Our Ability to Expand Product Portfolio through R&D

Our revenue and profitability are significantly affected by the mix of products we sell. Our two main product lines, residential ESS and C&I ESS, carry different selling prices and margin profiles, as each has different cost structures and pricing dynamics. In general, larger-scale products that require more complex manufacturing processes, higher degrees of customization and system integration, or more extensive testing and certification generally command higher selling prices. Profitability is further influenced by technical specifications, competitive intensity, exposure to raw material prices and overall product positioning. As such, our C&I ESS business line generally recorded higher gross profit margins than residential ESS during the Track Record Period.

Also, our product mix evolves over time with market conditions, customer preferences and technological developments. As residential ESS remains a key revenue driver going forward, our ability to continue introducing new residential ESS products, maintain competitive pricing and optimize our product mix will directly affect our revenue and profitability. At the same time, we are actively expanding our offerings in C&I ESS and other ESS applications. As our C&I ESS business is at an earlier stage of commercialization, the pace at which we are able to scale our C&I ESS business will be an important factor affecting our overall profitability. As we continue to expand our customer base and broaden our product portfolio, shifts in product mix may lead to fluctuations in our overall gross profit margin and results of operations.

The ESS industry is characterized by continuous technological development, evolving customer and regulatory requirements and ongoing improvements in battery performance, system integration and cost-effectiveness. As market expectations continue to rise and competition intensifies, we must continuously enhance our R&D capabilities to develop safer, more efficient and more cost-competitive products. Our ability to meet these demands depends on our research, development and implementation of new technologies, product designs and production processes. We have invested, and expect to continue to invest, in R&D to strengthen our technological capabilities and broaden our product offerings. Going forward, we will focus our R&D on enhancing ESS intelligence, reliability and value through next-generation BMS, advanced power electronics and AI-driven optimization. In 2023, 2024 and 2025, we recorded R&D costs of RMB58.5 million, RMB81.6 million and RMB103.9 million, representing 8.1%, 11.1% and 4.1% of our total revenue for the respective periods. The timing and success of our R&D and commercialization activities can also affect our margins and cash flows, as the benefits of yield improvements, cycle time reductions and cost savings are typically realized over time.

Our Ability to Expand Distribution Network and Enter New Markets

As the majority of our sales are made through distributors, the quality and breadth of our distribution network is a key driver of our revenue growth. As of December 31, 2025, we work with an extensive network of more than 500 distributors spanning over 100 countries and regions, and we have established partnerships with leading distributors in major markets including Europe, Asia Pacific, the Americas, Africa and the Middle East. Our brand recognition and reputation for product quality, safety and reliability across these markets further support our ability to expand our distributor base. We continuously seek to deepen our collaborations with leading distributors in different markets, enhance brand visibility through localized sales and marketing efforts and develop tailored products that address the specific energy needs of different regions.

At the same time, we have been actively expanding into high-potential markets. As we enter new markets, we need to invest in building local service teams, establishing our brand presence and developing relationships with local distributors, which will also impact our pricing power and margin profiles in new markets.

Production Capacity Management

Our ability to capture market opportunities and support customer demand depends on how effectively we manage our production planning and activities. ESS production involves long lead times for planning, construction, equipment installation and qualification, and we therefore typically make capacity investment decisions ahead of actual market demand. To ensure timely fulfillment of customer orders, we may invest in new facilities, additional production lines and equipment upgrades in anticipation of projected demand. If the timing of our capacity expansion does not align with actual market demand, we may be unable to fully serve customers' needs due to capacity constraints or carry excess capacity during periods of underutilization.

We have significantly increased our production capacity and output during the Track Record Period to meet growing customer demand. In addition, we are planning to use approximately [REDACTED]% of our net [REDACTED] from the [REDACTED] to support our production capacity expansion and facility upgrades. See "Future Plans and Use of [REDACTED]" for details. If actual demand or customer orders fall short of our expectations, capacity that has been added in advance, or that we are planning to add in the future, may remain underutilized for a prolonged period, driving up per-unit fixed costs and weighing on our gross margins and overall profitability. The timing, scale and pace of our capacity expansion, together with the duration of any ramp-up and underutilization periods, may therefore cause fluctuations in our gross profit margin and results of operations.

We also seek to continuously improve manufacturing efficiency, delivery capabilities and capacity utilization through strengthening demand planning and supply chain management, advancing digital operations and leveraging our platform-based product R&D and smart manufacturing capabilities.

Foreign Exchange Fluctuations

Our reporting currency is RMB. However, a portion of our revenue is denominated in foreign currencies, primarily EUR, USD and AUD, given the substantial proportion of our sales in overseas markets. Certain of our subsidiaries also conduct transactions in foreign currencies and hold cash and cash equivalents and trade and other receivables denominated in foreign currencies, exposing us to foreign exchange rate risk. Fluctuations in EUR, USD and AUD against RMB may therefore affect both our revenue and profit margins when translated into RMB.

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates prevailing at the dates of the transactions. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. In 2023 and 2024, we recorded net foreign exchange losses of RMB0.2 million and RMB0.7 million, respectively; in 2025, we recorded net foreign exchange gain of RMB59.3 million. See Note 30(d) to "Appendix I — Accountants' Report" for details regarding our exposure to currency risk.

OUR GROSS LOSS IN 2024

Background

According to Frost & Sullivan, in 2022 and early 2023, demand for residential ESS products grew rapidly across our key markets, particularly in Europe, driven in large part by heightened energy price volatility following the Russia-Ukraine war. This demand surge occurred amid global supply chain uncertainties during the COVID-19 pandemic. In this environment characterized by logistical disruptions and long lead times, we received a significant volume of optimistic forecasts from our distributors. In response to this pent-up demand, we purchased battery cells at a time when lithium carbonate prices were at historically high levels in 2022 and 2023 and manufactured 284,012 units of residential ESS batteries (the "**Legacy Inventory**") between 2022 and 2025 using battery cells purchased at high prices. Subsequently, the actual purchase orders we received from distributors were substantially lower than their earlier forecasts, as the industry-wide optimistic sales forecasts from Europe created an oversupply of ESS products at that time.

The nature of our supply chain and production activities involves a significant lead time, typically around 90 to 100 days, from our initial production planning based on forecasts from customers to the final sales and delivery of products to the end customers, a period that accounts for procurement, manufacturing and international shipping. In addition to the lower-than-expected orders we received, market demand had changed further due to shifts in supply and demand dynamics by the time these products reached our distributors. At the same time, from 2023 onwards, a sharp decline in lithium carbonate prices led to a material drop in the market price of LFP battery cells of approximately 40% to 50% year-on-year in each of 2023 and 2024. The stabilization of European energy prices also exerted significant downward pressure on the market price of residential ESS products. As a result, in the European market, the high-cost Legacy Inventory we produced could only be liquidated at significantly reduced prices.

Given the mutually beneficial relationship between us and our distributors and our goal to maintain our market share and long-term relationships with our distributors, we decided to provide certain price concessions to them to support their business despite the fact that we were under no contractual obligations to do so. These price concessions did not involve any cash refunds and were generally applied as credits against future purchases by the relevant distributors. The corresponding amount is deducted from our revenue for the year when the price concession was made. Furthermore, under our accounting policies, inventories are measured at the lower of cost and net realizable value (NRV), which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We write down the value of inventory when the cost of inventory is higher than its estimated NRV and recorded corresponding amount as provision for inventory write-down. Accordingly, any price concession or reduction in the selling price of our products can result in the NRV of our unsold products falling below their production costs, which in turn will result in an inventory write-down, which is accounted for as our cost of sales.

Financial Impact

The combination of these adverse market conditions and the subsequent arrangement relating to the Legacy Inventory had a direct and material financial impact on our results of operations, as follows:

2023

- We sold 113,722 units of the Legacy Inventory, at either a lower price or at a price that led to subsequent price concession to our distributors. The sales of these units resulted in (i) a revenue reduction of RMB50.5 million, (ii) a gross profit of RMB58.5 million (after taking into account the revenue reduction but before the inventory write-down), and (iii) an inventory write-down of RMB47.0 million in connection with the 153,002 unsold units.
- Sales of our products other than the Legacy Inventory resulted in a gross loss of RMB7.9 million as we were ramping up our C&I business.
- As a result, in 2023, our revenue amounted to RMB722.9 million, and our cost of sales amounted to RMB703.5 million, resulting in a gross profit of RMB19.4 million and a gross profit margin of 2.7%.

2024

- We sold 108,258 units of the Legacy Inventory, at either a lower price or at a price that led to subsequent price concession to our distributors. The sales of these units resulted in (i) a gross loss of RMB130.1 million (after taking into account the revenue reduction in connection with the price concession made in 2024 but before the inventory write-down) and (ii) an inventory write-down of RMB81.4 million in connection with the 60,090 unsold units.

- The price concession we made in 2024 in connection with the sales of Legacy Inventories in 2023 and 2024 resulted in a revenue reduction of RMB11.5 million.
- Sales of our products other than the Legacy Inventory resulted in a gross profit of RMB65.4 million.
- As a result, in 2024, our revenue amounted to RMB733.6 million, and our cost of sales amounted to RMB879.7 million, resulting in a gross loss of RMB146.1 million and a gross loss margin of 19.9%.

2025

- The sale of the 60,118 units of the Legacy Inventory at a lower price, which resulted in a gross loss of RMB31.6 million.
- By December 31, 2025, all the Legacy Inventory had been sold or otherwise allocated for internal use, and no further inventory impairment losses or provisions relating to this specific inventory will be recognized going forward. As the Legacy Inventory has been fully liquidated, it will not have an ongoing impact on our results of operations in subsequent periods.

The following table sets forth the movement of the Legacy Inventory during the Track Record Period and the related financial impact, which is discussed in more detail in "— Financial Impact."

	As of or for the year ended December 31,		
	2023	**2024**	**2025**
Produced and/or unsold from previous year	52,857	153,002	60,090
Produced during the year	213,920	15,584	1,651
Sold during the year	113,722(1)	108,258(4)	60,118(7)
Other use	53(2)	238(5)	1,623(8)
Balance at the end of the year	153,002(3)	60,090(6)	0

Notes:

(1) After price concessions that led to a revenue reduction of RMB50.5 million, we recorded a gross profit of RMB58.5 million for the sales of these units.

(2) Mainly used for trade shows and other marketing activities. The production costs of these units are accounted for as selling and distribution expenses.

(3) As a result of the price reduction, we recorded an inventory write-down of RMB47.0 million.

(4) After price concessions that led to a revenue reduction of RMB11.5 million, we recorded a gross loss of RMB130.1 million for the sales of these units.

(5) Mainly used for component recovery by disassembling certain units to meet production needs and marketing activities, which were recorded as inventories and selling and distribution expenses, respectively.

(6) As a result of the price reduction, we recorded inventory write-down of RMB81.4 million.

(7) We sold these units at a lower price and recorded a gross loss of RMB130.1 million.

(8) Included 1,103 units mainly used for trade show and other marketing activities and 520 units for internal testing and future after-sales support needs.

For reasons similar to those discussed in "— Background," we also provided a limited amount of price concessions for certain products other than the Legacy Inventory, resulting in revenue reductions of RMB0.8 million and RMB2.1 million in 2023 and 2024, respectively. Separately, in 2025, we provided price concessions of RMB3.6 million that were one-off in nature in response to market conditions and pricing dynamics.

Management's View and Mitigation Measures

According to Frost & Sullivan, similar measures were adopted by our industry peers during the same period. We believe the price concessions we provided to our distributors were one-off in nature, arising from the compounding effect of material and unexpected changes in market conditions and supply and demand dynamics. Also contributing to the result were shortcomings in our own forecasting, inventory planning and pricing response.

While the previous market dynamics were beyond our control, we are committed to mitigating similar risks in the future. In particular, we have strengthened our risk management and operational control processes as follows:

- We have developed a better understanding of industry cycles and their impact on our inventory position, and we continuously monitor market conditions, supply and demand trends and raw material price movements to support more informed procurement, production and sales decisions. In addition, we apply more prudent judgment when assessing forecasts provided by our distributors in order to reduce the risk of inventory mismatches and pricing pressure arising from changes in market conditions. For example, we require our Black Diamond, Diamond and Gold distributors to provide four-month rolling forecasts on a monthly basis. For Black Diamond distributors only, we begin making procurement and production arrangements upon receipt of their forecasts, subject to a 15% variance tolerance for the upcoming three-month period without affecting their final purchase price. We are also extremely selective in accepting longer lead-time orders and will assess every order based on market conditions, distributor order history and our production and inventory planning.

- We established a dedicated sales and contract management department to strengthen oversight of key processes including demand and sales forecasting, shipment scheduling, channel inventory levels and payment cycles monitoring. In particular, we have implemented stricter inventory monitoring and control measures, improved our inventory turnover efficiency and optimized our safety stock levels to reduce our exposure to potential inventory impairment losses.

- Our distributor management practices have continued to evolve as our business has scaled. More specifically, we have since adopted more disciplined policies on price concession. Currently, we only allow such retroactive price protection when (i) a formal distribution agreement with a specific price protection clause is entered into; (ii) the application has undergone a rigorous approval process; and (iii) the distributor applying for a price protection submits monthly inventory reports on the unsold products subject to such price protection on an ongoing basis. We do not consider any price protection applications from distributors without a contractual price protection clause. These arrangements reflect our enhanced requirements for, and greater control over, distributor inventory and sell-through information.

As of the Latest Practicable Date, we have not approved any price protection application or provided any price concessions since January 1, 2026. In view of our growing business scale and market conditions, we have been continuously refining our distributor management practices. As part of this ongoing effort, we are actively phasing out the price protection clause in our distribution agreements. Also, any new distribution agreement entered into in the future will not contain such terms. See "Business — Our Customers — Our Distributors — Arrangements with Our Distributors" for details. Therefore, our Directors are of the view that we do not expect to offer any price concessions in the future.

Taking into account the mitigation measures we have implemented, and that we do not foresee a similar adverse market development caused by a compound of various factors, our Directors are of the view that this matter is not expected to have a continuing material adverse effect on our financial condition and results of operations.

BASIS OF PRESENTATION

Our Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards have been consistently applied by us in the preparation of the historical financial information throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The measurement basis used in the preparation of the historical financial information is the historical cost basis except for the financial assets and liabilities stated at their fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 2 in "Appendix I — Accountants' Report" to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations. Some of our accounting policies require us to make judgments, 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. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to "Appendix I — Accountants' Report" for details.

RESULTS OF OPERATIONS

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Revenue	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**
Cost of sales	(703,503)	(97.3)	(879,670)	(119.9)	(1,940,821)	(76.8)
Gross profit/(loss)	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**
Other net income	36,574	5.1	34,624	4.7	88,961	3.5
Selling and distribution expenses	(90,192)	(12.5)	(129,285)	(17.6)	(195,639)	(7.7)
Administrative expenses	(64,222)	(8.9)	(48,660)	(6.6)	(85,749)	(3.4)
Research and development costs	(58,527)	(8.1)	(81,630)	(11.1)	(103,876)	(4.1)
Impairment reversal/(loss) on trade and other receivables	3,864	0.5	(4,279)	(0.6)	(46,366)	(1.8)
(Loss)/Profit from operations	**(153,138)**	**(21.2)**	**(375,293)**	**(51.1)**	**241,995**	**9.7**
Changes in carrying amount of financial instruments with preferential rights	(61,923)	(8.6)	(90,889)	(12.4)	(90,640)	(3.6)
Other finance costs	(6,121)	(0.8)	(5,991)	(0.8)	(1,769)	(0.1)
Finance costs	(68,044)	(9.4)	(96,880)	(13.2)	(92,409)	(3.7)
Share of losses of associates	—	—	—	—	(466)	0.0
(Loss)/Profit before tax	(221,182)	(30.6)	(472,173)	(64.4)	149,120	5.9
Income tax benefit/(expense)	38,928	5.4	94,456	12.9	(23,846)	(0.9)
(Loss)/Profit for the year	**(182,254)**	**(25.2)**	**(377,717)**	**(51.5)**	**125,274**	**5.0**

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from sales of residential ESS, C&I ESS and other products.

By product category

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	717,593	99.3	625,936	85.3	1,911,437	75.7
ESS Battery	717,593	99.3	622,311	84.8	1,890,189	74.8
Low-voltage Battery	585,925	81.1	503,702	68.7	1,352,662	53.6
High-voltage Battery	131,668	18.2	118,609	16.2	537,527	21.3
All-in-one ESS	—	0.0	3,625	0.5	21,248	0.8
C&I ESS	1,599	0.2	89,403	12.2	603,373	23.9
ESS Battery	—	—	6,313	0.9	342,858	13.6
All-in-one ESS	1,599	0.2	83,090	11.3	260,515	10.3
Others[1]	3,676	0.5	18,268	2.5	10,675	0.4
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

During the Track Record Period, residential ESS was our largest revenue contributor. Leveraging our established capabilities in residential ESS across various markets, we expect revenue from this business line to continue to grow and remain a key revenue contributor. We achieved strong growth of our C&I ESS business during the Track Record Period, with its revenue contribution growing from less than 1% in 2023 to 23.9% in 2025. As we continue to execute our growth strategies, we anticipate that our C&I ESS business will become an increasingly significant revenue driver going forward.

By geographical location[1]

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Europe	143,478	19.9	363,675	49.6	1,541,115	61.0
Middle East	30,250	4.2	84,732	11.6	320,405	12.7
Africa	98,355	13.6	116,181	15.8	263,202	10.4
Asia Pacific (excluding the Chinese Mainland)	24,156	3.3	66,299	9.0	233,396	9.2
Chinese Mainland[2]	411,435	56.9	87,892	12.0	122,743	4.9
The Americas	15,194	2.1	14,828	2.0	44,624	1.8
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Notes:

(1) Revenue by geographical location is presented based on the location where the goods were delivered.

(2) In 2023, the majority of revenue generated in the Chinese mainland was attributable to shipments to Chinese mainland-based distributors, who subsequently sold our products overseas. In 2024 and 2025, certain products sold to Chinese distributors were also subsequently exported overseas.

During the Track Record Period, we actively diversified and expanded our geographical coverage. As of December 31, 2025, our distribution network spanned more than 100 countries and regions.

Sales Volume and Average Selling Price

	Year Ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price[1]	Sales volume	Average selling price	Sales volume	Average selling price
	(kWh)	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*
Residential ESS	546,817.8	1.3	724,315.4	0.9	2,479,161.1	0.8
ESS Battery	546,817.8	1.3	722,994.5	0.9	2,465,038.2	0.8
Low-voltage Battery	464,500.4	1.3	611,633.8	0.8	1,999,003.7	0.7
High-voltage Battery	82,317.4	1.6	111,360.7	1.1	466,034.5	1.2
All-in-one ESS	—	—	1,320.9	2.7	14,122.9	1.5
C&I ESS	1,290.0	1.2	73,551.0	1.2	613,691.5	1.0
ESS Battery	—	—	7,020.0	0.9	358,689.5	1.0
All-in-one ESS	1,290.0	1.2	66,531.0	1.2	255,002.0	1.0

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Our sales volume of residential ESS increased significantly in 2025, with substantial growth across different regions; our sales volume of C&I ESS increased as we continued to launch new products and expand our product portfolio during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, (ii) cost of labor, (iii) cost of manufacturing and (iv) impairment loss/(reversal) of inventories.

We recorded impairment loss of inventories of RMB50.6 million and RMB84.6 million in 2023 and 2024, which was mainly in connection with the Legacy Inventory. See "— Our Gross Loss in 2024" for details. We recorded a reversal of impairment losses on inventories of RMB10.0 million, reflecting the normalization of pricing and inventory levels following the clearance of Legacy Inventory for sale and improved demand visibility in 2025.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of raw materials	605,203	86.0	724,648	82.4	1,763,979	90.9
Cost of labor	8,455	1.2	19,977	2.3	36,666	1.9
Cost of manufacturing	18,084	2.6	17,697	2.0	43,144	2.2
Impairment loss/(reversal) of inventories	50,571	7.2	84,610	9.6	(10,037)	(0.5)
Others[(1)]	21,190	3.0	32,738	3.7	107,069	5.5
Total	**703,503**	**100.0**	**879,670**	**100.0**	**1,940,821**	**100.0**

Note:

(1) Mainly including logistics costs and warranty costs.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

By product category

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin[(2)]**	**Gross Profit/ (Loss)**	**Gross Profit/ (Loss) Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	19,272	2.7	(157,567)	(25.2)	383,798	20.1
ESS Battery	19,272	2.7	(158,069)	(25.4)	381,340	20.2
Low-voltage Battery	15,098	2.6	(62,484)	(12.4)	279,490	20.7
High-voltage Battery	4,174	3.2	(95,585)	(80.6)	101,850	18.9
All-in-one ESS	—	—	502	13.8	2,458	11.6
C&I ESS	(555)	(34.7)	21,495	24.0	200,452	33.2
ESS Battery	—	—	1,583	25.1	115,503	33.7
All-in-one ESS	(555)	(34.7)	19,912	24.0	84,949	32.6
Others[(1)]	648	17.6	(9,991)	(54.7)	414	3.9
Total	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Notes:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

(2) The overall gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding period and multiplied by 100%.

By geographical location

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Amount before impairment loss of inventories						
Europe	(1,768)	(1.2)	(62,476)	(17.2)	384,846	25.0
Middle East	4,331	14.3	5,645	6.7	61,817	19.3
Africa	9,128	9.3	(21,178)	(18.2)	54,510	20.7
Asia Pacific (excluding the Chinese mainland)	4,575	18.9	5,189	7.8	41,119	17.6
Chinese Mainland	50,272	12.2	8,748	10.0	18,781	15.3
The Americas	3,398	22.4	2,619	17.7	13,554	30.4
Sub-total	**69,936**	**9.7**	**(61,453)**	**(8.4)**	**574,627**	**22.8**
Impairment loss/(reversal) of inventories	50,571	—	84,610	—	(10,037)	—
Gross profit/(loss) and gross profit/(loss) margin	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Other Net Income

Our other net income primarily consists of (i) bank interest income, (ii) government grants, (iii) net realized or unrealized gains on financial assets measured at FVPL and (iv) net foreign exchange gain/(loss).

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Bank interest income	12,839	35.1	16,765	48.4	11,582	13.0
Government grants	11,287	30.9	12,618	36.4	16,533	18.6
Net realized or unrealized gains on financial assets measured at FVPL	10,450	28.6	5,972	17.2	3,260	3.7
Net loss on disposal of property, plant and equipment and right-of-use-assets	(142)	(0.4)	—	—	—	—
Net loss on disposal of an associate and subsidiaries	(130)	(0.4)	—	—	—	—
Net foreign exchange gain/(loss)	(223)	(0.6)	(714)	(2.1)	59,342	66.7
Others	2,493	6.8	(17)	0.1	(1,756)	(2.0)
Total	**36,574**	**100.0**	**34,624**	**100.0**	**88,961**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee compensation and direct labor costs, (ii) promotional and marketing expenses and (iii) office and traveling expenses.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation and direct labor costs	22,397	24.8	38,122	29.5	64,397	32.9
Promotional and marketing expenses	29,410	32.6	41,007	31.7	51,797	26.5
Office and traveling expenses	10,975	12.2	18,138	14.0	21,053	10.8
Professional services fees	2,312	2.6	3,642	2.8	16,391	8.4
Share-based payment	9,840	10.9	12,336	9.5	13,428	6.9
Lease and warehouse expense	10,409	11.5	7,699	6.0	12,844	6.6
Others	4,849	5.4	8,341	6.5	15,729	7.9
Total	**90,192**	**100.0**	**129,285**	**100.0**	**195,639**	**100.0**
as % of total revenue		*12.5*		*17.6*		*7.7*

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation and direct labor costs, (ii) professional services fees and (iii) share-based payment.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation and direct labor costs	15,279	23.8	16,979	34.9	28,813	33.6
Professional services fees	21,316	33.2	3,529	7.3	18,656	21.8
Share-based payment	10,040	15.6	12,921	26.6	11,884	13.9
Taxes and surcharges	1,801	2.8	1,813	3.7	6,621	7.7
Office and traveling expenses	4,683	7.3	3,380	6.9	4,248	5.0
Business development expense	3,546	5.5	1,652	3.4	3,615	4.2
Lease and warehouse expense	3,214	5.0	3,986	8.2	3,499	4.1
Others	4,343	6.8	4,400	9.0	8,413	9.7
Total	**64,222**	**100.0**	**48,660**	**100.0**	**85,749**	**100.0**
as % of total revenue		*8.9*		*6.6*		*3.4*

Research and Development Costs

Our research and development costs primarily consist of (i) employee compensation, (ii) share-based payment and (iii) direct material costs.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation	24,001	41.0	42,290	51.8	61,271	59.0
Share-based payment	11,552	19.7	14,805	18.1	13,514	13.0
Direct material costs	9,148	15.6	5,216	6.4	9,635	9.3
Inspection, certification and technical service fees	6,816	11.6	7,068	8.7	4,606	4.4
Premises and equipment cost	2,190	3.7	4,424	5.4	5,726	5.5
Others	4,820	8.4	7,827	9.6	9,124	8.8
Total	**58,527**	**100.0**	**81,630**	**100.0**	**103,876**	**100.0**
as % of total revenue		*8.1*		*11.1*		*4.1*

Impairment reversal/(loss) on trade and other receivables

In 2024 and 2025, our impairment loss amounted to RMB4.3 million and RMB46.4 million, respectively. In 2023, our reversal of impairment loss amounted to RMB3.9 million.

Finance Costs

Our finance costs consist of (i) change in the carrying amount of liabilities recognized for financial instruments with preferential rights, (ii) Interest on interest-bearing borrowings and (iii) interest on lease liabilities.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Change in carrying amount of financial instruments with preferential rights	61,923	91.0	90,889	93.8	90,640	98.0
Interest on interest-bearing borrowings	5,429	8.0	5,489	5.7	1,436	1.6
Interest on lease liabilities	692	1.0	502	0.5	333	0.4
Total	**68,044**	**100.0**	**96,880**	**100.0**	**92,409**	**100.0**
as % of total revenue		*9.4*		*13.2*		*3.7*

Share of Losses of Associates

We recorded share of losses of associates of RMB0.5 million in 2025, mainly due to the net losses generated by one of our associates.

Income Tax Benefit/(Expense)

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate. Entities established in the PRC were subject to the PRC corporate income tax rate of 25% during the Track Record Period. We and certain of our subsidiaries have obtained High and New Technology Enterprises certification and are therefore entitled to a preferential corporate income tax rate of 15% for certain years during the Track Record Period. For details of the statutory tax rate and preferential income tax rates applicable to us and our subsidiaries, see Note 7 to "Appendix I — Accountants' Report" in this document.

We recorded income tax benefit of RMB38.9 million and RMB94.5 million in 2023 and 2024, respectively, and income tax expense of RMB23.8 million in 2025. During the Track Record Period and up to the Latest Practicable Date, we fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Residential ESS	625,936	1,911,437	205.4
ESS Battery	622,311	1,890,189	203.7
Low-voltage Battery	503,702	1,352,662	168.5
High-voltage Battery	118,609	537,527	353.2
All-in-one ESS	3,625	21,248	486.2
C&I ESS	89,403	603,373	574.9
ESS Battery	6,313	342,858	5,331.0
All-in-one ESS	83,090	260,515	213.5
Others[1]	18,268	10,675	(41.6)
Total	**733,607**	**2,525,485**	**244.3**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

Sales Volume and Average Selling Price

	Year Ended December 31,			
	2024		2025	
	Sales volume *(kWh)*	**Average selling price[(1)]** *(RMB/Wh)*	**Sales volume** *(kWh)*	**Average selling price** *(RMB/Wh)*
Residential ESS	724,315.4	0.9	2,479,161.1	0.8
ESS Battery	722,994.5	0.9	2,465,038.2	0.8
Low-voltage Battery	611,633.8	0.8	1,999,003.7	0.7
High-voltage Battery	111,360.7	1.1	466,034.5	1.2
All-in-one ESS	1,320.9	2.7	14,122.9	1.5
C&I ESS	73,551.0	1.2	613,691.5	1.0
ESS Battery	7,020.0	0.9	358,689.5	1.0
All-in-one ESS	66,531.0	1.2	255,002.0	1.0

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Residential ESS

ESS Battery

Low-voltage Battery

Our revenue from sales of low-voltage batteries increased by 168.5% from RMB503.7 million in 2024 to RMB1,352.7 million in 2025, primarily due to an increase in sales volume from 611,633.8 kWh in 2024 to 1,999,003.7 kWh in 2025 driven by our expansion in Europe, the Middle East and Asia, partially offset by a decrease in average selling price from RMB0.8 per Wh in 2024 to RMB0.7 per Wh in 2025, primarily as a result of a shift in product mix toward larger-capacity battery models, which typically carry a lower selling price on a per-Wh basis due to economies of scale.

High-voltage Battery

Our revenue from sales of high-voltage batteries increased by 353.2% from RMB118.6 million in 2024 to RMB537.5 million in 2025, primarily due to an increase in sales volume from 111,360.7 kWh in 2024 to 466,034.5 kWh in 2025 driven by our expansion in Europe and Middle East. Our average selling price for high-voltage battery increased from RMB1.1 per Wh in 2024 to RMB1.2 per Wh in 2025, primarily as a result of the launch of certain new products with different product specifications and higher selling prices.

All-in-one ESS

Our revenue from sales of residential all-in-one ESS increased by 486.2% from RMB3.6 million in 2024 to RMB21.2 million in 2025, primarily due to an increase in sales volume from 1,320.9 kWh in 2024 to 14,122.9 kWh in 2025, driven mainly by growth in the Australian market, partially offset by the decrease in the average selling price from RMB2.7 per Wh in 2024 to RMB1.5 per Wh in 2025, mainly reflecting differences in product mix as products sold in Australia had lower selling prices due to different product specifications.

C&I ESS

ESS Battery

Our revenue from sales of C&I ESS batteries increased by 5,331.0% from RMB6.3 million in 2024 to RMB342.9 million in 2025, primarily due to (i) an increase in sales volume from 7,020.0 kWh in 2024 to 358,689.5 kWh in 2025, mainly attributable to the scaling up of commercial sales for our C&I products, and (ii) an increase in average selling price from RMB0.9 per Wh in 2024 to RMB1.0 per Wh in 2025, primarily due to a shift in our geographic sales mix toward European markets, which generally had higher selling prices.

All-in-one ESS

Our revenue from sales of C&I all-in-one ESS increased by 213.5% from RMB83.1 million in 2024 to RMB260.5 million in 2025, primarily due to an increase in sales volume from 66,531.0 kWh in 2024 to 255,002.0 kWh in 2025, mainly attributable to broader sales growth across our all-in-one ESS products as the overseas market continued to expand, partially offset by a decrease in average selling price from RMB1.2 per Wh in 2024 to RMB1.0 per Wh in 2025, primarily reflecting the shift in product mix toward products with fewer bundled accessories.

Others

Our revenue from the sales of other products decreased by 41.6% from RMB18.3 million in 2024 to RMB10.7 million in 2025.

Cost of Sales

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Cost of raw materials	724,648	1,763,979	143.4
Cost of labor	19,977	36,666	83.5
Cost of manufacturing	17,697	43,144	143.8
Impairment loss/(Reversal) of inventories	84,610	(10,037)	(111.9)
Others[(1)]	32,738	107,069	227.0
Total	**879,670**	**1,940,821**	**120.6**
as % of total revenue	*119.9*	*76.8*	

Note:

(1) Mainly including cost of logistics and warranty costs.

Our cost of sales increased by 120.6% from RMB879.7 million in 2024 to RMB1,940.8 million in 2025, primarily due to (i) an increase in cost of raw materials from RMB724.6 million in 2024 to RMB1,764.0 million in 2025 and (ii) an increase in other costs from RMB32.7 million in 2024 to RMB107.1 million in 2025, in line with our business growth and expanded production activities, offset by impairment loss of inventories of RMB84.6 million in 2024 to an inventory reversal of RMB10.0 million in 2025. See "— Our Gross Loss in 2024" for details.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Product Category	**Year ended December 31,**			
	2024		**2025**	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Residential ESS	(157,567)	(25.2)	383,798	20.1
ESS Battery	(158,069)	(25.4)	381,340	20.2
Low-voltage Battery	(62,484)	(12.4)	279,490	20.7
High-voltage Battery	(95,585)	(80.6)	101,850	18.9
All-in-one ESS	502	13.8	2,458	11.6
C&I ESS	21,495	24.0	200,452	33.2
ESS Battery	1,583	25.1	115,503	33.7
All-in-one ESS	19,912	24.0	84,949	32.6
Others[(1)]	(9,991)	(54.7)	414	3.9
Total	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Note:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

Residential ESS

ESS Battery

Low-voltage Battery

We recorded a gross profit of RMB279.5 million in 2025 from low-voltage batteries, as compared to a gross loss of RMB62.5 million in 2024, primarily due to (i) a change from a gross loss margin of 12.4% in 2024 to a gross profit margin of 20.7% in 2025; and (ii) a 168.5% increase in revenue. The improvement in gross margin mainly reflected the normalization of our profitability after we sold out the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

High-voltage Battery

We recorded a gross profit of RMB101.9 million in 2025 from high-voltage batteries, as compared to a gross loss of RMB95.6 million in 2024, primarily due to (i) a change from a gross loss margin of 80.6% in 2024 to a gross profit margin of 18.9% in 2025; and (ii) a 353.2% increase in revenue. The improvement in gross margin mainly reflected the normalization of profitability after we sold out the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

All-in-one ESS

Our gross profit from residential all-in-one ESS increased by 389.6% from RMB0.5 million in 2024 to RMB2.5 million in 2025, primarily due to a 486.2% increase in revenue, partially offset by a decrease in gross profit margin from 13.8% to 11.6%, mainly due to the lower profit margin of products sold in Australia.

C&I ESS

ESS Battery

Our gross profit from C&I ESS batteries increased by 7,196.5% from RMB1.6 million in 2024 to RMB115.5 million in 2025, primarily due to (i) a 5,331.0% increase in revenue and (ii) an increase in gross margin from 25.1% in 2024 to 33.7% in 2025, primarily attributable to a shift in our geographic sales mix toward the European market, which commanded higher profit margin.

All-in-one ESS

Our gross profit from C&I all-in-one ESS increased by 326.6% from RMB19.9 million in 2024 to RMB84.9 million in 2025, primarily due to (i) a 213.5% increase in revenue from all-in-one ESS and (ii) an increase in gross margin from 24.0% in 2024 to 32.6% in 2025, primarily attributable to a shift in our geographic sales mix toward the Europe market, which commanded higher profit margin.

Others

We recorded a gross loss from other products of RMB10.0 million in 2024 and a gross profit of RMB0.4 million in 2025.

Other Net Income

Our other net income increased by 156.9% from RMB34.6 million in 2024 to RMB89.0 million in 2025, primarily due to (i) a shift in foreign exchange from losses of RMB0.7 million in 2024 to gains of RMB59.3 million in 2025, mainly driven by the appreciation of the euro in 2025, and (ii) an increase in government grants from RMB12.6 million in 2024 to RMB16.5 million in 2025, partially offset by a decrease in bank interest income from RMB16.8 million in 2024 to RMB11.6 million in 2025.

Selling and Distribution Expenses

	Year ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	129,285	195,639	51.3
as % of total revenue	*17.6*	*7.7*	

Our selling and distribution expenses increased by 51.3% from RMB129.3 million in 2024 to RMB195.6 million in 2025, primarily due to (i) an increase in employee compensation and direct labor costs from RMB38.1 million in 2024 to RMB64.4 million in 2025, driven by an increase in the headcount of our sales and marketing personnel, and (ii) an increase in professional services fees from RMB3.6 million in 2024 to RMB16.4 million in 2025, driven by the expansion of our overseas marketing activities. As a percentage of our total revenue, our selling and distribution expenses decreased from 17.6% in 2024 to 7.7% in 2025, mainly due to greater economies of scale.

Administrative Expenses

	Year ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	48,660	85,749	76.2
as % of total revenue	*6.6*	*3.4*	

Our administrative expenses increased by 76.2% from RMB48.7 million in 2024 to RMB85.7 million in 2025, primarily due to (i) an increase in professional services fees from RMB3.5 million in 2024 to RMB18.7 million in 2025, due to increased fees paid to intermediary and professional service providers in 2025 in connection with our Hong Kong [REDACTED] application and (ii) an increase in taxes and surcharges from RMB1.8 million in 2024 to RMB6.6 million in 2025. As a percentage of our total revenue, our administrative expenses decreased from 6.6% in 2024 to 3.4% in 2025, mainly due to greater economies of scale.

Research and Development Costs

	Year ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Research and development costs	81,630	103,876	27.3
as % of total revenue	*11.1*	*4.1*	

Our research and development costs increased by 27.3% from RMB81.6 million in 2024 to RMB103.9 million in 2025, primarily due to (i) an increase in material cost from RMB5.2 million in 2024 to RMB9.6 million in 2025 due to additional R&D expenditures incurred for newly initiated projects and enhanced development efforts under existing projects, and (ii) an increase in employee compensation from RMB42.3 million in 2024 to RMB61.3 million in 2025 due to an increase in the headcount of our R&D personnel and rising compensation levels, partially offset by (i) a decrease in inspection, certification and technical service fees from RMB7.1 million in 2024 to RMB4.6 million in 2025, and (ii) a decrease in share-based payment from RMB14.8 million in 2024 to RMB13.5 million. As a percentage of our total revenue, our research and development costs decreased from 11.1% in 2024 to 4.1% in 2025, mainly because we were able to leverage our R&D efficiency to drive revenue growth.

Impairment reversal/(loss) on trade and other receivables

Our impairment on trade and other receivables increased from RMB4.3 million in 2024 to RMB46.4 million in 2025, primarily due to an increase in the balance of our trade and other receivables as of December 31, 2025 compared with December 31, 2024, which resulted in a higher impairment provision.

Finance Costs

Our finance costs decreased by 4.6% from RMB96.9 million in 2024 to RMB92.4 million in 2025, primarily due to a decrease in interest-bearing borrowings.

Share of Losses of Associates

We recorded a share of losses of associates of RMB0.5 million in 2025, mainly due to the net losses generated by one of our associates, which we recognized in proportion to our equity interest.

Income Tax benefit/(Expense)

We recorded an income tax benefit of RMB94.5 million in 2024 and an income tax expense of RMB23.8 million in 2025, mainly because we and certain of our subsidiaries recorded taxable profits in 2025.

(Loss)/Profit for the Year

As a result of the foregoing, we shifted from a loss for the year of RMB377.7 million in 2024 to a profit for the year of RMB125.3 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Residential ESS	717,593	625,936	(12.8)
ESS Battery	717,593	622,311	(13.3)
Low-voltage Battery	585,925	503,702	(14.0)
High-voltage Battery	131,668	118,609	(9.9)
All-in-one ESS	—	3,625	—
C&I ESS	1,599	89,403	5,491.2
ESS Battery	—	6,313	—
All-in-one ESS	1,599	83,090	5,096.4
Others[(1)]	3,676	18,268	397.0
Total	**722,868**	**733,607**	**1.5**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

Sales Volume and Average Selling Price

	Year Ended December 31,			
	2023		2024	
	Sales volume	Average selling price[(1)]	Sales volume	Average selling price
	(kWh)	*(RMB/Wh)*	*(kWh)*	*(RMB/Wh)*
Residential ESS	546,817.8	1.3	724,315.4	0.9
ESS Battery	546,817.8	1.3	722,994.5	0.9
Low-voltage Battery	464,500.4	1.3	611,633.8	0.8
High-voltage Battery	82,317.4	1.6	111,360.7	1.1
All-in-one ESS	—	—	1,320.9	2.7
C&I ESS	1,290.0	1.2	73,551.0	1.2
ESS Battery	—	—	7,020.0	0.9
All-in-one ESS	1,290.0	1.2	66,531.0	1.2

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Residential ESS

ESS Battery

Low-voltage Battery

Our revenue from sales of low-voltage batteries decreased by 14.0% from RMB585.9 million in 2023 to RMB503.7 million in 2024, primarily due to a decrease in average selling price from RMB1.3 per Wh in 2023 to RMB0.8 per Wh in 2024, mainly attributable to the price concession we made in connection with the Legacy Inventory, partially offset by an increase in sales volume from 464,500.4 kWh in 2023 to 611,633.8 kWh in 2024, mainly driven by expanded demand and increased sales in Europe and the Middle East.

High-voltage Battery

Our revenue from sales of high-voltage batteries decreased by 9.9% from RMB131.7 million in 2023 to RMB118.6 million in 2024, primarily due to a decrease in average selling price from RMB1.6 per Wh in 2023 to RMB1.1 per Wh in 2024, mainly attributable to the price concession we made in connection with the Legacy Inventory, partially offset by an increase in sales volume from 82,317.4 kWh in 2023 to 111,360.7 kWh in 2024, mainly driven by expanded demand and increased sales in Europe as well as our entry into the Middle East market.

All-in-one ESS

We commenced sales of our residential all-in-one ESS products in 2024. As a result, revenue from residential all-in-one ESS increased from nil in 2023 to RMB3.6 million in 2024.

C&I ESS

ESS Battery

We recorded revenue from sales of C&I ESS batteries of RMB6.3 million in 2024 following the commencement of commercial sales of our C&I ESS batteries.

All-in-one ESS

Our revenue from C&I all-in-one ESS increased by 5,096.4% from RMB1.6 million in 2023 to RMB83.1 million in 2024, primarily due to (i) an increase in sales volume from 1,290.0 kWh in 2023 to 66,531.0 kWh in 2024, mainly attributable to the commencement of commercial sales of our C&I all-in-one ESS, and (ii) the average selling price remaining stable at RMB1.2 per Wh in 2023 and 2024. We delivered only a limited number of sample all-in-one ESS products in 2023, while commercial sales began in 2024.

Others

Our revenue from the sales of other products increased by 397.0% from RMB3.7 million in 2023 to RMB18.3 million in 2024.

Cost of Sales

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Cost of raw materials	605,203	724,648	19.7
Cost of labor	8,455	19,977	136.3
Cost of manufacturing	18,084	17,697	(2.1)
Impairment loss/(reversal) of inventories	50,571	84,610	67.3
Others(1)	21,190	32,738	54.5
Total	**703,503**	**879,670**	**25.0**
as % of total revenue	*97.3*	*119.9*	

Note:

(1) Mainly including cost of logistics and warranty costs.

Our cost of sales increased by 25.0% from RMB703.5 million in 2023 to RMB879.7 million in 2024, primarily due to (i) an increase in cost of raw materials from RMB605.2 million in 2023 to RMB724.6 million in 2024 and (ii) an increase in impairment loss of inventories from RMB50.6 million in 2023 to RMB84.6 million in 2024 in connection with the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Product Category	**Year ended December 31,**			
	2023		**2024**	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin**	**Gross Profit/ (Loss)**	**Gross Profit/ (Loss) Margin**
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Residential ESS	19,272	2.7	(157,567)	(25.2)
ESS Battery	19,272	2.7	(158,069)	(25.4)
Low-voltage Battery	15,098	2.6	(62,484)	(12.4)
High-voltage Battery	4,174	3.2	(95,585)	(80.6)
All-in-one ESS	—	—	502	13.8
C&I ESS	(555)	(34.7)	21,495	24.0
ESS Battery	—	—	1,583	25.1
All-in-one ESS	(555)	(34.7)	19,912	24.0
Others[(1)]	648	17.6	(9,991)	(54.7)
Total	**19,365**	**2.7**	**(146,063)**	**(19.9)**

Note:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

Residential ESS

ESS Battery

Low-voltage Battery

We recorded a gross loss of RMB62.5 million from low-voltage batteries in 2024, as compared to a gross profit of RMB15.1 million in 2023, primarily due to (i) a 14.0% decrease in revenue and (ii) a shift in gross margin from a gross profit margin of 2.6% in 2023 to a gross loss margin of 12.4% in 2024, mainly attributable to the price concession we made and impairment losses we recorded in connection with the sale of Legacy Inventory. See "— Our Gross Loss in 2024" for details.

High-voltage Battery

We recorded a gross loss of RMB95.6 million from high-voltage batteries in 2024, as compared to a gross profit of RMB4.2 million in 2023, primarily due to (i) a 9.9% decrease in revenue and (ii) a shift in gross margin from a gross profit margin of 3.2% in 2023 to a gross loss margin of 80.6% in 2024, mainly attributable to the price concession we made and impairment losses we recorded in connection with the sale of Legacy Inventory. See "— Our Gross Loss in 2024" for details.

All-in-one ESS

Our gross profit from residential all-in-one ESS increased from nil in 2023 to RMB0.5 million in 2024, reflecting the commencement of commercial sales of residential all-in-one ESS in 2024.

C&I ESS

ESS Battery

We recorded gross profit from C&I ESS batteries of RMB1.6 million in 2024 following the commencement of commercial sales of our C&I ESS batteries.

All-in-one ESS

As a result of the commencement of commercial sales of our C&I all-in-one ESS in 2024, we recorded a gross profit of RMB19.9 million for our C&I all-in-one ESS in 2024, as compared to a gross loss of RMB0.6 million in 2023 when our C&I all-in-one ESS was still under development.

Others

We recorded a gross loss of RMB10.0 million in 2024 from other products, as compared to a gross profit of RMB0.6 million in 2023.

Other Net Income

Our other net income decreased by 5.3% from RMB36.6 million in 2023 to RMB34.6 million in 2024, primarily due to a decrease in net realized or unrealized gains on financial assets measured at FVPL from RMB10.5 million in 2023 to RMB6.0 million in 2024, partially offset by an increase in bank interest income from RMB12.8 million in 2023 to RMB16.8 million in 2024.

Selling and Distribution Expenses

	Year ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	90,192	129,285	43.3
as % of total revenue	*12.5*	*17.6*	

Our selling and distribution expenses increased by 43.3% from RMB90.2 million in 2023 to RMB129.3 million in 2024, primarily due to (i) an increase in employee compensation from RMB22.4 million in 2023 to RMB38.1 million in 2024, driven by an increase in the headcount of our sales and marketing personnel, and (ii) an increase in office and traveling expenses from RMB11.0 million in 2023 to RMB18.1 million in 2024, in line with our increased marketing activities overseas. As a percentage of our total revenue, our selling and distribution expenses increased from 12.5% in 2023 to 17.6% in 2024, primarily due to increased sales-related activities in line with our revenue growth.

Administrative Expenses

	Year ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	64,222	48,660	(24.2)
as % of total revenue	*8.9*	*6.6*	

Our administrative expenses decreased by 24.2% from RMB64.2 million in 2023 to RMB48.7 million in 2024, primarily due to a decrease in professional services fees from RMB21.3 million in 2023 to RMB3.5 million in 2024 as the Company ceased certain professional work in connection with its A-share listing application as well as certain equity financing, partially offset by (i) an increase in depreciation and amortization from RMB0.4 million in 2023 to RMB0.9 million in 2024, and (ii) an increase in share-based payment from RMB10.0 million in 2023 to RMB12.9 million in 2024. As a percentage of our total revenue, our administrative expenses decreased from 8.9% in 2023 to 6.6% in 2024, mainly due to greater economies of scale.

Research and Development Costs

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Research and development costs	58,527	81,630	39.5
as % of total revenue	*8.1*	*11.1*	

Our research and development costs increased by 39.5% from RMB58.5 million in 2023 to RMB81.6 million in 2024, primarily due to (i) an increase in depreciation and amortization from RMB0.8 million in 2023 to RMB2.1 million in 2024 and (ii) an increase in employee compensation from RMB24.0 million in 2023 to RMB42.3 million in 2024, driven by an increase in the headcount of our R&D personnel, partially offset by a decrease in material cost from RMB9.1 million in 2023 to RMB5.2 million in 2024. As a percentage of our total revenue, our research and development costs increased from 8.1% in 2023 to 11.1% in 2024, because we were able to leverage our R&D efficiency to drive revenue growth.

Reversal of impairment loss/(impairment loss) on trade and other receivables

Our impairment on trade and other receivables shifted from a reversal of impairment loss of RMB3.9 million in 2023 to an impairment loss of RMB4.3 million in 2024, primarily due to provision made for the increasing balance of our trade and other receivables as of December 31, 2024 compared to December 31, 2023.

Finance Costs

Our finance costs increased by 42.4% from RMB68.0 million in 2023 to RMB96.9 million in 2024, primarily due to an increase in the carrying amount of liabilities recognized for financial instruments with preferential rights from RMB61.9 million in 2023 to RMB90.9 million in 2024. This increase was mainly attributable to the recognition of such liabilities following the equity financing received in June 2023, which involved financial instruments with preferential rights accounted for as financial liabilities.

Income Tax benefit/(Expense)

Our income tax benefit increased by 142.6% from RMB38.9 million in 2023 to RMB94.5 million in 2024, mainly due to the recognition of tax loss carryforwards by us and our subsidiaries.

(Loss)/Profit for the Year

As a result of the foregoing, our loss for the year increased by 107.2% from RMB182.3 million in 2023 to RMB377.7 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	27,878	28,898	76,929
Right-of-use assets	8,682	9,662	39,713
Intangible assets	198	435	734
Other non-current assets	—	—	2,012
Interest in associates	—	20,000	22,613
Trade and other receivables	—	444	216
Financial assets measured at fair value through profit or loss ("**FVPL**")	5,000	9,000	19,000
Deferred tax assets	51,747	146,182	137,497
Time deposits	—	—	150,000
Total non-current assets	**93,505**	**214,621**	**448,714**
CURRENT ASSETS			
Inventories	812,454	511,096	781,092
Trade and other receivables	99,372	245,540	551,041
Prepayments	86,939	93,002	211,207
Financial assets measured at fair value through profit or loss ("**FVPL**")	395,000	267,580	—
Restricted bank deposits	220,566	338,772	1,152,490
Time deposits	378,438	102,580	347,810
Cash and cash equivalents	114,133	274,746	282,970
Total current assets	**2,106,902**	**1,833,316**	**3,326,610**
CURRENT LIABILITIES			
Trade and other payables	702,623	637,289	1,935,032
Contract liabilities	51,570	40,178	85,507
Interest-bearing borrowings	162,517	342,056	392,104
Lease liabilities	5,836	5,786	12,019
Current taxation	235	—	14,682
Financial instruments with preferential rights	—	—	1,381,859
Total current liabilities	**922,781**	**1,025,309**	**3,821,203**
NET CURRENT ASSETS/(LIABILITIES)	**1,184,121**	**808,007**	**(494,593)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,277,626**	**1,022,628**	**(45,879)**

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
NON-CURRENT LIABILITIES			
Lease liabilities	4,233	3,215	30,915
Provisions	20,434	26,320	55,881
Trade and other payables	—	254	189
Deferred income	—	2,971	5,173
Financial instruments with preferential rights	1,200,330	1,291,219	—
Total non-current liabilities	**1,224,997**	**1,323,979**	**92,158**
NET ASSETS/(LIABILITIES)	**52,629**	**(301,351)**	**(138,037)**
CAPITAL AND RESERVES			
Share capital	112,024	112,024	112,024
Reserves	(59,395)	(413,375)	(262,478)
Total equity/(deficit) attributable to equity shareholders of the Company	52,629	(301,351)	(150,454)
Non-controlling interests	—	—	12,417
TOTAL EQUITY/(DEFICIT)	**52,629**	**(301,351)**	**(138,037)**

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include finished goods, raw materials, work in progress and goods in transit. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Raw materials	111,897	104,146	173,801
Work in progress	3,046	4,422	36,004
Finished goods	736,322	482,383	520,803
Goods in transit	11,760	27,558	56,848
Less: inventory provision	(50,571)	(107,413)	(6,364)
Total	**812,454**	**511,096**	**781,092**

Our inventories decreased from RMB812.5 million as of December 31, 2023 to RMB511.1 million as of December 31, 2024, primarily due to (i) a decrease in finished goods from RMB736.3 million as of December 31, 2023 to RMB482.4 million as of December 31, 2024, mainly due to a lower level of inventory held following the delivery of finished goods during the year, and (ii) a decrease in raw materials from RMB111.9 million as of December 31, 2023 to RMB104.1 million as of December 31, 2024, partially offset by (i) an increase in goods in transit from RMB11.8 million as of December 31, 2023 to RMB27.6 million as of December 31, 2024, and (ii) an increase in work in progress from RMB3.0 million as of December 31, 2023 to RMB4.4 million as of December 31, 2024.

Our inventories increased from RMB511.1 million as of December 31, 2024 to RMB781.1 million as of December 31, 2025, primarily due to (i) an increase in finished goods from RMB482.4 million as of December 31, 2024 to RMB520.8 million as of December 31, 2025, (ii) an increase in raw materials from RMB104.1 million as of December 31, 2024 to RMB173.8 million as of December 31, 2025, (iii) an increase in work in progress from RMB4.4 million as of December 31, 2024 to RMB36.0 million as of December 31, 2025 and (iv) an increase in goods in transit from RMB27.6 million as of December 31, 2024 to RMB56.8 million as of December 31, 2025, mainly reflecting the expansion of our production activities in line with our sales growth and broader customer base.

The table below sets forth the turnover days of our inventories for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days[(1)]	334	271	120

Note:

(1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that year and multiplied by 360 days.

During the Track Record Period, our inventory turnover days decreased from 334 days in 2023 to 271 days in 2024, mainly due to a significant reduction in our finished goods inventory as we gradually sold down the Legacy Inventory. Our inventory turnover days further decreased to 120 days in 2025, primarily due to further sell-down of the Legacy Inventory and our active measures to align production more closely with sales demand.

The following table sets forth an aging analysis for our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	806,596	398,587	765,921
Over 1 year but less than 2 years	5,858	109,338	9,266
Over 2 years but less than 3 years	—	3,171	5,905
Total	**812,454**	**511,096**	**781,092**

As of April 30, 2026, 70.6% of our total inventories as of December 31, 2025, or RMB551.1 million, had been utilized or sold.

Trade and other receivables

Trade and other receivables mainly arise from sales of our products on credit. We periodically conduct credit evaluations of customers who trade on credit. We usually grant credit periods ranging from 30 to 120 days to our customers, depending on their operating conditions, financial condition and expected transaction volume.

The table below sets forth the breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Current			
Trade receivables, net of loss allowance	90,037	221,149	463,098
Bills receivable measured at amortized cost	—	1,747	12,757
Bills receivable measured at FVOCI	55	123	2,313
Receivables from export refund	2,476	17,239	60,757
Other receivables and deposits, net of loss allowance	6,804	5,282	12,116
Total	**99,372**	**245,540**	**551,041**
Non-current			
Trade receivables, net of loss allowance	—	444	216

Our trade and other receivables increased from RMB99.4 million as of December 31, 2023 to RMB245.5 million as of December 31, 2024, and further increased to RMB551.0 million as of December 31, 2025, in line with our revenue growth.

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Within 1 year	90,037	185,798	433,418
Over 1 year but less than 2 years	—	35,351	29,680
Total	**90,037**	**221,149**	**463,098**

See Note 16 to "Appendix I — Accountants' Report" for details.

The table below sets forth the turnover days of our trade and bills receivables for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days[1]	76	77	50

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 360 days.

During the Track Record Period, our trade and bills receivables turnover days remained stable in 2023 and 2024. Our trade and bills receivables turnover days decreased from 77 days in 2024 to 50 days in 2025, primarily due to our proactive collection efforts and stricter credit control.

As of April 30, 2026, 63.6% of the trade and bills receivables outstanding as of December 31, 2025, or RMB303.9 million, had been settled.

Trade and other payables

Our trade and other payables primarily represent outstanding amounts owed to third parties. Our suppliers usually grant us a credit period ranging from 30 to 120 days from the invoice date.

The table below sets forth the breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Current			
Trade and bills payable	637,435	588,339	1,792,378
Accrued payroll	13,194	12,858	38,307
Tax payable	7,752	4,589	3,639
Other payables and accruals	44,242	31,503	100,708
	702,623	637,289	1,935,032
Non-current			
Long-term payable	—	254	189

Our trade and other payables decreased from RMB702.6 million as of December 31, 2023 to RMB637.3 million as of December 31, 2024, and further increased to RMB1,935.0 million as of December 31, 2025, mainly as a result of the increase in procurement scale in line with our expanded production capacity and production volume.

The table below sets forth the aging analysis of the trade and bills payable.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	634,469	586,748	1,789,957
Over 1 year but less than 2 years	2,966	1,349	1,431
Over 2 years	—	242	990
Total	**637,435**	**588,339**	**1,792,378**

The table below sets forth the turnover days for the trade and bills payables for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills payable turnover days[(1)]	324	251	221

Note:

(1) Trade and bills payables turnover days for each year equals the average of the beginning and ending balances of trade and bills payable for that year divided by cost of sales for that year and multiplied by 360 days.

During the Track Record Period, our trade and bills payables turnover days decreased from 324 days in 2023 to 251 days in 2024, and further decreased to 221 days in 2025, mainly due to an increased proportion of advance payments to suppliers amid tighter battery cell supply.

As of April 30, 2026, 59.4% of our trade and other payables outstanding as of December 31, 2025, or RMB1,148.5 million, were settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from operating activities and financing activities. As of December 31, 2025, we had cash and cash equivalents of RMB283.0 million. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net [REDACTED] from the [REDACTED].

Taking into account the net [REDACTED] from the [REDACTED] and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Document.

Cash Flows

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
Net cash (used in)/generated from operating activities	(213,510)	(376,963)	81,305
Net cash (used in)/generated from investing activities	(791,722)	373,135	(164,098)
Net cash generated from financing activities	1,069,982	165,155	31,675
Net increase/(decrease) in cash and cash equivalents	64,750	161,327	(51,118)
Cash and cash equivalents at January 1	49,606	114,133	274,746
Effect of foreign exchange rate changes	(223)	(714)	59,342
Cash and cash equivalents at December 31	114,133	274,746	282,970

Operating Activities

In the year ended December 31, 2025, we had net cash generated from operating activities of RMB81.3 million. This was primarily due to our profit before tax of RMB149.1 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB90.6 million, (b) impairment loss on trade and other receivables of RMB46.4 million, and (c) equity-settled share-based payment expenses of RMB38.8 million, and (ii) changes in working capital, including an increase in trade and other payables of RMB1,275.1 million, partially offset by (a) an increase in restricted bank deposits of RMB813.7 million, (b) an increase in trade and other receivables of RMB576.5 million and (c) an increase in inventories of RMB168.9 million.

In the year ended December 31, 2024, we had net cash used in operating activities of RMB377.0 million. This was primarily due to our loss before tax of RMB472.2 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB90.9 million, (b) write-down of inventories of RMB84.6 million and (c) equity-settled share-based payment expenses of RMB40.1

million, and (ii) changes in working capital, including (a) an increase in trade and other receivables of RMB181.7 million, (b) an increase in restricted bank deposits of RMB118.2 million (c) a decrease in trade and other payables of RMB91.2 million, partially offset by a decrease in inventories of RMB244.5 million.

In the year ended December 31, 2023, we had net cash used in operating activities of RMB213.5 million. This was primarily due to our loss before tax of RMB221.2 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB61.9 million, (b) write-down of inventories of RMB50.6 million, and (c) equity-settled share-based payment expenses of RMB31.4 million, and (ii) changes in working capital, including (a) an increase in inventories of RMB366.5 million and (b) a decrease in trade and other payables of RMB33.5 million, partially offset by (a) a decrease in trade and other receivables of RMB242.4 million and (b) a decrease in restricted bank deposits of RMB44.2 million.

Investing Activities

In 2025, we had net cash used in investing activities of RMB164.1 million, primarily comprising (i) payment for the purchase of time deposits of RMB395.2 million and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB25.8 million, partially offset by proceeds from disposal of wealth management products of RMB269.9 million.

In 2024, we had net cash generated from investing activities of RMB373.1 million, primarily comprising (i) proceeds from disposal of bank deposits of RMB276.3 million and (ii) proceeds from disposal of wealth management products of RMB133.4 million, partially offset by (i) payments for acquisition of interest in associates of RMB20.0 million and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB12.6 million.

In 2023, we had net cash used in investing activities of RMB791.7 million, primarily comprising (i) payment for the purchase of wealth management products of RMB395.0 million and (ii) payment for the purchase of time deposits of RMB378.4 million, partially offset by proceeds from disposal of wealth management products of RMB7.5 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB31.7 million, primarily comprising proceeds from interest-bearing borrowings of RMB359.9 million, partially offset by (i) repayment of interest-bearing borrowings of RMB319.9 million and (ii) capital element of lease rentals paid of RMB6.6 million.

In 2024, we had net cash generated from financing activities of RMB165.2 million, primarily comprising proceeds from interest-bearing borrowings of RMB747.0 million, partially offset by (i) repayment of interest-bearing borrowings of RMB567.4 million and (ii) capital element of lease rentals paid of RMB8.4 million.

In 2023, we had net cash generated from financing activities of RMB1,070.0 million, primarily comprising (i) capital contributions by investors with preferential rights of RMB1,005.0 million and (ii) proceeds from interest-bearing borrowings of RMB550.0 million, partially offset by (i) repayment of interest-bearing borrowings of RMB478.8 million and (ii) capital element of lease rentals paid of RMB10.5 million.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
				(unaudited)
Current assets:				
Inventories	812,454	511,096	781,092	1,703,107
Trade and other receivables	99,372	245,540	551,041	837,075
Prepayments	86,939	93,002	211,207	164,703
Financial assets measured at fair value through profit or loss ("**FVPL**")	395,000	267,580	—	70,410
Restricted bank deposits	220,566	338,772	1,152,490	433,241
Time deposits	378,438	102,580	347,810	90,000
Cash and cash equivalents	114,133	274,746	282,970	1,281,958
Total current assets	**2,106,902**	**1,833,316**	**3,326,610**	**4,580,494**
Current liabilities:				
Trade and other payables	702,623	637,289	1,935,032	2,780,565
Contract liabilities	51,570	40,178	85,507	136,761
Interest-bearing borrowings	162,517	342,056	392,104	407,100
Lease liabilities	5,836	5,786	12,019	11,590
Current taxation	235	—	14,682	12,885
Financial liabilities measured at fair value through profit or loss ("**FVPL**")	—	—	—	170
Financial instruments with preferential rights	—	—	1,381,859	1,411,658
Total current liabilities	**922,781**	**1,025,309**	**3,821,203**	**4,760,729**
Net current assets/(liabilities)	**1,184,121**	**808,007**	**(494,593)**	**(180,235)**

Comparison between April 30, 2026 and December 31, 2025

Our net current liabilities decreased from RMB494.6 million as of December 31, 2025 to RMB180.2 million as of April 30, 2026, primarily due to (i) an increase in cash and cash equivalents from RMB283.0 million as of December 31, 2025 to RMB1,282.0 million as of April 30, 2026, (ii) an increase in inventories from RMB781.1 million as of December 31, 2025 to RMB1,703.1 million as of April 30, 2026 and (iii) an increase in trade and other receivables from RMB551.0 million as of December 31, 2025 to RMB837.1 million as of April 30, 2026, partially offset by (i) an increase in trade and other payables from RMB1,935.0 million as of December 31, 2025 to RMB2,780.6 million as of April 30, 2026, (ii) a decrease in Restricted bank deposits from RMB1,152.5 million as of December 31, 2025 to RMB433.2 million as of April 30, 2026, (iii) time deposits from from RMB347.8 million as of December 31, 2025 to RMB90.0 million as of April 30, 2026 and (iv) an increase in contract liabilities from RMB85.5 million as of December 31, 2025 to RMB136.8 million as of April 30, 2026.

Comparison between December 31, 2025 and December 31, 2024

Our net current position shifted from net current assets of RMB808.0 million as of December 31, 2024 to net current liabilities of RMB494.6 million as of December 31, 2025, primarily due to (i) the financial instruments with preferential rights of RMB1,381.9 million as of December 31, 2025, (ii) an increase in trade and other payables from RMB637.3 million as of December 31, 2024 to RMB1,935.0 million as of December 31, 2025 and (iii) an increase in contract liabilities from RMB40.2 million as of December 31, 2024 to RMB85.5 million as of December 31, 2025, partially offset by (i) an increase in restricted bank deposits from RMB338.8 million as of December 31, 2024 to RMB1,152.5 million as of December 31, 2025, (ii) an increase in trade and other receivables from RMB245.5 million as of December 31, 2024 to RMB551.0 million as of December 31, 2025, (iii) an increase in inventories from RMB511.0 million as of December 31, 2024 to RMB781.1 million as of December 31, 2025 and (iv) an increase in time deposits from RMB102.6 million as of December 31, 2024 to RMB347.8 million as of December 31, 2025.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB1,184.1 million as of December 31, 2023 to RMB808.0 million as of December 31, 2024, primarily due to (i) a decrease in inventories from RMB812.5 million as of December 31, 2023 to RMB511.1 million as of December 31, 2024, (ii) a decrease in time deposits from RMB378.4 million as of December 31, 2023 to RMB102.6 million as of December 31, 2024, (iii) a decrease in financial assets measured at FVPL from RMB395.0 million as of December 31, 2023 to RMB267.6 million as of December 31, 2024 and (iv) an increase in interest-bearing borrowings from RMB162.5 million as of December 31, 2023 to RMB342.1 million as of December 31, 2024, partially offset by (i) an increase in trade and other receivables from RMB99.4 million as of December 31, 2023 to RMB245.5 million as of December 31, 2024, (ii) an increase in cash and cash equivalents from RMB114.1 million as of December 31, 2023 to RMB274.7 million as of December 31, 2024 and (iii) an increase in restricted time deposits from RMB220.6 million as of December 31, 2023 to RMB338.8 million as of December 31, 2024.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
				(unaudited)
Current Liabilities				
Interest-bearing borrowings	162,517	342,056	392,104	407,100
Lease liabilities	5,836	5,786	12,019	11,590
Financial instruments with preferential rights	—	—	1,381,859	1,411,658
Non-current Liabilities				
Lease liabilities	4,233	3,215	30,915	29,071
Financial instruments with preferential rights	1,200,330	1,291,219	—	—
Total	**1,372,916**	**1,642,276**	**1,816,897**	**1,859,419**

Interest-bearing Borrowings

As of December 31, 2023, 2024 and 2025, we had interest-bearing borrowings of RMB162.5 million, RMB342.1 million and RMB392.1 million, respectively. The table below sets forth the categories of our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Guaranteed short-term bank loans	10	10	10,104
Unsecured short-term bank loans	8,007	5,046	—
Current portion of non-current secured bank loans	4,500	—	—
Bank advances under discounted bills	150,000	337,000	382,000
Total	**162,517**	**342,056**	**392,104**

As of April 30, 2026, 15.1% of our total banking facilities as of December 31, 2025, or RMB325.6 million, had been subsequently utilized.

Lease Liabilities

Our lease liabilities, including current and non-current portions, were primarily in relation to leased properties, including buildings and right-of-use for business operations.

As of December 31, 2023, 2024 and 2025, the balances of our lease liabilities, including both current and non-current portions, were RMB10.1 million, RMB9.0 million and RMB42.9 million, respectively. The increase from 2024 to 2025 primarily reflected the acquisition of the production center in Zhuhai and the addition of new leases resulting from our business expansion.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities. During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness since December 31, 2025 and up to the Latest Practicable Date. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

The table below sets forth our capital expenditure for the periods indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Payment for the purchase of property, plant and equipment and intangible assets	23,778	12,562	25,804
Payment for acquisition of interest in associates	—	20,000	3,080
Total	**23,778**	**32,562**	**28,884**

During the Track Record Period, our capital expenditures were payment for the purchase of property, plant and equipment and intangible assets and payment for acquisition of interest in associates.

We plan to continue to incur capital expenditures to support our business growth and expansion strategy. See "Future Plans and Use of [REDACTED] — Use of [REDACTED]" for details. We intend to fund these expenditures with available financial resources, including cash generated from operations, net [REDACTED] from the [REDACTED], and potential future equity or debt financing.

Capital Commitments

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Property, plant and equipment	1,236	219	49
Total	**1,236**	**219**	**49**

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year indicated.

	Year ended December 31,		
	2023	2024	2025
Gross profit/(loss) margin[(1)]	2.7%	(19.9)%	23.2%
Current ratio[(2)]	2.3	1.8	0.9
Quick ratio[(3)]	1.4	1.3	0.7

Notes:

(1) Gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding year and multiplied by 100%.

(2) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.

(3) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year.

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. See Note 30 to "Appendix I — Accountants' Report" for details.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables.

Our exposure to credit risk arising from cash and cash equivalents, bank deposits with maturity over three months, restricted bank deposits, bills receivables is limited because the counterparties are state-owned banks or reputable commercial banks that we consider to have low credit risk.

Liquidity Risk

Liquidity risk relates to the risk that we will not be able to meet our obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our policy is to regularly monitor the Group's liquidity requirements and our compliance with lending covenants and our relationship with finance providers, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash and cash equivalents, bank deposits with original maturity over three months, restricted bank deposits, interest-bearing borrowings, lease liabilities and financial instruments with preferential rights. Financial instruments issued at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively.

Currency Risk

Foreign currency risk arises from recognized assets or liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Euros, and Australian dollars. We manage and monitor our exposure to currency risk to ensure appropriate measures are implemented in a timely and effective manner.

Capital Management

Our primary objectives when managing capital are to safeguard our ability to continue as a going concern, so that we can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

We actively and regularly review and manage our capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and make adjustments to the capital structure in light of changes in economic conditions.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our own equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

DIVIDEND POLICY

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval by our Shareholders. A decision to declare or pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or distributed in any year. As of the Latest Practicable Date, we did not have any dividend policy. Regulations in the PRC currently permit payment of dividends of a PRC company only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China.

DISTRIBUTABLE RESERVE

As of December 31, 2025, we don't have any distributable reserve.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

See "Appendix II — Unaudited [REDACTED] Financial Information" for details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commission and fees incurred in connection with the [REDACTED] and the [REDACTED]. Our [REDACTED] expenses are estimated to be approximately HK$[REDACTED] (including [REDACTED] commission) accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share (being the mid-point of the [REDACTED] range stated in this document and no exercise of the [REDACTED]). Among our [REDACTED] expenses, approximately HK$[REDACTED] is directly attributable to the [REDACTED] of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period, and expect to incur, would consist of approximately HK$[REDACTED] [REDACTED]-related expenses and fees (including [REDACTED] commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$[REDACTED] non-[REDACTED]-related expenses and fees including fees of the legal advisors and reporting accountant and approximately HK$[REDACTED] for other non-[REDACTED]-related fees and expenses.

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

OVERVIEW

As at the Latest Practicable Date, the Company was directly held as to approximately 41.10% by Mr. Liu and approximately 17.94% by Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou. Among which, each of Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou was controlled by Mr. Liu as its general partner. As such, Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou, collectively were entitled to control approximately 59.04% of the voting rights in the Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou will collectively control an aggregate of [REDACTED]% of the voting rights in the Company. Accordingly, Mr. Liu, Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou would constitute a group of Controlling Shareholders.

NO COMPETITION

Save and except for the interest of our Controlling Shareholders in our Company, each of our Controlling Shareholders confirms that as of the Latest Practicable Date, they did not have any interest in any business which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Our business is managed and conducted by the Board and senior management of the Company. Upon [REDACTED], the Board will consist of nine Directors comprising five executive Directors, one non-executive Director and three independent non-executive Directors. For more information, see "Directors and Senior Management." Our Directors consider that the Board and senior management of our Company are capable of functioning independently of our Controlling Shareholders for the following reasons:

(i) six Directors and five senior management are independent of our Controlling Shareholders;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experiences in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of the Group;

(iii) each Director is aware of her/his fiduciary duties as a director which require, among other things, that she/he must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between her/his duties as a Director and her/his personal interests;

(iv) we have three independent non-executive Directors who individually and collectively possess requisite knowledge and experience, and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of the Board and protect the interest of our Company and our Shareholders as a whole; 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 for further information.

Based on the above, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the [REDACTED].

Operational Independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after the [REDACTED]:

(i) we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders;

(ii) we have independent access to our customers and suppliers;

(iii) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and

(iv) none of our Controlling Shareholders have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Group).

As of the Latest Practicable Date, Mr. Liu, one of our Controlling Shareholders, and Ms. Fan Xuejiao (範雪姣), the spouse of Mr. Liu, provided guarantees (the "**Guarantees**") for certain outstanding loans of our Group in the aggregate amount of RMB45.39 million. See note 23 to the Accountants' Report in Appendix I to this document for further details. According to the agreement with the relevant banks, the Guarantees will be released on or before the [REDACTED].

Save as disclosed herein, as of the Latest Practicable Date, there were no other outstanding loans, advances or balances due to our Controlling Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted, among others, the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders have a material interest, the relevant Controlling Shareholders will not vote on the relevant resolutions;

(ii) our Company has established internal control mechanisms to identify connected transactions and related party transactions. Upon the [REDACTED], if our Company enters into connected transactions or related party transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable laws and regulations, including the Hong Kong Listing Rules;

(iii) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Hong Kong Listing Rules;

(v) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(vi) we have appointed Maxa 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 Hong Kong Listing Rules, including various requirements relating to corporate governance; and

(vii) we have established the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee with written terms of reference in compliance with the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules (where applicable).

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of the Company was RMB112,023,809, comprising 112,023,809 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
H Shares to be [REDACTED] from Unlisted Shares	112,023,809	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100.00%**

Immediately following the completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares (assuming the [REDACTED] is exercised in full), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
H Shares to be [REDACTED] from Unlisted Shares	112,023,809	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100.00%**

OUR SHARES

The H Shares in issue following the completion of the [REDACTED] and the Unlisted Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares. However, H Shares may only be [REDACTED] for and [REDACTED] in Hong Kong dollars.

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 [REDACTED] for by or [REDACTED] between legal or natural PRC persons. Unlisted Shares can be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors.

The Unlisted Shares and the H Shares of the Company are regarded as one class of Shares under the Articles of Association and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends for H Shares will be paid in Hong Kong dollars or in the form of additional H Shares whereas all dividends for Unlisted Shares will be paid in Renminbi. However, the transfer of Unlisted Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the [REDACTED] and otherwise disclosed in the document, the Company does not propose to carry out any public or private issue or to place securities simultaneously with the [REDACTED] or within the next six months from the [REDACTED]. The Company has not approved any share issue plan other than the [REDACTED].

[REDACTED] OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares are currently not [REDACTED] or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the Unlisted Shares may be [REDACTED] into H Shares, and such [REDACTED] H 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. 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 and complete the filing procedure with CSRC.

Approval of the Stock Exchange is required if any of the Unlisted Shares are to be [REDACTED] into and [REDACTED] as H Shares on the Stock Exchange. Based on the methodology and procedures for the [REDACTED] of the Unlisted Shares into H Shares as described in this section, the Company can apply for the [REDACTED] of all or any portion of its 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 the initial [REDACTED] of the Company 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 its initial [REDACTED] in Hong Kong.

Approval of Shareholders at a general meeting is not required for the [REDACTED] and trading of the [REDACTED] shares on an overseas stock exchange. Any application for [REDACTED] of the [REDACTED] shares on the Stock Exchange after the initial [REDACTED] of the Company is subject to prior notification by way of announcement to inform the Shareholders and the public of any proposed [REDACTED].

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the [REDACTED]: the relevant Unlisted Shares will be withdrawn from the domestic [REDACTED] and the Company will re-register such Shares on its [REDACTED] maintained in Hong Kong and instruct its [REDACTED] to issue [REDACTED]. Registration on the [REDACTED] will be conditional on (a) its [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 [REDACTED] and (b) the admission of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, [REDACTED] in force from time to time. Until the [REDACTED] shares are re-registered on the [REDACTED], such Shares would not be [REDACTED] as H Shares.

Following the completion of the [REDACTED] and filing procedure with the CSRC on [•], 2026, [REDACTED] Unlisted Shares held by all Shareholders will be [REDACTED] into H Shares on a one-for-one basis and [REDACTED] on Stock Exchange for [REDACTED].

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

According to the PRC Company Law, the Shares issued by the Company prior to the [REDACTED] are restricted from [REDACTED] within one year from the [REDACTED].

RESTRICTIONS OF SHARE TRANSFER BY DIRECTORS AND SENIOR MANAGEMENT

The Directors and members of senior management shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by the Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《關於境外上市公司非境外上市股份登記存管業務受理調整的通知》), our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited after [REDACTED].

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on May 18, 2026.

GENERAL MEETINGS

For details of circumstance under which general meetings of the Company are required, see "Appendix III — Summary of the Articles of Association — Shareholders' Meetings."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the [REDACTED] (assuming that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [REDACTED]), each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of the substantial Shareholder	**Nature of interest**	**Number and Description of Shares[1]**	**Approximate percentage of shareholding**	**Number and Description of Shares[1]**	**Approximate percentage in the total issued share capital of the Company**
Mr. Liu[2]	Beneficial owner	46,044,900 Unlisted Shares	41.10%	46,044,900 H Shares	[REDACTED]%
	Interest in controlled corporations	20,096,500 Unlisted Shares	17.94%	20,096,500 H Shares	[REDACTED]%
Suzhou Qinhupan	Beneficial owner	10,485,600 Unlisted Shares	9.36%	10,485,600 H Shares	[REDACTED]%
Huaye Zhiyuan[3]	Beneficial owner	8,633,700 Unlisted Shares	7.71%	8,633,700 H Shares	[REDACTED]%

Notes:

(1) All interest stated are long positions.

(2) As of the Latest Practicable Date, Mr. Liu was the general partner of Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou. Therefore, Mr. Liu was deemed to be interested in the Shares held by Suzhou Qinhupan, Hehan Jiangze and Nanzhang Zichou under the SFO.

(3) See "History and Development — Background of the [REDACTED] Investors." As of the Latest Practicable Date, the general partner of Huaye Zhiyuan is Hengxin Huaye, which is held as to 45% by Wu Hao (吳昊) and 35% by Chen Ying (陳纓). Therefore, each of Wu Hao and Chen Ying was deemed to be interested in the Shares held by Huaye Zhiyuan under the SFO.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], the Board will consist of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

DIRECTORS

The following table sets forth the information about the Directors upon [REDACTED]:

Name	Age	Position	Time of joining the Group	Date of appointment as a Director	Roles and responsibilities
Mr. Liu Yang (柳揚)[1]	42	Executive Director, chairman of the Board and general manager	August 2019	January 2023	Overall strategic planning, business development and management of the Group
Mr. Liu Jinshan (柳金山)[1]	41	Executive Director, deputy general manager and Board secretary	March 2023	May 2023	Strategic planning, operation management and corporate governance of the Group
Mr. Tong Jiancheng (童建成)	42	Executive Director	April 2023	May 2026	Overseas sales and global market expansion of the Group
Mr. Liu Huaqin (柳華勤)	38	Executive Director	August 2017	August 2017	Global after-sales service of the Group
Ms. Zhu Xiaohui (朱曉輝)	34	Executive Director	April 2019	May 2026	Brand strategy and marketing management of the Group
Ms. Sun Zhiqiong (孫智瓊)	48	Non-executive Director	May 2026	May 2026	Providing advice on the operation and management of the Group
Ms. Leung Chin Ching (梁展鋥)	39	Independent non-executive Director	[REDACTED]	[REDACTED]	Supervising and providing independent opinion and judgment to the Board
Dr. Xia Xiaoxiong (夏小雄)	42	Independent non-executive Director	May 2023	May 2023	Supervising and providing independent opinion and judgment to the Board
Dr. Huang Zhongsheng (黃中生)	56	Independent non-executive Director	May 2023	May 2023	Supervising and providing independent opinion and judgment to the Board

Executive Directors

Mr. Liu Yang (柳揚), aged 42, is the chairman of the Board, executive Director and general manager of the Group. Mr. Liu joined the Group as the general manager in August 2019, and was appointed as the Director, chairman of the Board in January 2023. He was re-designated as an executive Director on May 18, 2026 with effect from the [REDACTED]. Mr. Liu is primarily responsible for overall strategic planning, business development and management of the Group.

1 Mr. Liu Yang and Mr. Liu Jinshan are cousins.

Mr. Liu has over 18 years of experience in the new energy and manufacturing industries. From July 2007 to January 2019, he held various positions at Shanghai BYD Company Limited (上海比亞迪有限公司), a subsidiary of BYD Company Limited (比亞迪股份有限公司, a company listed on the Stock Exchange (stock code: 1211) and the Shenzhen Stock Exchange (stock code: 002594)), with his last position as the sales director of the photovoltaic business division, where he accumulated profound experience in product R&D, quality control, management and market expansion in the new energy field.

Mr. Liu obtained a bachelor's degree in mechanical engineering and automation from Jilin University (吉林大學) in the PRC in July 2007.

Mr. Liu Jinshan (柳金山), aged 41, is an executive Director, deputy general manager and Board secretary of the Group. Mr. Liu Jinshan joined the Group in March 2023 and was appointed as a Director and a deputy general manager in May 2023. He was re-designated as an executive Director on May 18, 2026 with effect from the [REDACTED]. Mr. Liu Jinshan is primarily responsible for strategic planning, operation management and corporate governance of the Group.

Mr. Liu Jinshan has over 18 years of experience in financial management and corporate operations. From July 2007 to November 2011, he served as the accounting supervisor of Guangdong Changhong Electric Co., Ltd. (廣東長虹電子有限公司), a subsidiary of Sichuan Changhong Electric Co. Ltd. (四川長虹電器股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600839)). From November 2011 to August 2014, he worked at Guangdong Tongyu Communication Co., Ltd. (廣東通宇通訊股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002792)). Following the aforesaid employment, he rejoined Guangdong Changhong Electronics Co., Ltd., with his last position as the finance director from August 2014 to February 2023.

Mr. Liu Jinshan obtained a bachelor's degree in financial management from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 2007. He has been a certified public accountant accredited by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since January 2014.

Mr. Tong Jiancheng (童建成), aged 42, is an executive Director and sales director of the Group. He joined the Group as the sales director in April 2023 and served as the supervisor from May 2023 to January 2026. He was re-designated as an executive Director on May 18, 2026 with effect from the [REDACTED]. Mr. Tong is primarily responsible for overseas sales and global market expansion of the Group.

Mr. Tong has almost 20 years of experience in marketing and management. Prior to joining the Group, he served as sales director of BYD Auto Industry Company Limited (比亞迪汽車工業有限公司), a subsidiary of BYD Company Limited, from July 2006 to April 2023.

Mr. Tong obtained a bachelor's degree in chemistry from Xiamen University (廈門大學) in the PRC in July 2006.

Mr. Liu Huaqin (柳華勤), aged 38, is an executive Director and director of global service center of the Group. He joined the Group as the Director and head of BMS R&D in August 2017, and has been serving as the director of global service center since August 2024. He was re-designated as an executive Director on May 18, 2026 with effect from the [REDACTED]. Mr. Liu Huaqin is primarily responsible for Global after-sales service of the Group.

Mr. Liu Huaqin has over 15 years of experience in battery technology research and development and technical service management. From July 2010 to May 2015, he held the system integration position at technical department of Jiangsu Shoto Front New ENERGY Co., Ltd. (江蘇雙登富朗特新能源有限公司), a subsidiary of Shuangdeng Group Co., Ltd. (雙登集團股份有限公司, a company listed on the Stock Exchange (stock code: 6960)). From April 2015 to August 2017, he held the position of engineer pack electrical of Jiangsu Pylon Battery Co., Ltd. (江蘇中興派能電池有限公司), a subsidiary of Pylon Technologies Co., Ltd. (上海派能能源科技股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 688063)).

Mr. Liu Huaqin obtained a bachelor's degree in computer science and technology from Jiangsu University (江蘇大學) in the PRC in June 2010.

Ms. Zhu Xiaohui (朱曉輝), aged 34, is the executive Director, employee representative Director and director of brand and marketing of the Group. Ms. Zhu joined the Group as the regional sales director in April 2019, has been serving as the director of brand and marketing since April 2021, and served as the supervisor from May 2023 to January 2026. She was appointed as an employee-representative Director of the Company in May 2026 and was re-designated as the executive Director on May 18, 2026 with effect from the [REDACTED]. Ms. Zhu is primarily responsible for brand strategy and marketing management of the Group.

Ms. Zhu has over 10 years of experience in technical support. Prior to joining the Group, she served as the senior technical support engineer of BYD Auto Industry Co., Ltd. (比亞迪汽車工業有限公司) from July 2014 to January 2018.

Ms. Zhu obtained a bachelor's degree in electrical engineering and automation from Xi'an University of Technology (西安理工大學) in the PRC in July 2014.

Non-Executive Director

Ms. Sun Zhiqiong (孫智瓊), aged 48, is a non-executive Director of the Group. Ms. Sun was appointed as a non-executive Director on May 18, 2026 with effect from the [REDACTED]. Ms. Sun is primarily responsible for providing advice on the operation and management of the Group.

From March 2002 to April 2012, she worked at Shenzhen Ksai Electronics Co., Ltd. (深圳柯賽電子有限公司). From May 2012 to May 2016, she worked at Shenzhen Golden Highway Technology Co., Ltd. (深圳市金宏威技術有限責任公司). From May 2016 to March 2018, she served as the procurement head of Beijing Beiyuan Electric Power Co., Ltd. (北京北元電力有限公司). From March 2018 to September 2018, she served as the procurement manager of Shenzhen Lachesis Mhealth Co., Ltd. (深圳市聯新移動醫療科技有限公司). From October 2018 to February 2019, she worked as the risk control manager of Shenzhen Xinxinhua Asset Management Co., Ltd. (深圳市鑫信華資產管理有限公司). Since February 2019, she has been serving as the deputy general manager of operation department of Shenzhen HUA Ventures Co., Ltd. (深圳市恒信華業股權投資基金管理有限公司). From September 2020 to January 2026, she served as the supervisor of Ya'an Bestry Performance Materials Co., Ltd. (雅安百圖高新材料股份有限公司, a company listed on the NEEQ (stock code: 875029)).

Ms. Sun obtained an undergraduate graduation certificate in finance from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in July 2003.

Independent Non-executive Director

Ms. Leung Chin Ching (梁展鋥) (formerly known as Leung Sze Ka (梁詩迦)), aged 39, is an independent non-executive Director of the Group. She was appointed as an independent non-executive Director on May 18, 2026 with effect from the [REDACTED]. Ms. Leung is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Leung has over 16 years of experience in finance and accounting. She worked as a staff accountant in Ernst & Young (安永會計師事務所) from November 2009 to September 2011, and was promoted to a senior accountant from October 2011 to July 2014. From August 2014 to December 2017, with her last position as financial controller and company secretary of Lanon Development Limited (亮雅發展有限公司). Since December 2017, she has been serving as the company secretary and financial controller of Peiport Holdings Ltd. (彼岸控股有限公司, a company listed on the Stock Exchange (stock code: 2885)).

Ms. Leung obtained a bachelor's degree in accounting through correspondence education (函授課程) from City University of Hong Kong (香港城市大學) in Hong Kong in July 2009. She is a certified public accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA) admitted in July 2013.

Dr. Xia Xiaoxiong (夏小雄), aged 42, is an independent non-executive Director of the Group. Dr. Xia has been serving as the independent Director since May 2023 and was appointed as an independent non-executive Director on May 18, 2026 with effect from the [REDACTED]. Dr. Xia is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Xia has over 10 years of experience in legal research. Since July 2015, he has served successively as a postdoctoral researcher, assistant researcher and associate researcher of Institute of Law, Chinese Academy of Social Sciences (中國社會科學院法學研究所). Dr. Xia served as the independent director of Mingya Fund Management Co., Ltd. (明亞基金管理有限責任公司) from March 2019 to May 2025. He has been serving as the independent director of Chengtong Securities Co., Ltd. (誠通證券股份有限公司) since November 2025.

Dr. Xia obtained a bachelor's degree in law from Nanjing University (南京大學) in the PRC in June 2006, a master's degree in civil and commercial law from Peking University (北京大學) in the PRC in July 2008 and a doctoral degree in law from University of Pisa (比薩大學) in Italy in March 2012.

Dr. Huang Zhongsheng (黃中生), aged 56, is an independent non-executive Director of the Group. Dr. Huang has been serving as the independent Director since May 2023 and was appointed as an independent non-executive Director on May 18, 2026 with effect from the [REDACTED]. Dr. Huang is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Huang has over 18 years of experience in accounting research and education. From April 2016 to May 2025, he served as the associate dean of School of Accounting at Nanjing Audit University (南京審計大學會計學院). From April 2010 to March 2016, he successively served as the deputy head and head of Accounting Department at Nanjing Audit University (南京審計大學會計系). From May 2023 to May 2026, he served as the independent director of Zhejiang Evotrue Net Technology Stock Co., Ltd. (浙江天演維真網絡科技股份有限公司, a company listed on the NEEQ (stock code: 873919)). Since January 2023, he has been serving as the independent director of Kunshan Hostar Intelligence Technology Co., Ltd. (崑山鴻仕達智能科技股份有限公司, a company listed on the Beijing Stock Exchange (stock code: 920125)).

Dr. Huang obtained a bachelor's degree in agronomy from Hubei Agricultural College (湖北農學院) (currently known as Yangtze University (長江大學)) in the PRC in July 1992, a master's degree and a doctoral degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2000 and June 2006, respectively. He is an accountant (會計師) awarded by the Ministry of Finance of the PRC (中華人民共和國財政部) in May 2002 and was accredited as a certified public accountant in China in January 2011.

SENIOR MANAGEMENT

The Group's senior management team is responsible for the day-to-day management and operation of its business. The executive Directors are also members of the Group's senior management. For their biographies, see "— Directors — Executive Directors" above.

Name	Age	Position	Time of joining the Group	Date of appointment as a member of senior management	Roles and responsibilities
Mr. Liu Yang (柳揚)	42	Executive Director, chairman of the Board and general manager	August 2019	August 2019	Overall strategic planning, business development and management of the Group
Mr. Liu Jinshan (柳金山)	41	Executive Director, deputy general manager and Board secretary	March 2023	March 2023	Strategic planning, operation management and corporate governance of the group
Mr. Lei Chunbo (雷純波)	40	Deputy general manager	February 2019	February 2019	Overseas sales and global market expansion of the Group
Mr. Zhang Weizhong (張微中)	39	Deputy general manager	October 2017	October 2017	R&D of BMS
Mr. Li Cheng (李程)	39	Deputy general manager	September 2022	September 2022	R&D of C&I ESS
Mr. Liu Tao (劉滔)	44	Deputy general manager	April 2026	April 2026	Oversight and R&D of residential ESS
Mr. Zhao Ranzhi (趙然志)	43	Finance director	May 2022	May 2022	Financial management of the Group

Mr. Liu Yang (柳揚), aged 42, is the chairman of the Board, executive Director and general manager of the Group. For details of his biography, see "— Directors — Executive Directors" above.

Mr. Liu Jinshan (柳金山), aged 41, is an executive Director, deputy general manager and Board Secretary of the Group. For details of his biography, see "— Directors — Executive Directors" above.

Mr. Lei Chunbo (雷純波) (formerly known as Lei Zhongping (雷中平)), aged 40, is the deputy general manager of the Group. Mr. Lei joined the Group as the sales director in February 2019 and was re-designated as the deputy general manager in May 2023. He served as the Director from January 2023 to May 2026. Mr. Lei is primarily responsible for overseas sales and global market expansion of the Group.

Mr. Lei has over 16 years of experience in overseas sales management and new energy business operations. From January 2010 to July 2018, he served as the sales manager of BYD Auto Industry Company Limited, focusing on overseas market expansion and cross-border business operations.

Mr. Lei obtained a bachelor's degree in electronic information science and technology from Hunan University of Technology (湖南工業大學) in the PRC in June 2009.

Mr. Zhang Weizhong (張微中), aged 39, is the deputy general manager of the Group. He joined the Group in October 2017 and was appointed as the deputy general manager in May 2023. Mr. Zhang is primarily responsible for R&D of BMS solutions.

Mr. Zhang has over 14 years of experience in battery technology and product development. From May 2011 to July 2013, he served as a structural engineer of Pylon Technologies Co., Ltd. (上海派能能源科技股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 688063). From August 2013 to September 2017, he served as a engineer of PACK at Jiangsu Pylon Battery Co., Ltd. (江蘇中興派能電池有限公司).

Mr. Zhang obtained a bachelor's degree in polymer materials and engineering from University of Jinan (濟南大學) in the PRC in June 2008.

Mr. Li Cheng (李程), aged 39, is the deputy general manager and director of C&I ESS of the Group. Mr. Li joined the Group in September 2022 and has been serving as the director of C&I ESS since then. He was appointed as the deputy general manager in May 2026. Mr. Li is primarily responsible for R&D of C&I ESS.

Mr. Li has over 15 years of experience in battery product. From July 2010 to July 2021, he served as the deputy manager of solutions department of BYD Auto Industry Company Limited.

Mr. Li obtained a bachelor's degree in automation from Shenyang Aerospace University (瀋陽航空航天大學) in the PRC in July 2010.

Mr. Liu Tao (劉滔), aged 44, is the deputy general manager and general manager of the super product development team of residential ESS of the Group. He joined the Group in April 2026. Mr. Liu is primarily responsible for oversight and R&D of residential ESS.

Mr. Liu has almost 15 years of experience in ESS. Prior to joining the company, he served as a director of ESS product at GoodWe Technologies Co., Ltd. (固德威技術股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 688390)) from July 2011 to July 2025.

Mr. Liu obtained a bachelor's degree in communication engineering from Nanjing University of Posts and Telecommunications (南京郵電大學) in the PRC in July 2006.

Nanjing Fumiao Electronic Technology Co., Ltd. (南京伏秒電子科技有限公司, "**Nanjing Fumiao**") was established in the PRC in October 2010. Mr. Liu was the supervisor and the largest shareholder holding 60.0% of the equity interests of Nanjing Fumiao. Since Nanjing Fumiao had no active business operations, the business license of Nanjing Fumiao was revoked by the local competent authority on December 15, 2025.

Mr. Zhao Ranzhi (趙然志), aged 43, is the finance director (財務總監) of the Group. Mr. Zhao joined the Group in May 2022 as the finance manager and served as the finance director since May 2023. Mr. Zhao is primarily responsible for financial management of the Group.

Mr. Zhao has over 20 years of experience in financial management. In March 2006, he joined the BYD Company Limited and worked at BYD group until July 2021. From August 2021 to March 2022, he served as a deputy head of finance department of Shaanxi Lighte Optoelectronics Material Co., Ltd. (陝西萊特光電材料股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 688150)). From April 2022 to May 2022, he served as the deputy finance manager at Shaanxi Bicon Pharmaceutical Group Holding Co., Ltd. (陝西必康製藥集團控股有限公司).

Mr. Zhao obtained a bachelor's degree in accounting from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2006. He was certified as an intermediate accountant (中級會計師證) by Human Resources and Social Security Bureau of Xi'an (西安市人力資源和社會保障局) in August 2014 and a tax advisor (稅務師) awarded by the China Certified Tax Agents Association (中國註冊稅務師協會) in November 2020, respectively.

JOINT COMPANY SECRETARIES

Mr. Liu Jinshan (柳金山) is one of the joint company secretaries of the Company. For details of his biography, see "— Directors — Executive Directors" above.

Ms. Wong Hoi Ting (黃凱婷) is one of the joint company secretaries of the Company. She is a manager in the listing services department of TMF Hong Kong Limited. She is responsible for providing corporate secretarial and compliance services to listed companies. Ms. Wong has over ten years of experience in the corporate secretarial field. She obtained her bachelor's degree in social sciences from Lingnan University (嶺南大學) in Hong Kong in October 2009 and her master of science degree in professional accounting and corporate governance from City University of Hong Kong (香港城市大學) in Hong Kong in July 2014. Ms. Wong is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

OTHER INFORMATION

Rule 3.09D of the Listing Rules

Each of the Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she had 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 were no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10(2) of the Listing Rules

Each of the Directors (other than the independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she was not interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business under Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments to the Board. The Audit Committee comprises Dr. Huang Zhongsheng, Dr. Xia Xiaoxiong and Ms. Leung Chin Ching, with Dr. Huang Zhongsheng as the chairperson.

Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Liu, Dr. Huang Zhongsheng and Ms. Leung Chin Ching, with Mr. Liu as the chairperson.

Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rules 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession and to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration and Appraisal Committee comprises Dr. Huang Zhongsheng, Dr. Xia Xiaoxiong and Mr. Liu Jinshan, with Dr. Huang Zhongsheng as the chairperson.

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company intends to comply with the code provisions in Part 2 of the Corporate Governance Code after the [REDACTED] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Liu Yang, performs both the roles of the chairman and general manager in the Company. The Board believes that, in view of his experience, personal profile and understanding of the Group's business operations as detailed in his biography above, Mr. Liu Yang is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive to Mr. Liu Yang can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Board Diversity

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

The Board currently consists of three female and six male Directors ranging from 34 to 56 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including mechanical engineering, financial management, chemistry, electrical engineering and automation, computer science, finance, accounting and law. Taking into account the Group's existing business model and specific needs, as well as the diverse background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to the Board for consideration and approval. The Nomination Committee will also include a summary of the board diversity policy in the annual reports.

REMUNERATION

The Directors and senior management of the Company receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the total remuneration of the Directors (including Directors' fees, salaries, allowances, benefits in kind, discretionary bonuses, defined contribution retirement plans and equity-settled share-based payments) amounted to RMB3.3 million, RMB3.8 million, RMB5.3 million, respectively. None of the Directors waived or agreed to waive any emolument during the Track Record Period.

Under the arrangements in force as of the date of this document, the Company estimates the total remuneration payable to, and benefits in kind receivable by, the Directors by the Group for the year ended December 31, 2026 to be approximately RMB7.0 million.

For the three years ended December 31, 2023, 2024 and 2025, the aggregate remuneration (including salaries, wages and other benefits, discretionary bonuses, defined contribution retirement plans, and equity-settled share-based payments) paid to the five highest paid individuals (excluding two, three, and four our Directors or supervisors) by us amounted to RMB3.1 million, RMB1.9 million and RMB1.2 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or received by, the Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Save as disclosed above, no other payments have been made or are payable by the Group to the Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Maxa Capital Limited as the Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide the Company with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will, amongst other things, advise the Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) 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;

(iii) where the Group proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of the Group deviate from any forecast, estimate, or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED].

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Growth Strategies."

USE OF [REDACTED]

Assuming an [REDACTED] of HK$[REDACTED] per H Share (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expense paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised). In line with our strategies, we intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to strengthen our core technological capabilities and support continuous product innovation in residential and C&I ESS with the aim of improving our products' performance, reliability and scalability, including:
  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to R&D relating to C&I ESS. Specifically, the [REDACTED] are expected to be used primarily for the following over the next three years: (i) personnel costs for relevant R&D staff; (ii) the purchase of equipment, such as RLC loads, higher power AC sources, high-precision oscilloscopes, DC sources and high/low temperature chambers; and (iii) the purchase of design, simulation and verification software;
  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for research and development relating to residential ESS. Specifically, the [REDACTED] are expected to be used primarily for the following over the next three years: (i) personnel costs for relevant R&D staff; (ii) the purchase of equipment, such as printed circuit board assembly production equipment for circuit control applications; and (iii) the purchase of design, simulation and verification software; and
  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to further enhance our product and system design and development capabilities relating to PCS, BMS and EMS through the recruitment and retention of R&D personnel, as well as related ancillary expenses.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for our capacity expansion and smart manufacturing capability upgrades to support our production expansion plans and improve manufacturing efficiency and quality control, including: the establishment of new production lines for C&I ESS and other new ESS products. The investment is expected to include the procurement of equipment such as a fully automated warehousing and logistics system, an SMT fully automated production testing line, and a 16ppm fully automated module laser welding line. The new production lines are expected to have an annual designed capacity of approximately 5 GWh, with construction and commissioning expected to be completed over a period of approximately three years. These investments are intended to enhance production efficiency, product consistency and capacity scalability.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to develop our global marketing and after-sales service system in support of our expansion in key overseas markets, including:

  - o Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to strengthen our overseas brand building and marketing efforts. Specifically, we plan to use it for: (i) advertisement through online and offline channels, including digital media, industry platforms and trade publications; (ii) participation in international industry exhibitions, conferences and roadshows; and (iii) the organization and implementation of promotional activities in selected overseas markets. These initiatives are intended to enhance brand recognition, increase market visibility, expand customer reach and support demand generation in key international markets, underpinned by a reputation for product quality and customer trust that translates into brand loyalty that is difficult for competitors to displace; and

  - o Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to expand the coverage of our distributor network and establish localized overseas after-sales service centers. Specifically, we plan to use it for:

    - the expansion of our overseas marketing channels, with a focus on enhancing brand recognition, customer engagement and market penetration in major markets, including: (a) personnel-related expenses for our marketing staff; and (b) e-commerce platform-related costs for our online sales channels, including platform operation, maintenance and related service costs. These investments are intended to strengthen our sales execution capabilities, expand customer reach and support the continued growth of our overseas sales network; and

    - the expansion of our sales and after-sales infrastructure, including: (a) the establishment of call center systems to improve customer support responsiveness; (b) the establishment of logistics systems to support timely spare parts replenishment and shorten order fulfillment lead times; (c) site-related costs; (d) IT system development costs; and (e) personnel-related expenses. These investments are intended to improve after-sales response times and enhance our customer service capabilities in overseas markets.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for potential strategic investments or acquisitions to strengthen our technological leadership and market position in our core businesses. We may selectively pursue strategic partnerships, equity investments or acquisitions that complement our existing business and enhance our long-term competitiveness. Potential targets are expected to have a clear strategic fit within our upstream or downstream industry chain and may include businesses with technological strengths in power conversion systems, ESS battery cells or related fields. In assessing potential targets, we will consider, among other things: (i) the degree of technological synergy with our existing products and business lines, including the ability to quickly supplement our PCS-related technologies and products or expand our R&D and production capabilities into the ESS battery cell segment in order to improve supply chain stability and enhance gross margin potential; (ii) the stability, experience and technical depth of the target's management and core technical teams; (iii) the scale of the target's operations and financial profile, with indicative criteria including a team size of approximately 50 to 150 personnel and annual revenue of approximately RMB50.0 million to RMB200.0 million; and (iv) the target's geographic presence, with a preference for businesses located in China, Europe and/or North America.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK$[REDACTED], respectively (assuming that the [REDACTED] is not exercised). We intend to apply the additional or reduced net [REDACTED] to the above uses on a pro rata basis.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the maximum [REDACTED]), (ii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the [REDACTED] range) and (iii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the minimum [REDACTED]). To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

In the event that certain parts of our development plans are hindered due to factors such as changes in government policies or force majeure events, our directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED]. Should there be any significant changes to the intended use of [REDACTED], we will make appropriate disclosures in accordance with the Hong Kong Listing Rules.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdiction). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-62, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 大秦數字能源技術股份有限公司 DYNESS DIGITAL ENERGY TECHNOLOGY CO., LTD AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of 大秦數字能源技術股份有限公司 Dyness Digital Energy Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-62, which comprises 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 the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-62 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated *[date]* (the "**Document**") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 29(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4	722,868	733,607	2,525,485
Cost of sales		(703,503)	(879,670)	(1,940,821)
Gross profit/(loss)		19,365	(146,063)	584,664
Other net income	5	36,574	34,624	88,961
Selling and distribution expenses		(90,192)	(129,285)	(195,639)
Administrative expenses		(64,222)	(48,660)	(85,749)
Research and development costs		(58,527)	(81,630)	(103,876)
Impairment reversal/(loss) on trade and other receivables		3,864	(4,279)	(46,366)
(Loss)/profit from operations		(153,138)	(375,293)	241,995
Change in carrying amount of financial instruments with preferential rights	26	(61,923)	(90,889)	(90,640)
Other finance costs	6(a)	(6,121)	(5,991)	(1,769)
Finance costs		(68,044)	(96,880)	(92,409)
Share of losses of associates		—	—	(466)
(Loss)/profit before tax	6	(221,182)	(472,173)	149,120
Income tax benefit/(expense)	7(a)	38,928	94,456	(23,846)
(Loss)/profit for the year		(182,254)	(377,717)	125,274
Attributable to:				
Equity shareholders of the Company		(182,254)	(377,717)	125,274
Non-controlling interests		—	—	—
(Loss)/profit for the year		(182,254)	(377,717)	125,274
(Loss)/earnings per share				
Basic *(RMB)*	10	(1.81)	(3.37)	1.12
Diluted *(RMB)*		(1.81)	(3.37)	1.12

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/profit for the year		(182,254)	(377,717)	125,274
Other comprehensive income for the year (after tax)		31,149	(16,325)	(13,203)
Item that is or may be reclassified subsequently to profit or loss:				
Exchange differences on translation of:				
— financial statements of overseas subsidiaries		31,149	(16,325)	(13,203)
Total comprehensive income for the year		(151,105)	(394,042)	112,071
Attributable to:				
Equity shareholders of the Company		(151,105)	(394,042)	112,071
Non-controlling interests		—	—	—
Total comprehensive income for the year		(151,105)	(394,042)	112,071

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11(a)	27,878	28,898	76,929
Right-of-use assets	11(b)	8,682	9,662	39,713
Intangible assets	12	198	435	734
Interest in associates	14	—	20,000	22,613
Trade and other receivables	16(a)	—	444	216
Financial assets measured at fair value through profit or loss ("**FVPL**")	17	5,000	9,000	19,000
Deferred tax assets	7(c)	51,747	146,182	137,497
Other non-current asset	18	—	—	2,012
Time deposits		—	—	150,000
		93,505	214,621	448,714
Current assets				
Inventories	15	812,454	511,096	781,092
Trade and other receivables	16(a)	99,372	245,540	551,041
Prepayments	16(b)	86,939	93,002	211,207
Financial assets measured at fair value through profit or loss ("**FVPL**")	17	395,000	267,580	—
Restricted time deposits	19	220,566	338,772	1,152,490
Time deposits		378,438	102,580	347,810
Cash and cash equivalents	20	114,133	274,746	282,970
		2,106,902	1,833,316	3,326,610
Current liabilities				
Trade and other payables	21	702,623	637,289	1,935,032
Contract liabilities	22	51,570	40,178	85,507
Interest-bearing borrowings	23	162,517	342,056	392,104
Lease liabilities	25	5,836	5,786	12,019
Current taxation		235	—	14,682
Financial instruments with preferential rights	26	—	—	1,381,859
		922,781	1,025,309	3,821,203
Net current assets/(liabilities)		1,184,121	808,007	(494,593)
Total assets less current liabilities		1,277,626	1,022,628	(45,879)

		At 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	25	4,233	3,215	30,915
Provisions	24	20,434	26,320	55,881
Other payables	21	—	254	189
Deferred income		—	2,971	5,173
Financial instruments with preferential rights	26	1,200,330	1,291,219	—
		1,224,997	1,323,979	92,158
NET ASSETS/(LIABILITIES)		52,629	(301,351)	(138,037)
CAPITAL AND RESERVES				
Share capital	29(d)	112,024	112,024	112,024
Reserves	29(e)	(59,395)	(413,375)	(262,478)
Total equity/(deficit) attributable to equity shareholders of the Company		52,629	(301,351)	(150,454)
Non-controlling interests		—	—	12,417
TOTAL EQUITY/(DEFICIT)		52,629	(301,351)	(138,037)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11(a)	10,901	11,697	18,350
Right-of-use assets	11(b)	5,809	3,255	18,897
Intangible assets		198	435	716
Investments in subsidiaries	13	234,972	241,084	263,852
Interest in associates	14	—	20,000	22,613
Financial assets measured at fair value through profit or loss ("**FVPL**")	17	5,000	9,000	19,000
Deferred tax assets		6,731	19,631	15,015
Time deposits		—	—	90,000
		263,611	305,102	448,443
Current assets				
Inventories	15	135,423	129,593	217,464
Trade and other receivables	16(a)	841,437	732,364	1,038,451
Prepayments (current)		124,047	116,545	144,356
Financial assets measured at fair value through profit or loss ("**FVPL**")	17	245,000	187,580	—
Restricted time deposits	19	101,191	85,542	744,827
Time deposits		—	14,760	94,050
Cash and cash equivalents	20	42,191	103,725	158,923
		1,489,289	1,370,109	2,398,071
Current liabilities				
Trade and other payables	21	533,767	433,225	1,425,775
Contract liabilities	22	9,316	2,434	11,359
Interest-bearing borrowings	23	8,017	35,012	20,100
Lease liabilities	25	2,417	2,037	7,547
Financial instruments with preferential rights	26	—	—	1,381,859
		553,517	472,708	2,846,640
Net current assets/(liabilities)		935,772	897,401	(448,569)
Total assets less current liabilities		1,199,383	1,202,503	(126)

		At 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	25	2,993	956	11,606
Provisions		1,621	2,967	667
Deferred income		—	2,971	5,173
Financial instruments with preferential rights	26	1,200,330	1,291,219	—
		1,204,944	1,298,113	17,446
NET LIABILITIES		(5,561)	(95,610)	(17,572)
CAPITAL AND RESERVES				
Share capital	29(d)	112,024	112,024	112,024
Reserves	29(e)	(117,585)	(207,634)	(129,596)
TOTAL DEFICIT		(5,561)	(95,610)	(17,572)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Paid-in capital	Share capital	Capital reserve	Exchange reserve	Retained profits/ (Accumulated losses)	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 29(c))	*(Note 29(d))*	*(Note 29(e))*	*(Note 29(e))*		
Balance at 1 January 2023		21,627	—	101,105	(4)	120,301	243,029
Loss for the year		—	—	—	—	(182,254)	(182,254)
Other comprehensive income		—	—	—	31,149	—	31,149
Total comprehensive income for the year		—	—	—	31,149	(182,254)	(151,105)
Capital contributions by shareholders	29	4,238	—	6,247	—	—	10,485
Capital contributions by investors with preferential rights		4,974	12,024	988,002	—	—	1,005,000
Recognition of financial instruments with preferential rights	26	—	—	(1,086,212)	—	—	(1,086,212)
Equity-settled share-based transactions	27	—	—	31,432	—	—	31,432
Conversion into a joint stock limited liability company	29(c)	(30,839)	100,000	(100,422)	—	31,261	—
Balance at 31 December 2023		—	112,024	(59,848)	31,145	(30,692)	52,629

	Note	Share capital	Capital reserve	Exchange reserve	Retained profits/ (Accumulated losses)	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 29(d))	*(Note 29(e))*	*(Note 29(e))*		
Balance at 1 January 2024		112,024	(59,848)	31,145	(30,692)	52,629
Loss for the year		—	—	—	(377,717)	(377,717)
Other comprehensive income		—	—	(16,325)	—	(16,325)
Total comprehensive income for the year		—	—	(16,325)	(377,717)	(394,042)
Equity-settled share-based transactions	27	—	40,062	—	—	40,062
Balance at 31 December 2024		112,024	(19,786)	14,820	(408,409)	(301,351)

	Note	Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Exchange reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 29(d))	*(Note 29(e))*	*(Note 29(e))*				
Balance at 1 January 2025		112,024	(19,786)	14,820	(408,409)	(301,351)	—	(301,351)
Profit for the year		—	—	—	125,274	125,274	—	125,274
Other comprehensive income		—	—	(13,203)	—	(13,203)	—	(13,203)
Total comprehensive income for the year		—	—	(13,203)	125,274	112,071	—	112,071
Acquisition of a subsidiary with non-controlling interests		—	—	—	—	—	12,417	12,417
Equity-settled share-based transactions	27	—	38,826	—	—	38,826	—	38,826
Balance at 31 December 2025		112,024	19,040	1,617	(283,135)	(150,454)	12,417	(138,037)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities:				
Cash (used in)/generated from operations		(183,774)	(375,984)	82,062
Income tax paid		(29,736)	(979)	(757)
Net cash (used in)/generated from operating activities	20(b)	(213,510)	(376,963)	81,305
Investing activities:				
Payment for the purchase of property, plant and equipment and intangible assets		(23,778)	(12,562)	(25,804)
Payment for acquisition of unlisted investment		(5,000)	(4,000)	(10,000)
Payment for acquisition of interest in associates		—	(20,000)	(3,080)
Payment for the purchase of time deposits		(378,438)	—	(395,230)
Payment for the purchase of wealth management products		(395,000)	—	—
Proceeds from disposal of property, plant and equipment		56	29	—
Proceeds from disposal of wealth management products		7,491	133,392	269,907
Proceeds from disposal of time deposits		984	276,276	—
Net cash inflow arising from the acquisition of a subsidiary	28	—	—	109
Proceeds from disposal of interest in an associate	14	179	—	—
Proceeds from disposal of interest in subsidiaries	20(e)	1,784	—	—
Net cash (used in)/generated from investing activities		(791,722)	373,135	(164,098)

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Financing activities:				
Capital contributions by shareholders		10,485	—	—
Capital contributions by investors with preferential rights		1,005,000	—	—
Capital element of lease rentals paid	20(c)	(10,532)	(8,393)	(6,604)
Interest element of lease rentals paid	20(c)	(692)	(502)	(333)
Proceeds from interest-bearing borrowings	20(c)	549,970	746,985	359,910
Repayment of interest-bearing borrowings	20(c)	(478,820)	(567,446)	(319,862)
Interest of interest-bearing borrowings paid	20(c)	(5,429)	(5,489)	(1,436)
Net cash generated from financing activities		1,069,982	165,155	31,675
Net increase/(decrease) in cash and cash equivalents		64,750	161,327	(51,118)
Effect of foreign exchange rate changes		(223)	(714)	59,342
Cash and cash equivalents at 1 January		49,606	114,133	274,746
Cash and cash equivalents at 31 December		114,133	274,746	282,970

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Dyness Digital Energy Technology Co., Ltd. (the "**Company**") (大秦數字能源技術股份有限公司), formerly known as Jiangsu Daqin New Energy Technology Co., Ltd. (江蘇大秦新能源科技有限公司) was incorporated in People's Republic of China (the "**PRC**") on 17 August 2017 as a limited liability company. In May 2023, the Company was converted from a limited liability company into a joint stock limited liability company.

During the Track Record Period, the Company and its subsidiaries (together, "**the Group**") are principally engaged in sales, research and development and manufacture of various types of energy storage products, mainly including Residential energy storage systems ("**Residential ESS**") and Commercial &Industrial energy storage systems ("**C&I ESS**").

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "**PRC GAAP**") and audited by ZhongXingCai GuangHua Certified Public Accountants LLP* (中興財光華會計師事務所(特殊普通合夥)). The statutory financial statements of the Company for the year ended 31 December 2025 has not been issued as at the date of this report.

As at 31 December 2025, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment/ operation	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Xi'an Dyness Digital Energy Technology Co., Ltd.* 西安大秦數字能源技術有限公司	The PRC 7 June 2017	RMB5,000,000/ RMB5,000,000	100%	—	Sales of ESS products
Dyness New Energy Technology (Taizhou) Co., Ltd.* 大秦新能源科技(泰州)有限公司	The PRC 6 March 2020	RMB100,000,000/ RMB100,000,000	100%	—	R&D and sales of ESS products
Suzhou Dyness New Energy International Development Co., Ltd.* 蘇州大秦新能國際發展有限公司	The PRC 13 January 2023	RMB10,000,000/ RMB5,610,000	100%	—	Investment holding
Shenzhen Dyness Energy Storage Technology Co., Ltd.* 深圳大秦儲能科技有限公司	The PRC 26 June 2023	RMB80,000,000/ RMB80,000,000	100%	—	Domestic sales of C&I ESS products
DYNESS EUROPE B.V.	Netherlands 11 January 2021	EUR100/EUR100	—	100%	Sales of ESS products
DYNESS SINGAPORE PTE. LTD.	Singapore 8 March 2023	SGD10,000/ SGD10,000	—	100%	Sales of ESS products and investment holding
CD ENERGY (PTY) LTD.	South Africa 11 May 2023	ZAR1,000/ ZAR1,000	—	100%	Sales of ESS products

Note:

(i) No audited financial statements were prepared for these subsidiaries for the years ended 31 December 2023, 2024 and 2025.

* The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net liabilities of RMB138,037,000 and net current liabilities of RMB494,593,000 as at 31 December 2025, which is primarily due to the recognition of financial instruments with preferential rights of RMB1,381,859,000 as current liabilities (see Note 26). All of the special rights granted to the investors would be terminated upon the Company's [REDACTED] and the financial instruments with preferential rights will be converted to equity resulting in a change from net current liabilities to net current assets. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due and to sustain its operations for the foreseeable future after reviewing the Group's cash flow projection, taking into account the expected working capital requirements covering at least the next twelve months from 31 December 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets and liabilities stated at their fair value as explained in the accounting policies set out below:

— Bills receivable measured at FVOCI as set out in Note 2(e).

— Wealth management products measured at FVPL as set out in Note 2(e).

— Unlisted investment measured at FVPL as set out in Note 2(e).

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

(d) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note2(i)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note2(e)(ii)).

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 30(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— Fair value through other comprehensive income ("**FVOCI**") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale.

— Fair value through profit or loss ("**FVPL**") if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)), are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)). If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

Any gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

— Machinery and equipment	5–10 years
— Vehicles	4 years
— Other equipment and furniture	3–5 years
— Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(i)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful life for software were decided with reference to the shortest period among the expected service life, the expected beneficial life and the effective life stipulated by the applicable law. The estimated useful lives for the current and comparative periods are as follows:

— Software	3–10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i), and 2(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**"), if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in "right-of-use assets" and presents lease liabilities separately in the statements of financial position.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on financial assets measured at amortised cost (including cash and cash equivalents, time deposits with maturity over three months, restricted time deposits and trade receivables and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer, which are not capitalised as inventory (see Note 2(j)(i)), property, plant and equipment (see Note 2(f)) or intangible assets (see Note 2(g)), are expensed as incurred.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(l) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Financial instruments with preferential rights

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The financial instruments with preferential rights is measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the financial instruments with preferential rights arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The Group grant restricted share units ("**RSUs**") as incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments ("**equity- settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the restricted share units at the grant date. The fair value of share options or restricted share units granted is recognised as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the option or restricted share unit pricing model, taking into account the terms and conditions upon which the options or restricted share units were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of options or restricted share units, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of options or restricted share units that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options or restricted share units, the total estimated fair value of the options or restricted share units is expensed over the vesting period, taking into account the probability that the options or restricted share units will vest. During the vesting period, the number of share options or restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest (with a corresponding adjustment to the capital reserve.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified and if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and it is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("**OCI**").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met. Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods in the ordinary course of the Group's business.

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of energy storage products

Sales of the energy storage products are recognised when the customer takes possession of and accepts the products.

The Group offers retrospective volume rebates to certain major customers of energy storage products when their purchases reach an agreed threshold. Such volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of energy storage products, the group recognises revenue after taking into account adjustment to transaction price arising from rebates as mentioned above.

(ii) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 27 and 30(e) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) Loss allowance for trade and other receivables

The Group estimates the loss allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade and other receivables during their expected lives.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. Net realisable value could change significantly as a result of competitor's actions in response to severe industry cycles or other changes in market conditions. Management reassesses the estimations at each reporting date.

(iii) Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sales of products with rebates. The Group's volume rebates are analysed on a per customer basis for contracts that are subject to specified volume thresholds. Determining whether a customer will likely be entitled to a rebate depends on the customer's accumulated purchases to date. The Group updates its assessment of expected volume rebates on a quarterly basis. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's experience regarding rebate entitlements may not be representative of a customer's actual rebate entitlements in the future.

(iv) Warranty provisions

As explained in note 24, the Group makes provisions under the warranties it gives on sale of its energy storage products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products			
— Sales of Residential ESS	717,593	625,936	1,911,437
— Sales of C&I ESS	1,599	89,403	603,373
— Sales of Others	3,676	18,268	10,675
	722,868	733,607	2,525,485

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set as below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
— Point-in-time	722,868	733,607	2,525,485
	722,868	733,607	2,525,485

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of energy storage products that had an original expected duration of one year or less.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of energy storage products.

(i) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at where the goods delivered to.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Europe	143,478	363,675	1,541,115
Middle East	30,250	84,732	320,405
Africa	98,355	116,181	263,202
Asia Pacific (excluding the Chinese Mainland)	24,156	66,299	233,396
Chinese Mainland	411,435	87,892	122,743
The Americas	15,194	14,828	44,624
	722,868	733,607	2,525,485

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
— Customer A	335,540	89,162	N/A*
— Customer B	89,794	N/A*	N/A*

* Less than 10% of the Group's revenue in the respective year.

The Group's non-current assets are substantially located in Chinese Mainland. Accordingly, no geographical analysis for non-current assets has been provided for the Track Record Period.

5 OTHER NET INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	12,839	16,765	11,582
Government grants *(note (i))*	11,287	12,618	16,533
Net realised or unrealised gains on financial assets measured at FVPL	10,450	5,972	3,260
Net loss on disposal of property, plant and right-of-use-assets	(142)	—	—
Net loss on disposal of an associate and subsidiaries	(130)	—	—
Net foreign exchange gain/loss	(223)	(714)	59,342
Others	2,493	(17)	(1,756)
	36,574	34,624	88,961

(i) Government grants primarily comprise preferential benefits from the government's value added tax additional deduction policy and various government's subsidies for R&D and innovation, industrial development and export incentives to support the development of renewable energy enterprises.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging:

(a) Other finance costs

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on interest-bearing borrowings	5,429	5,489	1,436
Interest on lease liabilities	692	502	333
Total other finance costs	6,121	5,991	1,769

(b) Staff costs

		Year ended 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and other benefits		73,152	104,027	153,311
Contributions to defined contribution plans *(i)*		5,823	7,365	10,857
Equity-settled share-based payment expenses	27	31,432	40,062	38,826
		110,407	151,454	202,994

(i) Defined contribution plans

Employees of the Group is required to participate in a defined contribution retirement scheme administered and operated by the local municipal government.

The Company and its subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the countries/jurisdictions.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cost of inventories sold *(i)*	15(b)	682,313	846,932	1,833,752
Depreciation:				
— owned property, plant and equipment	11(a)	3,866	7,977	13,236
— right-of-use assets	11(b)	5,005	6,346	7,057
Amortisation cost of intangible assets	12	59	115	191
Research and development costs *(ii)*		58,527	81,630	103,876
[REDACTED] expense		[REDACTED]	[REDACTED]	[REDACTED]

(i) During the years ended 31 December 2023, 2024 and 2025, cost of inventories sold include staff costs, depreciation expenses and amortisation expenses of RMB15,915,000, RMB30,341,000 and RMB50,422,000 respectively, which amounts are also included in the respective total amounts disclosed separately above.

(ii) During the years ended 31 December 2023, 2024 and 2025, research and development costs include staff costs, depreciation expenses and amortisation expenses of RMB24,391,000, RMB43,605,000 and RMB63,198,000 respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Provision for PRC income tax for the year	7,749	—	12,246
Provision for overseas income tax for the year	—	—	2,436
	7,749	—	14,682
Deferred tax:			
Origination and reversal of temporary differences	(46,677)	(94,456)	9,164
	(38,928)	(94,456)	23,846

The Company and the Group's subsidiaries in the Chinese Mainland are generally subject to Corporate Income Tax at 25% on taxable income determined according to the PRC income tax laws, except for:

Subsidiaries' Name	Tax rates
Dyness Digital Energy Technology Co., Ltd. 大秦數字能源技術股份有限公司 *(note(i))*	15%
Dyness New Energy Technology (Taizhou) Co., Ltd. 大秦新能源科技(泰州)有限公司 *(note(i))*	15%

Notes:

(i) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, nation supported enterprises recognised as high-technology enterprise are entitled to a preferential income tax rate of 15%. Dyness Digital Energy Technology Co., Ltd. obtained a high-technology enterprise certification in 2022 and renewed this certification in 2025. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2027. Dyness New Energy Technology (Taizhou) Co., Ltd. obtained a high and new technology enterprise certification in 2022 and renewed this certification in 2025. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2027.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before taxation	(221,182)	(472,173)	149,120
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the jurisdictions concerned *(i)*	(56,001)	(120,335)	38,029
Effect of preferential tax rate *(a)(i)*	14,491	18,783	(15,405)
Effect of additional deduction on research and development *(ii)*	(7,331)	(9,861)	(14,467)
Tax effect of other non-deductible expenses	339	283	742
Tax effect of non-deductible interest on financial instruments with preferential rights	9,288	13,633	13,596
Effect of deferred tax assets in respect of temporary differences and tax losses not recognised	286	3,041	1,351
Actual tax (benefit)/expense	(38,928)	(94,456)	23,846

(i) Pursuant to the Enterprise Income Tax (the "**EIT**") Law of the PRC (the "**EIT Law**"), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

(ii) Under the EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs in the Track Record Period.

(iii) Taxation of subsidiaries are charged at the prevailing rates of respectively in the relevant countries and are calculated on a stand-alone basis.

(c) Movement in deferred tax assets/(liabilities) during the year

	Credit loss allowance	Inventory Provisions	Accumulated tax loss	Equity-settled share-base transactions	Accruals	Right-of-use assets	Unrealized losses from intercompany internal transactions	Depreciation allowances in excess of the related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,864	518	—	1,631	2,020	(788)	—	(1,175)	5,070
(Charged)/credited to profit or loss	(2,505)	12,218	10,510	5,248	1,351	988	18,632	235	46,677
At 31 December 2023 and 1 January 2024	359	12,736	10,510	6,879	3,371	200	18,632	(940)	51,747
Deregistration of a branch	(21)	—	—	—	—	—	—	—	(21)
Credited/(charged) to profit or loss	(41)	11,330	86,856	6,331	1,656	(299)	(11,545)	168	94,456
At 31 December 2024 and 1 January 2025	297	24,066	97,366	13,210	5,027	(99)	7,087	(772)	146,182
Acquisition of a subsidiary	—	—	—	—	—	479	—	—	479
Credited/(charged) to profit or loss	12,974	(22,379)	(32,523)	6,218	7,885	70	18,424	167	(9,164)
At 31 December 2025	13,271	1,687	64,843	19,428	12,912	450	25,511	(605)	137,497

(d) Unrecognised deferred tax assets

In accordance with the accounting policy set out in Note 2(r), as at 31 December 2023, 2024 and 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses of RMB1,282,000, RMB15,418,000 and RMB9,565,000 respectively, as it is not probable that future taxable profits will be available in the relevant tax jurisdiction against which the losses can be utilized within the carry-forward period.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments as recorded in the consolidated financial statements are set out below:

Year ended 31 December 2023	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Defined contribution retirement plans	Sub-Total	Equity-settled share-based payments *(d)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Lei Chunbo (雷純波)	—	521	—	14	535	41	576
Liu Huaqin (柳華勤)	—	568	25	9	602	55	657
Liu Jinshan (柳金山) *(a)*	—	578	46	38	662	144	806
Liu Yang (柳揚)	—	693	—	40	733	404	1,137
Yue Lei (嶽雷)	—	—	—	—	—	—	—
Zhang Qing (張清)	—	—	—	—	—	—	—
Gu Rui (顧銳) *(c)*	—	—	—	—	—	—	—
Independent directors							
Huang Zhongsheng (黃中生)	49	—	—	—	49	—	49
Pang Shoulin (龐守林)	49	—	—	—	49	—	49
Xia XiaoXiong (夏小雄)	49	—	—	—	49	—	49
Supervisors							
Ai Conghua (艾聰華)	—	405	40	50	495	148	643
Tong Jiancheng (童建成)	—	377	224	31	632	—	632
Zhu Xiaohui (朱曉輝)	—	331	—	8	339	134	473
Xu Qian (許謙) *(b)*	—	521	—	9	530	—	530
	147	3,994	335	199	4,675	926	5,601

Year ended 31 December 2024	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Defined contribution retirement plans	Sub-Total	Equity-settled share-based payments *(d)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Lei Chunbo (雷純波)	—	572	144	15	731	41	772
Liu Huaqin (柳華勤)	—	595	104	9	708	55	763
Liu Jinshan (柳金山)	—	685	163	47	895	144	1,039
Liu Yang (柳揚)	—	586	—	42	628	404	1,032
Yue Lei (嶽雷)	—	—	—	—	—	—	—
Zhang Qing (張清)	—	—	—	—	—	—	—
Independent directors							
Huang Zhongsheng (黃中生)	80	—	—	—	80	—	80
Pang Shoulin (龐守林)	80	—	—	—	80	—	80
Xia XiaoXiong (夏小雄)	80	—	—	—	80	—	80
Supervisors							
Ai Conghua (艾聰華)	—	430	119	44	593	148	741
Tong Jiancheng (童建成)	—	539	233	47	819	—	819
Zhu Xiaohui (朱曉輝)	—	440	74	9	523	134	657
	240	3,847	837	213	5,137	926	6,063

Year ended 31 December 2025	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Defined contribution retirement plans	Sub-Total	Equity-settled share-based payments *(d)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Lei Chunbo (雷純波)	—	646	—	15	661	41	702
Liu Huaqin (柳華勤)	—	642	582	13	1,237	55	1,292
Liu Jinshan (柳金山)	—	721	600	48	1,369	144	1,513
Liu Yang (柳揚)	—	604	514	42	1,160	404	1,564
Yue Lei (嶽雷)	—	—	—	—	—	—	—
Zhang Qing (張清)	—	—	—	—	—	—	—
Independent directors							
Huang Zhongsheng (黃中生)	80	—	—	—	80	—	80
Pang Shoulin (龐守林)	80	—	—	—	80	—	80
Xia XiaoXiong (夏小雄)	80	—	—	—	80	—	80
Supervisors							
Ai Conghua (艾聰華)	—	536	300	46	882	148	1,030
Tong Jiancheng (童建成)	—	576	1,173	48	1,797	—	1,797
Zhu Xiaohui (朱曉輝)	—	530	278	9	817	134	951
	240	4,255	3,447	221	8,163	926	9,089

Notes:

(a) Liu Jinshan (柳金山) was appointed as executive director of the Company in May 2023.

(b) Xu Qian (許謙) resigned as a supervisor of the Company in June 2023.

(c) Gu Rui (顧銳) resigned from the Company in June 2023.

(d) These represent the estimated value of share options granted to the directors and the chief executive under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 27 and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share based payment, including the principal terms and number of options granted, are disclosed in Note 27.

(e) Lei Chunbo (雷純波), Yue Lei (嶽雷), Zhang Qing (張清) resigned as directors in May 2026. Pang Shoulin (龐守林) resigned as an independent director in May 2026. Ai Conghua (艾聰華) resigned as a supervisor of the Company in January 2026.

(f) In May 2026, Tong Jiancheng (童建成), Zhu Xiaohui (朱曉輝) and Sun Zhiqiong (孫智瓊) were appointed as the directors of the Company, and Leung Chin Ching (梁展鋥) was appointed as an independent director of the Company.

(g) The Company abolished the supervisor committee in January 2026.

During the Track Record Period, neither director nor supervisor has waived or agreed to waive any emoluments and there were no amounts paid or payable by the Company to the directors and supervisors or any of the five highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Company or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023, 2024 and 2025, two, three and four individuals are directors or supervisors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three, two and one individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	2,321	1,465	647
Discretionary bonuses	362	60	583
Defined contribution retirement plans	152	92	10
Equity-settled share-based payments	294	294	—
	3,129	1,911	1,240

The emoluments of the individuals who are not directors or supervisors and with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	**2024**	**2025**
	Number of individuals	*Number of individuals*	*Number of individuals*
Hong Kong dollar ("**HK$**")			
HK$1,000,001–HK$1,500,000	3	2	1

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue for the respective year.

As described in Note 29(d), the Company was converted into a joint stock company with limited liability and 100,000,000 shares at RMB1.00 each were issued in May 2023. For the purpose of computing basic and diluted (loss)/earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2023, at the exchange ratio established in the conversion in May 2023.

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year attributable to all equity shareholders of the Company	(182,254)	(377,717)	125,274
Allocation of (loss)/profit for the year attributable to ordinary shares with preferential right	59,173	142,080	(47,123)
(Loss)/profit for the year attributable to ordinary equity shareholders of the Company	(123,081)	(235,637)	78,151

(ii) Weighted average number of ordinary shares

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Ordinary shares in issue or deemed to be in issue at 1 January	70,129	112,024	112,024
Effect of ordinary shares with preferential rights *(Note 26)*	(32,766)	(42,138)	(42,138)
Effect of shares issued or deemed to be issued	30,790	—	—
Weighted average number of ordinary shares at 31 December	68,153	69,886	69,886

(b) Diluted (loss)/earnings per share

Ordinary shares with preferential rights (Note 26) were not included in the calculation of diluted (loss)/earnings per share because their effect would have been anti-dilutive. Accordingly, diluted (loss)/earnings per share were the same as basic (loss)/earnings per share of the respective year.

11 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Reconciliation of carrying amount

The Group

	Machinery and equipment	Vehicles	Other equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	9,169	1,281	2,259	—	—	12,709
Additions	2,062	2,370	8,395	6,472	1,488	20,787
Transfer from construction in progress	32	—	—	—	(32)	—
Disposals	—	(30)	(193)	—	—	(223)
Exchange adjustments	—	—	(8)	—	—	(8)
At 31 December 2023 and 1 January 2024	11,263	3,621	10,453	6,472	1,456	33,265
Additions	3,672	198	1,819	2,067	1,287	9,043
Transfer from construction in progress	1,593	—	61	—	(1,654)	—
Disposals	—	—	(34)	—	—	(34)
Exchange adjustments	—	(20)	—	—	—	(20)
At 31 December 2024 and 1 January 2025	16,528	3,799	12,299	8,539	1,089	42,254
Additions	1,595	2,117	5,981	5,604	7,689	22,985
Acquisition of a subsidiary	25,314	1,460	244	10,989	241	38,249
Transfer from construction in progress	751	—	1,377	—	(2,128)	—
Disposals	—	—	—	—	—	—
Exchange adjustments	—	56	—	—	—	56
At 31 December 2025	44,188	7,432	19,901	25,132	6,891	103,544
Accumulated depreciation:						
At 1 January 2023	(1,042)	(133)	(519)	—	—	(1,694)
Charge for the year	(1,165)	(527)	(1,219)	(955)	—	(3,866)
Written back on disposals	—	28	145	—	—	173
Exchange adjustments	—	—	—	—	—	—
At 31 December 2023 and 1 January 2024	(2,207)	(632)	(1,593)	(955)	—	(5,387)
Charge for the year	(1,447)	(718)	(2,435)	(3,377)	—	(7,977)
Written back on disposals	—	—	4	—	—	4
Exchange adjustments	—	2	2	—	—	4
At 31 December 2024 and 1 January 2025	(3,654)	(1,348)	(4,022)	(4,332)	—	(13,356)
Charge for the year	(3,160)	(975)	(3,270)	(5,831)	—	(13,236)
Written back on disposals	—	—	—	—		
Exchange adjustments	—	(14)	(9)	—	—	(23)
At 31 December 2025	(6,814)	(2,337)	(7,301)	(10,163)	—	(26,615)
Net book value:						
At 31 December 2023	9,056	2,989	8,860	5,517	1,456	27,878
At 31 December 2024	12,874	2,451	8,277	4,207	1,089	28,898
At 31 December 2025	37,374	5,095	12,600	14,969	6,891	76,929

The Company

	Machinery and equipment	Vehicles	Other equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	—	—	499	—	—	499
Additions	—	—	6,705	5,547	—	12,252
Transfer from construction in progress	—	—	—	—	—	—
Disposals	—	—	(188)	—	—	(188)
At 31 December 2023 and 1 January 2024	—	—	7,016	5,547	—	12,563
Additions	1,722	—	2,210	875	229	5,036
Transfer from construction in progress	—	—	—	—	—	—
Disposals	—	—	—	—	—	—
At 31 December 2024 and 1 January 2025	1,722	—	9,226	6,422	229	17,599
Additions	327	56	1,464	2,608	6,824	11,279
Transfer from construction in progress	180	—	847	—	(1,027)	—
Disposals	—	—	—	—	—	—
At 31 December 2025	2,229	56	11,537	9,030	6,026	28,878
Accumulated depreciation:						
At 1 January 2023	—	—	(290)	—	—	(290)
Charge for the year	—	—	(678)	(834)	—	(1,512)
Written back on disposals	—	—	140	—	—	140
At 31 December 2023 and 1 January 2024	—	—	(828)	(834)	—	(1,662)
Charge for the year	(25)	—	(1,640)	(2,575)	—	(4,240)
Written back on disposals	—	—	—	—	—	—
At 31 December 2024 and 1 January 2025	(25)	—	(2,468)	(3,409)	—	(5,902)
Charge for the year	(162)	(4)	(2,045)	(2,415)	—	(4,626)
Written back on disposals	—	—	—	—	—	—
At 31 December 2025	(187)	(4)	(4,513)	(5,824)	—	(10,528)
Net book value:						
At 31 December 2023	—	—	6,188	4,713	—	10,901
At 31 December 2024	1,697	—	6,758	3,013	229	11,697
At 31 December 2025	2,042	52	7,024	3,206	6,026	18,350

(b) Right-of-use assets

The Group

	Leased properties *RMB'000*	Total *RMB'000*
Cost:		
At 1 January 2023	13,132	13,132
Additions	5,470	5,470
Disposals	(919)	(919)
At 31 December 2023 and 1 January 2024	17,683	17,683
Additions	7,326	7,326
At 31 December 2024 and 1 January 2025	25,009	25,009
Additions	21,589	21,589
Acquisition of a subsidiary	15,519	15,519
Disposals	(4,545)	(4,545)
At 31 December 2025	57,572	57,572
Accumulated depreciation:		
At 1 January 2023	(4,302)	(4,302)
Charge for the year	(5,005)	(5,005)
Written back on disposals	306	306
At 31 December 2023 and 1 January 2024	(9,001)	(9,001)
Charge for the year	(6,346)	(6,346)
At 31 December 2024 and 1 January 2025	(15,347)	(15,347)
Charge for the year	(7,057)	(7,057)
Written back on disposals	4,545	4,545
At 31 December 2025	(17,859)	(17,859)
Net book value:		
At 31 December 2023	8,682	8,682
At 31 December 2024	9,662	9,662
At 31 December 2025	39,713	39,713

The Company

	Leased properties	Total
	RMB'000	*RMB'000*
Cost:		
At 1 January 2023	4,137	4,137
Additions	3,515	3,515
At 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	7,652	7,652
Additions	18,600	18,600
Disposals	(4,002)	(4,002)
At 31 December 2025	22,250	22,250
Accumulated depreciation:		
At 1 January 2023	(246)	(246)
Charge for the year	(1,597)	(1,597)
At 31 December 2023 and 1 January 2024	(1,843)	(1,843)
Charge for the year	(2,554)	(2,554)
At 31 December 2024 and 1 January 2025	(4,397)	(4,397)
Charge for the year	(2,958)	(2,958)
Written back on disposals	4,002	4,002
At 31 December 2025	(3,353)	(3,353)
Net book value:		
At 31 December 2023	5,809	5,809
At 31 December 2024	3,255	3,255
At 31 December 2025	18,897	18,897

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties leased for own use	5,005	6,346	7,057
	5,005	6,346	7,057
Interest on lease liabilities *(Note 6(a))*	692	502	333
Expense relating to short-term leases	4,891	6,965	12,087

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 20(c), 25 and 30(b), respectively.

(i) Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

12 INTANGIBLE ASSETS

	Software	Total
	RMB'000	*RMB'000*
Cost:		
At 1 January 2023	—	—
Additions	256	256
At 31 December 2023 and 1 January 2024	256	256
Additions	353	353
At 31 December 2024 and 1 January 2025	609	609
Additions	472	472
Acquisition of a subsidiary	18	18
At 31 December 2025	1,099	1,099
Accumulated amortisation:		
At 1 January 2023	—	—
Charge for the year	(59)	(59)
At 31 December 2023 and 1 January 2024	(59)	(59)
Charge for the year	(115)	(115)
At 31 December 2024 and 1 January 2025	(174)	(174)
Charge for the year	(191)	(191)
At 31 December 2025	(365)	(365)
Net book value:		
At 31 December 2023	198	198
At 31 December 2024	435	435
At 31 December 2025	734	734

13 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	234,972	241,084	263,852

Details of the subsidiaries are set out in Note 1.

14 INTEREST IN ASSOCIATES

The following list contains only the particulars of material associate, which is unlisted corporate entity whose quoted market price is not available:

				As at 31 December 2024 and 2025 Proportion of ownership interest			
Name of associates	Form of business structure	Place of incorporation and business	Issued and paid-up/registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Tianjin Chaoyu Equity Investment Partnership Enterprise	Incorporated	China	RMB45,000,000/ RMB45,000,000	44.44%	44.44%	—	Management of investment portfolios

In November 2024, the Company invested 44.44% of the equity interest in Tianjin Chaoyu Equity Investment Partnership Enterprise (Limited Partnership) ("**Tianjin Chaoyu**") through capital injection of RMB20,000,000. Tianjin Chaoyu is an unlisted limited partnership principally engaged in management of investment portfolios.

This associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for fair value at the time of acquisition and any differences in accounting policies of the Group, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below.

	Tianjin Chaoyu		
	For the year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross amounts of the associate			
Current assets	—	45,001	43,950
Total equity	—	45,001	43,950
Profit from continuing operations	—	1	(1,051)
Total comprehensive income	—	1	(1,051)
Reconciled to the Group's interests in the associate			
Gross amounts of net assets	—	45,001	43,950
Group's share of net assets of the associate	—	20,000	19,533
Carrying amount in the consolidated financial statements	—	20,000	19,533

Aggregate information of associates that are not individually material:

	For the year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	—	—	3,080
Aggregate amounts of the Group's share of the associate			
Loss from continuing operations	—	—	—
Total comprehensive income	—	—	—

The Group disposed interest in an associate, Xiamen Weier Energy Technology Co., Ltd. in June 2023, which results in a loss of RMB130,000 from the disposal of this investment.

15 INVENTORIES

(a) Inventories in the statements of financial position comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	111,897	104,146	173,801
Work in progress	3,046	4,422	36,004
Finished goods	736,322	482,383	520,803
Goods in transit	11,760	27,558	56,848
Less: inventory provision	(50,571)	(107,413)	(6,364)
	812,454	511,096	781,092

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	70,714	65,327	95,714
Work in progress	916	591	1,634
Finished goods	57,811	67,837	98,232
Goods in transit	5,982	10	22,714
Less: inventory provision	—	(4,172)	(830)
	135,423	129,593	217,464

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	631,742	762,322	1,843,789
Impairment loss/(reversal) of inventories	50,571	84,610	(10,037)
	682,313	846,932	1,833,752

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance	90,037	221,149	463,098
Bills receivable measured at amortised cost	—	1,747	12,757
Bills receivable measured at FVOCI	55	123	2,313
Receivables from export tax refund	2,476	17,239	60,757
Other receivables and deposits, net of loss allowance	6,804	5,282	12,116
	99,372	245,540	551,041
Non-current			
Trade receivables, net of loss allowance	—	444	216

As at 31 December 2023, 31 December 2024, 31 December 2025, trade receivables of Nil, RMB444,000 and RMB216,000 of the Group were expected to be recovered after more than one year. All of other trade and other receivables are due from third parties and are expected to be recovered within one year.

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— subsidiaries	47,570	360,082	751,054
— third parties	10,987	48,889	93,956
Bills receivable measured at amortised cost	—	30,945	21,527
Bills receivable measured at FVOCI	—	123	4,307
Other receivables and deposits, net of loss allowance			
— subsidiaries	780,316	290,457	159,706
— third parties	2,564	1,868	7,901
	841,437	732,364	1,038,451

Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	90,037	185,798	433,418
Over 1 year but less than 2 years	—	35,351	29,680
	90,037	221,149	463,098

Details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 30(a).

(b) Prepayments:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— Raw materials	66,632	76,567	173,216
— Expense	20,307	16,435	37,991
	86,939	93,002	211,207

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— Raw materials	118,291	112,408	134,375
— Expense	5,756	4,137	9,981
	124,047	116,545	144,356

17 FINANCIAL ASSETS MEASURED AT FVPL

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial assets measured at FVPL			
— Wealth management products	395,000	267,580	—
Non-Current			
Financial assets measured at FVPL			
— Unlisted investment	5,000	9,000	19,000

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial assets measured at FVPL			
— Wealth management products	245,000	187,580	—
Non-Current			
Financial assets measured at FVPL			
— Unlisted investment	5,000	9,000	19,000

The balances of financial assets measured at FVPL represent wealth management products and equity interests in certain unlisted entities in China. The wealth management products mainly comprise structured deposits issued by various banks in the Chinese Mainland with a floating return which will be paid together with the principal on the maturity date.

18 OTHER NON-CURRENT ASSET

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Goodwill	—	—	2,012

The goodwill was generated from the acquisition of the Highstar Digital Energy Technology (Guangdong) Co., Ltd.. The details of the acquisition was disclosed in Note 28.

19 RESTRICTED TIME DEPOSITS

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Guarantee deposits for issuance of bank acceptance bills	220,566	338,772	1,152,490
	220,566	338,772	1,152,490

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Guarantee deposits for issuance of bank acceptance bills	101,191	85,542	744,827
	101,191	85,542	744,827

As at 31 December 2023, 2024 and 2025, the Group's restricted time deposits is mainly the deposits for the banks to issue acceptance bills.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	114,133	274,746	282,970

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	42,191	103,725	158,923

(b) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December		
		2023	2024	2025
	Note	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/Profit before taxation		(221,182)	(472,173)	149,120
Adjustments for:				
— Impairment loss/(reversal) on trade and other receivables		(3,864)	4,279	46,366
— Depreciation of property, plant and equipment	6(c)	3,866	7,977	13,236
— Depreciation of right-of-use assets	6(c)	5,005	6,346	7,057
— Amortisation of intangible assets	6(c)	59	115	191
— Net loss on disposal of property, plant and equipment and right-of-use assets	5	142	—	—
— Other finance costs	6(a)	6,121	5,991	1,769
— Equity-settled share-based payment expenses	6(b)	31,432	40,062	38,826
— Net realised and unrealised gains on financial assets measured at FVPL	5	(10,450)	(5,972)	(3,260)
— Net loss on disposal of an associate	5	130	—	—
— Share of losses of associates		—	—	466
— Change in carrying amount of financial instruments with preferential rights	6	61,923	90,889	90,640
— Write-down/(Reversal) of inventories	15	50,571	84,610	(10,037)
Changes in working capital:				
(Increase)/Decrease in inventories		(366,532)	244,517	(168,947)
Decrease/(Increase) in restricted time deposits		44,183	(118,206)	(813,718)
Increase in time deposits		(984)	(418)	—
Decrease/(Increase) in trade and other receivables		242,400	(181,703)	(576,480)
Increase in provisions		6,888	5,886	29,561
Increase in deferred income		—	2,971	2,202
(Decrease)/Increase in trade and other payables		(33,482)	(91,155)	1,275,070
Cash (used in)/generated from operations		(183,774)	(375,984)	82,062

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings	Lease liabilities	Financial instruments with preferential rights	Total
	RMB'000 *(Note 23)*	*RMB'000* *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000*
At 1 January 2023	91,367	17,033	52,195	160,595
Changes from financing cash flows:	—			
Capital element of lease rentals paid	—	(10,532)	—	(10,532)
Interest element of lease rentals paid	—	(692)	—	(692)
Proceeds from interest-bearing borrowings	549,970	—	—	549,970
Repayment of interest-bearing borrowings	(478,820)	—	—	(478,820)
Capital contributions by investors with preferential rights	—	—	1,005,000	1,005,000
Interest of interest-bearing borrowings paid	(5,429)	—	—	(5,429)
Total changes from financing cash flows	65,721	(11,224)	1,005,000	1,059,497
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	3,568	—	3,568
Interest expenses	5,429	692	—	6,121
Termination of lease liabilities	—	—	—	—
Recognition of financial instruments with preferential rights	—	—	81,212	81,212
Changes in the carrying amount of financial instruments with preferential rights *(Note 26)*	—	—	61,923	61,923
Total other changes	5,429	4,260	143,135	152,824
At 31 December 2023	162,517	10,069	1,200,330	1,372,916

	Interest-bearing borrowings	Lease liabilities	Financial instruments with preferential rights	Total
	RMB'000 *(Note 23)*	*RMB'000* *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000*
At 1 January 2024	162,517	10,069	1,200,330	1,372,916
Changes from financing cash flows:				
Capital element of lease rentals paid	—	(8,393)	—	(8,393)
Interest element of lease rentals paid	—	(502)	—	(502)
Proceeds from interest-bearing borrowings	746,985	—	—	746,985
Repayment of interest-bearing borrowings	(567,446)	—	—	(567,446)
Interest of interest-bearing borrowings paid	(5,489)	—	—	(5,489)
Total changes from financing cash flows	174,050	(8,895)	—	165,155
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	7,325	—	7,325
Interest expenses	5,489	502	—	5,991
Changes in the carrying amount of financial instruments with preferential rights *(Note 26)*	—	—	90,889	90,889
Total other changes	5,489	7,827	90,889	104,205
At 31 December 2024	342,056	9,001	1,291,219	1,642,276

	Interest-bearing borrowings	Lease liabilities	Financial instruments with preferential rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 23)	*(Note 25)*	*(Note 26)*	
At 1 January 2025	342,056	9,001	1,291,219	1,642,276
Changes from financing cash flows:				
Capital element of lease rentals paid	—	(6,604)	—	(6,604)
Interest element of lease rentals paid	—	(333)	—	(333)
Proceeds from interest-bearing borrowings	359,910	—	—	359,910
Repayment of interest-bearing borrowings	(319,862)	—	—	(319,862)
Interest of interest-bearing borrowings paid	(1,436)	—	—	(1,436)
Total changes from financing cash flows	38,612	(6,937)	—	31,675
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	40,537	—	40,537
Interest expenses	1,436	333	—	1,769
Addition through acquisition of a subsidiary *(Note 28)*	10,000	—	—	10,000
Changes in the carrying amount of financial instruments with preferential rights *(Note 26)*	—	—	90,640	90,640
Total other changes	11,436	40,870	90,640	142,946
At 31 December 2025	392,104	42,934	1,381,859	1,816,897

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within financing cash flows	(11,224)	(8,895)	(6,937)
	(11,224)	(8,895)	(6,937)

These amounts relate to lease rentals paid.

(e) Net cash inflow arising from the disposal of subsidiaries

In March 2023, the Company disposed of its 100% equity interests in certain subsidiaries to third parties at cash consideration of RMB1,784,000. The recognised amounts of cash and cash equivalents at the date of disposal of subsidiaries comprise the following:

	2023
	RMB'000
Consideration received	1,784
Proceeds from disposal of interest in subsidiaries	1,784

21 TRADE AND OTHER PAYABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade and bills payable	637,435	588,339	1,792,378
Accrued payroll	13,194	12,858	38,307
Tax payable	7,752	4,589	3,639
Other payables and accruals	44,242	31,503	100,708
	702,623	637,289	1,935,032
Non-current			
Long-term payable	—	254	189

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade and bills payable	376,033	340,887	1,280,827
Accrued payroll	4,425	7,386	18,948
Tax payable	496	1,065	2,375
Other payables and accruals			
— subsidiaries	144,026	79,495	92,405
— third parties	8,787	4,392	31,220
	533,767	433,225	1,425,775

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	634,469	586,748	1,789,957
Over 1 year but less than 2 years	2,966	1,349	1,431
Over 2 years	—	242	990
	637,435	588,339	1,792,378

22 CONTRACT LIABILITIES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	51,570	40,178	85,507

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	9,316	2,434	11,359

Movement in contract liabilities

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	57,680	51,570	40,178
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(47,989)	(50,326)	(35,787)
Increase in contract liabilities as a result of receiving advances from customers during the year	41,879	38,934	81,116
Balance at 31 December	51,570	40,178	85,507

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	10,268	9,316	2,434
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(10,268)	(9,316)	(1,968)
Increase in contract liabilities as a result of receiving advances from customers during the year	9,316	2,434	10,893
Balance at 31 December	9,316	2,434	11,359

23 INTEREST-BEARING BORROWINGS

(a) Interest-bearing borrowings comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Guaranteed bank loans (i)	4,510	10	10,104
Unsecured bank loans	8,007	5,046	—
Bank advances under discounted bills	150,000	337,000	382,000
	162,517	342,056	392,104

(i) As at 31 December 2023, the guaranteed bank loans include multiple loans primarily from Shanghai Pudong Development Bank Tangyan Road Branch, Xi'an Tangyan Road Sub-branch, with a total principal of RMB4,500,000. This borrowing is guaranteed by Mr. Liu Yang ("**Mr. Liu**"), the director of the Company, Ms. Fan Xuejiao, the spouse of Mr. Liu and a third guarantee company. The loan is settled in 2024. As at 31 December 2025, the guaranteed bank loans include multiple loans primarily from China Resources Bank of Zhuhai, Zhuhai Branch, with a total principal of RMB10,000,000. The loan will expire on 16 June 2026, which is guaranteed by Jiangsu Highstar Battery Manufacturing Co., Ltd, an investor with preferential rights of the Company.

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Guaranteed short-term bank loans	10	10	100
Unsecured short-term bank loans	8,007	5,002	—
Bank advances under discounted bills	—	300,000	20,000
	8,017	35,012	20,100

All of the above interest-bearing borrowings are carried at amortised cost. The bank loans balance as at 31 December 2023, 2024 and 2025 are guaranteed or unsecured bank loans borrowed with interest rate ranging from 0.5% to 5.07%.

(b) As of the end of each reporting period, interest-bearing borrowings were repayable as follows:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	162,517	342,056	392,104
	162,517	342,056	392,104

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	8,017	35,012	20,100
	8,017	35,012	20,100

24 PROVISIONS

The Group

	Total
	RMB'000
Balance at 1 January 2023	13,546
Additional provisions made	7,846
Provisions utilised	(958)
Balance at 31 December 2023 and 1 January 2024	20,434
Additional provisions made	10,675
Provisions utilised	(4,789)
Balance at 31 December 2024 and 1 January 2025	26,320
Additional provisions made	35,283
Provisions utilised	(5,722)
Balance at 31 December 2025	55,881

The Company

	Total
	RMB'000
Balance at 1 January 2023	—
Additional provisions made	1,741
Provisions utilised	(120)
Balance at 31 December 2023 and 1 January 2024	1,621
Additional provisions made	2,731
Provisions utilised	(1,385)
Balance at 31 December 2024 and 1 January 2025	2,967
Additional provisions made	1,872
Provisions utilised	(4,172)
Balance at 31 December 2025	667

The Group provides warranties on products and undertakes to repair or replace items that fail to perform satisfactorily. Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Track Record Period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

25 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,836	5,786	12,019
After 1 year but within 2 years	2,906	3,215	11,053
After 2 years but within 5 years	1,327	—	12,425
After 5 years	—	—	7,437
	4,233	3,215	30,915
	10,069	9,001	42,934

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,417	2,037	7,547
After 1 year but within 2 years	2,037	956	7,461
After 2 years but within 5 years	956	—	4,145
	2,993	956	11,606
	5,410	2,993	19,153

26 FINANCIAL INSTRUMENTS WITH PREFERENTIAL RIGHTS

From February 2022 to June 2023, the Company entered into several capital increase and share transfer agreements with certain investors ("[REDACTED] Investors"), pursuant to which the [REDACTED] investors acquired the equity interests of the Company by making capital contributions totaling RMB1,133,000,000.

In accordance with the shareholders' agreement, the Company granted the [REDACTED] Investors a right to put back their acquired registered capital to the Company upon the occurrence of certain contingent events, with the main conditions being: a qualified public [REDACTED] does not occur before 31 December 2026.

The redemption price is the investment amount paid by the investors, plus an annual simple interest rate of 8% on the investment amount for the period commencing from the relevant payment date of investment amount to the date on which the investors receive payments for redemption, and any undistributed accumulated profits attributable to the investors.

The Company recognised its obligation to those investors with Redemption Right as financial liabilities at amortised cost, given that not all triggering events are within control of the Company (e.g. whether a qualified [REDACTED] would take place by certain date). Such financial liability is accounted for in accordance with Note 2(o).

The movements of the redemption liabilities during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	52,195	1,200,330	1,291,219
Recognition of financial instruments with preferential rights	1,086,212	—	—
Changes in the carrying amount	61,923	90,889	90,640
At the end of the year	1,200,330	1,291,219	1,381,859

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the agreement in February 2023, Mr. Conghua Ai, who serves as the chief of supply chain; Mr. Chunbo Lei, who serves as the chief of sales and Mr. Guomin Xu, who serves as the deputy chief of sales agreed to subscribe for the registered capital of the Company of RMB160,000, RMB200,000, and RMB80,000 respectively which is transferred from Yishimi New Energy Charging Service (Taizhou) Co., Ltd., at a subscription price of RMB2.0, RMB1.0, and RMB1.0 respectively for each unit of capital. The fair value was RMB100.52 for each unit of capital, which is consistent with the series B and B+ financing price conducted by the Company in 2023. Accordingly, the Group recognised this transaction as equity-settled share-based payments in recognition of Mr. Conghua Ai, Mr. Chunbo Lei and Mr. Guomin Xu's contribution to the Group.

On 3 April 2023 (the "**Adoption Date**"), the Group adopted a share award scheme (the "**Nanzhang Zichou RSU Scheme**") to recognise and reward the contribution of eligible employees to the growth and development of the Group through awarding the Company's ordinary shares. The participant of the RSU Scheme invested in the Company through employee share purchase platforms (the "**Platform**"). The RSUs shall vest over five years, unless otherwise cancelled or amended. The vesting performance conditions, primarily including the Qualified [REDACTED], should be satisfied.

On 3 April 2023 (the "**Adoption Date**"), the Group adopted an additional RSU share award scheme (the "**Yuanjian Daotong RSU Scheme**") to recognise and reward the contribution of eligible employees to the growth and development of the Group through awarding the Company's ordinary shares. The participant of the Yuanjian Daotong RSU Scheme invested in the Company through the Platform. The conditions for vesting are similar to the Nanzhang Zichou RSU Scheme except for the service conditions that the Yuanjian Daotong RSU Scheme shall vest over three years. The vesting performance conditions, primarily including the Qualified [REDACTED], should be satisfied.

Movements in the number of RSUs for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
Outstanding as at the beginning of the year	—	5,032,300	5,032,300
Granted*	5,032,300	—	—
Vested	—	—	—
Outstanding as at the end of the year	5,032,300	5,032,300	5,032,300

* The number of granted RSUs before the Company's conversion into a joint stock Company was adjusted based on the exchange ratio established during the conversion in May 2023.

The fair value of services received in return for RSUs is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the granted RSUs is measured based on the fair value of the Company. The fair value of the Nanzhang Zichou RSU Scheme and the Yuanjian Daotong RSU Scheme were measured according to the recent funding valuation of the Company respectively.

	Year ended 31 December		
	2023	2024	2025
Fair value of each capital/share			
Fair value at grant date	RMB100.52	RMB100.52	RMB100.52
Subscription price	RMB5.03	RMB5.03	RMB5.03

Details of the related employee benefit expense are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Selling and distribution expenses	9,840	12,336	13,428
Administrative expenses	10,040	12,921	11,884
Research and development costs	11,552	14,805	13,514
Total	31,432	40,062	38,826

28 ACQUISITION OF A SUBSIDIARY

In December 2025, the Group acquired 55% equity interest of 廣東大秦數字能源技術有限公司 Guangdong Dyness Digital Energy Technology Co., Ltd. (formerly named as Highstar Digital Energy Technology (Guangdong) Co., Ltd.), which was incorporated in Zhuhai, Guangdong Province, People's Republic of China (the "**PRC**") and mainly engaged in the manufacturing of energy storage products, from certain third-party shareholder.

Fair value of identifiable assets acquired and liabilities assumed at the acquisition date were as follows:

	RMB'000
Cash and cash equivalents	109
Trade and other receivables	3,743
Inventories	2,945
Property, plant and equipment	38,249
Right-of-use assets	15,519
Intangible assets	18
Deferred tax assets	479
Interest-bearing borrowings	(10,000)
Trade and other payables	(4,518)
Lease liabilities	(18,951)
Net identifiable assets acquired	27,593

Set forth below is the calculation of goodwill which is included in other non-current asset:

	RMB'000
Consideration	
— cash paid in the 2025	—
— cash will be paid in the future	17,188
Total consideration	17,188
Less: Fair value of net identifiable assets acquired	(27,593)
Non-controlling interests	12,417
Goodwill *(Note 18)*	2,012

Net cash inflow arising on the acquisition

	RMB'000
Cash acquired	109
Less: Consideration paid in cash during the year ended December 31, 2025	—
	109

Impact of acquisition on the results of the Group

From the date of acquisition to December 31, 2025, the Highstar Digital Energy Technology (Guangdong) Co., Ltd. contributed revenue of nil and net profit of nil.

The consolidated revenue and net profit of the Group for the year ended December 31, 2025 would have been RMB2,535,105,000 and RMB113,009,000 respectively had the acquisition been completed as at January 1, 2025.

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balance of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Paid-in capital	Share capital	Capital reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 29(c))	*(Note 29(d))*	*(Note 29(e))*		
Balance at 1 January 2023	21,627	—	101,105	(12,643)	110,089
Loss for the year	—	—	—	(76,355)	(76,355)
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	—	(76,355)	(76,355)
Capital contributions by shareholders	4,238	—	6,247	—	10,485
Capital contributions by investors with preferential rights	4,974	12,024	988,002	—	1,005,000
Recognition of financial instruments with preferential rights	—	—	(1,086,212)	—	(1,086,212)
Equity-settled share-based transactions	—	—	31,432	—	31,432
Capital reduction and conversion into a joint stock limited liability company	(30,839)	100,000	(100,422)	31,261	—
Balance at 31 December 2023 and 1 January 2024	—	112,024	(59,848)	(57,737)	(5,561)
Loss for the year	—	—	—	(130,111)	(130,111)
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	—	(130,111)	(130,111)
Equity-settled share-based transactions	—	—	40,062	—	40,062
Balance at 31 December 2024 and 1 January 2025	—	112,024	(19,786)	(187,848)	(95,610)
Profit for the year	—	—	—	39,212	39,212
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	—	39,212	39,212
Equity-settled share-based transactions	—	—	38,826	—	38,826
Balance at 31 December 2025	—	112,024	19,040	(148,636)	(17,572)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

(c) Registered capital and paid-in capital

	Total
	RMB'000
Balance at 1 January 2023	21,627
Capital contributions by shareholders	4,238
Capital contributions by investors with preferential rights	4,974
Conversion into a joint stock company *(Note 29(d))*	(30,839)
Balance at 31 December 2023	—

(d) Share capital

	Numbers of ordinary shares	Share capital
		RMB'000
Ordinary shares, issued and fully paid		
At 1 January 2023	—	—
Conversion into a joint stock limited liability company *(i)*	100,000,000	100,000
Capital contributions by investors with preferential rights	12,023,809	12,024
At 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	112,023,809	112,024

(i) In May 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 100,000,000 ordinary shares at RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's capital reserve.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises the following:

— the fair value of unexercised restricted share units;

— amounts in relation to the recognition of the financial instruments with preferential rights (see note 26);

— the differences between the net considerations received and the nominal amount of paid-in capital/share capital issued by the Company;

(ii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the Articles of Association of the Company. Appropriations to the reserves were approved by the respective boards of directors.

(iii) Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables.

The Group's exposure to credit risk arising from cash and cash equivalents, time deposits, restricted time deposits, bills receivables are limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due 30 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023, 2024 and 2025 represented 85%, 44% and 22% of the total trade receivables respectively, while 19%, 18% and 11% of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	0.6%	90,593	556
Trade receivables for which the loss allowance is measured using a provision matrix		90,593	556
Trade receivables for which the loss allowance is measured on an individual basis	100.0%	781	781
		91,374	1,337

	2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	0.0%	185,864	66
Over 1 year but less than 2 years	0.4%	35,488	137
Trade receivables for which the loss allowance is measured using a provision matrix		221,352	203
Trade receivables for which the loss allowance is measured on an individual basis	100.0%	781	781
		222,133	984

	2025		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	1.4%	439,703	6,285
Over 1 year but less than 2 years	18.6%	36,478	6,798
Over 2 years	100.0%	7,853	7,853
Trade receivables for which the loss allowance is measured using a provision matrix		484,034	20,936
Trade receivables for which the loss allowance is measured on an individual basis	100.0%	30,483	30,483
		514,517	51,419

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	258	1,337	984
Amounts written off	—	—	(1,949)
Impairment losses recognised/(reversed)	1,079	(353)	52,384
	1,337	984	51,419

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes export tax refund and deposits to suppliers.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 2025.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing borrowings	162,955	—	—	—	162,955	162,517
Trade and other payables	681,677	—	—	—	681,677	681,677
Financial instruments with preferential rights	—	—	1,472,499	—	1,472,499	1,200,330
Lease liabilities	6,176	3,057	1,348	—	10,581	10,069
	850,808	3,057	1,473,847	—	2,327,712	2,054,593

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing borrowings	342,233	—	—	—	342,233	342,056
Trade and other payables	619,842	—	—	—	619,842	619,842
Financial instruments with preferential rights	—	1,472,499	—	—	1,472,499	1,291,219
Lease liabilities	6,123	3,383	—	—	9,506	9,001
	968,198	1,475,882	—	—	2,444,080	2,262,118

	At 31 December 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing borrowings	392,458	—	—	—	392,458	392,104
Trade and other payables	1,893,086	—	—	—	1,893,086	1,893,086
Financial instruments with preferential rights	1,472,499	—	—	—	1,472,499	1,381,859
Lease liabilities	13,974	11,227	14,087	7,486	46,774	42,934
	3,772,017	11,227	14,087	7,486	3,804,817	3,709,983

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash and cash equivalents, time deposits with original maturity over three months, restricted time deposits, interest-bearing borrowings, lease liabilities and financial instruments with preferential rights. Financial instruments issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 are primarily the cash and cash equivalents and interest-bearing borrowings, and the cash flow interest rate risk arising from the change of market interest rate.

The Group's interest rate profile as monitored by management is set out below.

The Group's interest-bearing financial instruments and interest rates at the end of each reporting period are set out as follows:

	At 31 December					
	2023		2024		2025	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Fixed rate instruments						
Restricted time deposits	1.5%–2.58%	220,566	1.3%–2.93%	338,772	0.7%–1.28%	1,152,490
Interest-bearing borrowings	0.5%–5.07%	(149,992)	0.5%–4.05%	(337,051)	0.5%–3.1%	(382,004)
Financial instruments with preferential rights	8.00%	(1,200,330)	8.00%	(1,291,219)	8.00%	(1,381,859)
Lease liabilities	3.45%	(10,069)	3.45%	(9,001)	3.50%	(42,934)
Time deposits with maturity over three months	1.47%–3.1%	378,438	2.05%–2.9%	102,580	1.2%–3.1%	347,810
Time deposits with maturity over one year	NA	—	NA	—	1.55%–1.9%	150,000
		(761,387)		(1,195,919)		(156,497)
Variable rate instruments						
Cash and cash equivalents	NA	114,133	NA	274,746	NA	282,970
Interest-bearing borrowings	LPR–0.35% ~0.45%	(12,525)	LPR–0.25% ~0.65%	(5,005)	LPR–0.2% ~0.25%	(10,100)
		101,608		269,741		272,870

(i) Sensitivity analysis

At 31 December 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's losses after tax and accumulated losses by approximately RMB854,000 and RMB2,169,000. At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profits after tax and deceased/increased the Group's accumulated losses by approximately RMB2,237,000.

The sensitivity analysis above indicates the instantaneous change in the Group's loss/profit after tax (and accumulated losses) and other components of equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss/profit after tax (and accumulated losses) and other components of equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

In respect of cash at bank and on hand, trade and other receivable and trade and other payables denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk arising from recognised assets or liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Euros, and Australia dollars.

	Exposure to foreign currencies (expressed in RMB'000)								
	2023			2024			2025		
	USD	EUR	AUD	USD	EUR	AUD	USD	EUR	AUD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other receivables	161,548	555,021	7,960	390,764	576,936	3,682	405,975	841,935	15,966
Cash and cash equivalents	6,500	4,288	24	20,275	345	1,428	6,405	37,472	16,722
Trade and other payables	(134,203)	(196)	—	(279,537)	(87,469)	(131)	(166,193)	(12,424)	(135)
	33,845	559,113	7,984	131,502	489,812	4,979	246,187	866,983	32,553

(i) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after tax and accumulated losses
		RMB'000
At 31 December 2023		
USD	10%	2,885
	–10%	(2,885)
EUR	10%	47,328
	–10%	(47,328)
AUD	10%	679
	–10%	(679)
At 31 December 2024		
USD	10%	10,096
	–10%	(10,096)
EUR	10%	39,825
	–10%	(39,825)
AUD	10%	387
	–10%	(387)
At 31 December 2025		
USD	10%	18,981
	–10%	(18,981)
EUR	10%	65,663
	–10%	(65,663)
AUD	10%	2,683
	–10%	(2,683)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
— Unlisted investments	5,000	—	—	5,000
— Wealth management products	395,000	—	395,000	—
Financial assets at FVOCI:				
— Bills receivable measured at FVOCI	55	—	55	—

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
— Unlisted investments	9,000	—	—	9,000
— Wealth management products	267,580	—	267,580	—
Financial assets at FVOCI:				
— Bills receivable measured at FVOCI	123	—	123	—

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
— Unlisted investments	19,000	—	—	19,000
Financial assets at FVOCI:				
— Bills receivable measured at FVOCI	2,313	—	2,313	—

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of bills receivable measured at FVOCI is calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar credit risk and remaining maturities.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted investments	Comparable transactions adjusted approach/market approach	Changing trend of medium market multiples of comparable companies/medium market multiples of comparable companies

The fair value of certain unlisted investments is determined by using comparable transactions adjusted approach or market approach adjusted for changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. It is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies or medium market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the year by RMB250,000, RMB450,000 and RMB950,000 for the years ended 31 December 2023, 2024 and 2025.

(ii) Fair value of financial assets and liabilities carried at other than fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

31 COMMITMENTS

Commitments outstanding at 31 December 2023, 2024 and 2025 not provided for in the consolidated financial statements were as follows:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for:			
Acquisition of property, plant and equipment	1,236	219	49

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	4,487	4,268	3,746
Discretionary bonuses	433	704	3,452
Defined contribution plans	261	263	180
Equity-settled share-based payment expenses	938	938	644
	6,118	6,172	8,021

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Names and relationship of the related parties that had material transactions with the Group during the Track Record Period

Name of related party	Nature of Relationship
陝西尚華鑫建築工程有限公司 Shaanxi Shanghuaxin Construction Engineering Co., Ltd.*	Entity controlled by one of the Company's shareholders
柳揚 Mr. Liu Yang	Director

* The official name of this entity is in Chinese. The English translation of the Group names is for identification purpose only.

(c) Transactions with related parties

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods/services			
Shaanxi Shanghuaxin Construction Engineering Co., Ltd.	—	174	—

(d) Balance with related parties

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Trade and other receivables			
Shaanxi Shanghuaxin Construction Engineering Co., Ltd.	—	122	—

(e) Guarantees issued by related parties

As at 31 December 2023, 2024 and 2025, certain interest-bearing borrowings, amounting to RMB4,510,000, RMB10,000 and nil, were guaranteed by Mr. Liu Yang, the director of the Company and his the spouse, respectively.

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity	1 January 2026
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1, Presentation of Financial Statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and position of the Group.

Subsequent financial statements

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This appendix contains a summary of the principal provisions of the Articles of Association adopted by the Company, which shall take effect on the date of [REDACTED] of the H Share(s) on the Hong Kong Stock Exchange.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued 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 and in the same issue shall be issued on the same conditions and at the same price. Any individual subscribing to the shares shall pay the same price for each share.

Shares issued by the Company are denominated in RMB, with a par value of RMB1 per share.

INCREASE, REDUCTION, AND REPURCHASE OF SHARES

Capital Increase

In light of the needs of its operations and development, and in accordance with the laws, regulations, and the listing rules of the place where the Company's shares are listed, the Company may increase its capital through the following methods, subject to separate resolutions adopted by the shareholders' meeting:

(I) a public offering of shares;

(II) a private placement of shares;

(III) allotment of bonus shares to existing shareholders;

(IV) conversion of reserve funds to share capital;

(V) other methods prescribed by laws and administrative regulations, or approved by relevant regulatory authorities such as the State Council's securities regulatory body and the regulatory body of the place where the Company's shares are listed.

Capital Reduction

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law, other relevant regulations, as well as the Articles of Association.

Transfer of Shares

The shares issued by the Company before public [REDACTED] shall not be transferred within 1 year from the date on which the Company's shares are listed on the stock exchange.

Directors and senior management of the Company shall report their shareholding in the Company and changes thereof to the Company, and during their tenure, the shares transferred each year shall not exceed 25% of the total Company shares of same class held by them; the Company shares held by them shall not be transferred within 1 year from the date when he shares of the Company are listed and traded; the aforementioned persons may not transfer the shares of the Company held by them within six months after leaving their positions.

Where shares are pledged during the restricted transfer period prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right during such restricted transfer period.

If the relevant regulations of the securities regulatory authority in the place where the Company's shares are listed contain additional provisions regarding restrictions on the transfer of shares listed overseas, such provisions shall prevail.

If any shareholder, director, or senior executive holding 5% or more of the Company's shares (excluding a recognized clearing house or its agent as defined by the relevant regulations in force from time to time under Hong Kong law), sells the Company's shares or other securities of an equity nature held by such person within six months of purchase, or repurchases such shares or securities within six months of such sale, any proceeds derived therefrom shall belong to the Company, and the Company's Board of Directors shall recover such proceeds. However, this shall not apply where a securities firm holds more than 5% of the shares due to the purchase of shares remaining after underwriting, or the shareholder is a recognized clearing house (or its agent), or other circumstances specified by the CSRC or the supervisory and regulatory rules of the place where the Company's shares are listed.

The shares or other securities of an equity nature held by directors, senior management, and individual shareholders referred to in the preceding paragraph include shares or other securities of an equity nature held by their spouses, parents, or children, as well as those held through the accounts of others.

If the Company's Board of Directors fails to comply with the provisions of the first paragraph of this Article, shareholders have the right to require the Board to comply within thirty days. If the Board of Directors fails to comply within the aforementioned period, shareholders have the right to file a lawsuit directly with the People's Court in their own name for the benefit of the Company.

If the Company's Board of Directors fails to comply with the provisions of the first paragraph of this Article, the directors responsible shall bear joint liability in accordance with the law.

SHAREHOLDER REGISTER

The Company maintains a shareholder register based on certificates provided by the securities registration and clearing agency. The shareholder register serves as conclusive evidence of a shareholder's ownership of the Company's shares. Shareholders enjoy rights and assume obligations in accordance with the class of shares they hold; shareholders holding shares of the same class enjoy equal rights and assume the same obligations.

When the Company convenes a shareholders' meeting, distributes dividends, undergoes liquidation, or engages in other activities requiring the verification of shareholder identity, the Board of Directors or the convener of the shareholders' meeting shall determine a record date. Shareholders registered in the register as of the close of trading on the record date shall be entitled to the relevant rights and interests.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders of the Company shall enjoy the following rights:

(I) the right to receive dividends and other distribution in proportion to the number of shares held;

(II) the right to legally apply for, convene, preside over, attend, or appoint a proxy to attend shareholders' meetings, and exercise the right to speak and the corresponding voting rights;

(III) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(IV) the right to transfer, gift, or pledge the shares held in accordance with laws, administrative regulations, the provisions of the securities regulatory authority and stock exchange in the place where the Company's shares are listed, and the Articles of Association;

(V) the right to inspect and copy the Articles of Association, shareholder register, minutes of shareholders' meetings, resolutions of the Board of Directors, and financial accounting reports; shareholders who meet the prescribed requirements may inspect the Company's accounting books and accounting vouchers;

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(VII) shareholders who object to resolutions of the shareholders' meeting regarding the merger or division of the Company may request the Company to repurchase their shares, provided that the requirements of the procedures for share repurchases established by the Articles of Association, relevant laws and regulations, and the securities regulatory authority and the stock exchange in the place where the Company's shares are listed are met;

(VIII) other rights prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders of the Company shall have the following obligations:

(I) to comply with laws, administrative regulations, and the Articles of Association;

(II) to pay for their shares based on the number of shares subscribed and the method of subscription;

(III) except as provided by laws and regulations, not to withdraw their capital contribution;

(IV) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal person or the limited liability of shareholders to harm the interests of the Company's creditors;

(V) other obligations prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If a shareholder of the Company abuses shareholder rights and causes losses to the Company or other shareholders, he or she shall bear compensation liability in accordance with the laws. If a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors, he or she shall be jointly and severally liable for the Company's debts.

If a shareholder uses two or more companies under his or her control to commit the acts specified in the preceding paragraph, each of those companies shall bear joint liability for the debts of any one of them.

RESTRICTIONS ON THE RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(I) to exercise shareholders' rights in accordance with the law; not to abuse their control or exploit related-party relationships to harm the legitimate rights and interests of the Company or other shareholders;

(II) to strictly fulfill all public statements and commitments made; not to alter or waive such obligations without authorization;

(III) to strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in carrying out information disclosure work, and promptly notify the Company of any material events that have occurred or are expected to occur;

(IV) not to appropriate the funds of the Company in any manner;

(V) not to compel, direct, or require the Company or relevant personnel to provide guarantees in violation of laws or regulations;

(VI) not to use the Company's undisclosed material information for personal benefits, not to disclose any undisclosed material information related to the Company in any manner, and not to engage in illegal or non-compliant activities such as insider trading, short-term trading, or market manipulation;

(VII) not to harm the legitimate rights and interests of the Company and other shareholders through any means, including unfair connected transactions, profit distribution, asset restructuring, or external investments;

(VIII) to ensure the integrity of the Company's assets, as well as the independence of the Company's personnel, finances, organizational structure, and operations, and not to affect the Company's independence in any manner;

(IX) other provisions set forth in laws, administrative regulations, regulations of the CSRC, the business rules of the stock exchange in the place where the Company's shares are listed, and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not serve as a director but actually manages the Company's affairs, the provisions of the Articles of Association regarding directors' duties of loyalty and diligence shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior executive to engage in conduct that harms the interests of the Company or its shareholders, such controlling shareholder or actual controller shall bear joint liability with that director or senior executive.

SHAREHOLDERS' MEETING

General Rules for the Shareholders' Meeting

The shareholders' meeting is the power organ of the Company, composed of all shareholders, and exercises the following functions and powers in accordance with the law:

(I) to elect and remove directors, and determine matters concerning directors' compensation;

(II) to review and approve the reports of the Board of Directors

(III) to review and approve the Company's profit distribution plan and loss compensation plan;

(IV) to resolve on increasing or decreasing the Company's registered capital;

(V) to resolve on the Company's issuance of bonds;

(VI) to resolve on the Company's merger, division, dissolution, liquidation (including voluntary liquidation), or change in corporate form;

(VII) to amend the Articles of Association;

(VIII) to review and approve matters regarding the provision of guarantees by the Company, as well as matters related to the Company's investment, purchase, and sale of assets, which are required to be reviewed and approved by the shareholders' meeting pursuant to the Articles of Association;

(IX) to review matters concerning the Company's purchase or sale of significant assets (including equity investments) within 1 year, and with the amount of which exceeds 30% of the latest audited total assets of the Company;

(X) to review and approve changes in the use of raised funds;

(XI) to review equity incentive plans and employee stock ownership plans;

(XII) to review any transaction in which the applicable percentage ratio calculated by the Company in accordance with the provisions regarding percentage ratios under Rule 14.07 of the Hong Kong Listing Rules is twenty-five percent (25%) or more (including both one-off transactions and a series of transactions for which the percentage ratios must be calculated on aggregated basis, but excluding any transaction that is exempt from shareholder approval pursuant to the Hong Kong Listing Rules or with the approval of the Hong Kong Stock Exchange) or any connected transaction in which the applicable percentage ratio is five percent (5%) or more (including both one-off transactions and a series of transactions for which the percentage ratios must be calculated on aggregated basis, but excluding any connected transaction that is exempt from disclosure or announcement pursuant to the Hong Kong Listing Rules or with the approval of the Hong Kong Stock Exchange);

(XIII) to resolve on the appointment or dismissal of the accounting firm which is engaged to audit the Company's accounts;

(XIV) to review other matters that should be decided by the shareholders' meeting as prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders may authorize the Board of Directors to make resolutions regarding the issuance of the Company's bonds.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once per fiscal year and must be held within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(I) the number of directors is less than the statutory minimum required by the Company Law, or is less than two-thirds of the number specified in the Articles of Association;

(II) the losses of the Company that have not been made up reach one-third of the total share capital;

(III) when a shareholder holding, individually or collectively, more than 10% of the Company's voting rights submits a written request;

(IV) when the Board of Directors deems it necessary;

(V) when the Audit Committee of the Board of Directors proposes to convene such a meeting;

(VI) other circumstances as prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of Shareholders' Meetings

With the consent of a majority of all independent directors, the independent directors have the right to propose to the Board of Directors that an extraordinary shareholders' meeting shall be convened. Upon receiving a proposal from independent directors to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written feedback within 10 days of receipt of such proposal, stating whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within five days after the Board resolution is adopted; if the Board of Directors disagrees to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The Audit Committee of the Board of Directors has the right to propose to the Board of Directors the convening of an extraordinary general meeting and shall submit such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written feedback within 10 days of receipt of such proposal, stating whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within 5 days after the Board resolution is adopted; any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee of the Board of Directors.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the general meeting, and the Audit Committee of the Board of Directors may convene and preside over the meeting on its own.

Shareholders holding, individually or collectively, 10% or more of the Company's shares have the right to request the Board of Directors to convene an extraordinary general meeting and include proposals on the agenda in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written feedback within 10 days of receiving such request, stating whether it agrees or disagrees to convene the extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within 5 days after the Board resolution is adopted; any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within 10 days of receiving the request, a shareholder holding 10% or more of the Company's shares, either individually or collectively, has the right to propose to the Audit Committee of the Board of Directors to convene an extraordinary general meeting and to include proposals on the agenda, and shall submit such request in writing to the Audit Committee of the Board of Directors.

If the Audit Committee of the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the meeting within 5 days of receiving such request; any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee of the Board of Directors fails to issue a notice of a shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee of the Board of Directors has not convened or presided over the shareholders' meeting; shareholders who, individually or collectively, have held 10% or more of the Company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

If the Audit Committee of the Board of Directors or any shareholder decides to convene a shareholders' meeting on their/his/her own, they/he/she must notify the Board of Directors in writing and, if necessary, file a report with the securities exchange in the place where the Company's shares are listed.

The Audit Committee or the convening shareholder shall submit relevant supporting documents to the securities exchange in the place where the Company's shares are listed when issuing the notice of the shareholders' meeting and the announcement of the shareholders' meeting resolutions.

Prior to the announcement of the shareholders' meeting resolutions, the shareholding ratio of the convening shareholder shall not be less than 10%.

Proposals of Shareholders' Meeting

When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee of the Board of Directors, and any shareholder holding, individually or collectively, 1% or more of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders holding, individually or collectively, 1% or more of the Company's shares may submit interim proposals in writing to the convener no later than 10 days prior to the convening of the shareholders' meeting. The interim proposals shall specify clear agenda items and concrete matters for resolution. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receipt of such proposals and submit the interim proposals to the shareholders' meeting for consideration; provided, however, that this shall not apply if the interim proposals violate the provisions under laws, administrative regulations, or the Articles of Association, or falls outside the scope of the shareholders' meeting's authority.

Except as provided in the preceding paragraph, the convener, after issuing the notice of the shareholders' meeting, shall neither modify the proposals stated in the notice of shareholders' meetings nor add new proposals.

The resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of the Articles of Association should not be voted on or adopted at the shareholders' meeting.

Notice of Shareholders' Meeting

The convener shall notify all shareholders by public announcement at least 21 days prior to the convening of annual shareholders' meeting. For an extraordinary shareholders' meeting, shareholders shall be notified by public announcement 15 days prior to the convening of meeting.

Holding of Shareholders' Meetings

When a shareholders' meeting is convened, all shareholders or their proxies registered on the register of members on the equity record date shall have the right to attend such meeting and speak and exercise voting rights at such meeting in accordance with relevant laws, regulations, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association, unless an individual shareholder is required by the Hong Kong Listing Rules or relevant regulations to abstain from voting on specific matters.

Shareholders may attend a shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

Individual shareholders attending in person shall present their identity cards or other valid identification documents or proof of identity; those attending on behalf of others shall present their own valid identification documents and a written proxy from the shareholder.

Corporate shareholders shall be represented at the meeting by their legal representative or an agent authorized by the legal representative. If the legal representative attends the meeting, he or she shall present his or her identity card and valid proof of his or her status as legal representative; if an agent attends the meeting, the agent shall present his or her own identification card and a written power of attorney, or a proxy form issued by the legal representative of the corporate shareholder in accordance with the law (except where the shareholder is a recognized clearing house (or its agent) as defined by the relevant regulations from time to time in Hong Kong). If such corporate shareholder has already appointed a proxy to attend any meeting, it shall be deemed to have attended in person.

Resolutions of Shareholders' Meeting

Resolutions of the shareholders' meeting are classified as ordinary resolutions and special resolutions.

Ordinary resolution at a shareholders' meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights.

Special resolution at a shareholders' meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Resolutions regarding an increase or decrease in the Company's registered capital, resolutions regarding the Company's merger, division, dissolution, liquidation (including voluntary liquidation), or change of corporate form; amendments to the Articles of Association, the Company's purchase or sale of material assets (including equity investments) within one year, or the provision of guarantees to others with the amount exceeding 30% of the Company's most recent audited total assets (excluding guarantees provided by the Company to its wholly-owned subsidiaries), the Company's equity incentive plans, and matters prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as other matters that the shareholders' meeting determines by ordinary resolution to have a material impact on the Company and that require approval by special resolution, shall be approved by the shareholders' meeting by special resolution; all other matters shall be approved by the shareholders' meeting by ordinary resolution.

If, at any time, the Company's share capital is divided into different classes of shares, any proposed amendment or abolition of the rights of shareholders of a particular class shall be subject to approval by a special resolution of the affected class of shareholders at a separately convened shareholders' meeting before such amendment or abolition may be implemented.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Employee representatives on the Board of Directors are elected democratically by the Company's employees through a meeting of employee representatives, a general meeting of employees, or other forms of democratic election. Directors who are not employee representatives are elected or removed by the shareholders' meeting. Directors are elected at the shareholders' meeting by using the cumulative voting system. Shareholders who individually or collectively hold 1% or more of the Company's issued shares may submit a written interim proposal to the Board of Directors to nominate director candidates no later than ten days prior to the convening of the shareholders' meeting.

The term of office for a director is three years, and they may be re-elected upon the expiration of their term. If there are no other provisions under relevant laws, administrative regulations, departmental rules, the listing rules of the securities exchange where the Company's shares are listed, or the Articles of Association, a director may be removed by the shareholders' meeting through an ordinary resolution prior to the expiration of his or her term; however, such removal shall not affect any claim for damages that the director may assert under any contract.

Board of Directors

The Company shall establish the Board of Directors, which shall consist of nine directors, including one employee representative director and one Chairman. The Chairman shall be elected by the Board of Directors by a majority vote of all directors. The Company's directors shall be classified as executive directors, non-executive directors, and independent non-executive directors, where "non-executive directors" refer to directors who do not hold executive management positions within the Company. Independent non-executive directors shall constitute at least one-third of the total number of directors and shall not be fewer than three. The independent non-executive directors shall include at least one person who is a financial or accounting professional with appropriate accounting or related financial management expertise, or appropriate professional qualifications, as defined in the Hong Kong Listing Rules. The independent non-executive directors shall include at least one person who ordinarily resides in Hong Kong.

The Board of Directors shall exercise the following functions and powers:

(I) to convene shareholders' meetings and report on its work at the shareholders' meeting;

(II) to implement resolutions of the shareholders' meeting;

(III) to decide on the Company's business plans and investment proposals;

(IV) to formulate the Company's profit distribution plan and loss compensation plan;

(V) to formulate plans for increasing or decreasing the Company's registered capital, issuing bonds or other securities, and listing of shares;

(VI) to formulate plans for major acquisitions, the repurchase of the Company's own shares, or mergers, demergers, dissolution, or changes in legal form of the Company;

(VII) to decide on matters such as the Company's external investments, acquisitions and disposals of assets, asset pledges, entrusted asset management, connected transactions, and external donations, other than those requiring approval by the shareholders' meeting;

(VIII) to decide on the establishment of the Company's internal management bodies;

(IX) to decide on the appointment or dismissal of the Company's senior management, and determine their remuneration and disciplinary matters; based on the nomination of the general manager, appoint or dismiss senior management such as the Company's deputy general managers and the chief financial officer, and determine their remuneration and disciplinary matters;

(X) to formulate the Company's basic management systems;

(XI) to formulate proposals for amending the Articles of Association;

(XII) to propose to the shareholders' meeting the appointment or replacement of the accounting firm serving as the Company's auditor;

(XIII) to listen to the work reports of the Company's the general manager and review the Company's general manager's performance;

(XIV) other duties stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, or the shareholders' meeting.

Matters exceeding the scope of authority delegated by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The Board of Directors may delegate authority to the general manager. However, such delegated matters shall not violate the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

If a director has a related relationship with an enterprise involved in a matter under consideration at a Board of Directors meeting, such director shall not exercise voting rights on that resolution nor act as a proxy for another director to exercise voting rights. Such a Board of Directors meeting may be held provided that a majority of the unrelated directors are present, and resolutions adopted at such meeting must be approved by a majority of the unrelated directors. If the number of unrelated directors present at the meeting is less than 3, the matter shall be submitted to the shareholders' meeting for consideration.

SENIOR MANAGEMENT

General manager

The Company has one general manager, whose appointment or dismissal shall be decided by the Board of Directors. The Company also has deputy general managers, who shall be nominated by the general manager and appointed or dismissed by the Board of Directors. The general manager, deputy general managers, chief financial officer, and board secretary of the Company are the Company's senior management.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(I) to be in charge of the Company's production and operational management, organize the implementation of the resolutions of the Board of Directors, and report his/her work to the Board of Directors;

(II) to organize and implement the Company's annual business plans and investment programmes;

(III) to draft plans for the establishment of the Company's internal management organization;

(IV) to draft the Company's basic management system;

(V) to formulate the specific rules and regulations of the Company;

(VI) to submit proposals to the Board of Directors for the appointment or removal of the deputy general manager and the chief financial officer;

(VII) to decide on the appointment or removal of management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) to attend Board of Directors meetings;

(IX) other functions and powers granted by the Articles of Association or the Board of Directors.

Board Secretary

The Company has a board secretary, who shall be responsible for preparing for the Company's shareholders' meetings and Board of Directors meetings, maintaining documents, managing shareholder records, and handling information disclosure matters.

The board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

FINANCIAL ACCOUNTING SYSTEMS

The Company shall establish its financial accounting system in accordance with the relevant provisions of laws, administrative regulations, and relevant national authorities. The Company shall prepare financial accounting reports at the end of each fiscal year, which shall be audited by an accounting firm in accordance with the law.

NOTICES

Notices of the Company shall be issued in the following forms:

(I) to be delivered by a designated person;

(II) to be sent by mail;

(III) to be published as an announcement (including on the website designated by the securities exchange in the place where the Company's shares are listed and on the Company's website);

(IV) to be sent via electronic communication;

(V) other forms prescribed by laws, administrative regulations, departmental rules, the Articles of Association, or the securities regulatory rules of the place where the Company's shares are listed.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(I) the term of business operation expires as specified by the Articles of Association or other matters leading to dissolution occur as specified by the Articles of Association;

(II) the shareholders' meeting resolves to dissolve the Company;

(III) dissolution is necessary as a result of the merger or division of the Company;

(IV) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws; or

(V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of voting rights of the Company may petition a People's Court to dissolve the Company.

If the grounds for dissolution specified in the preceding paragraph arise, the Company shall publicize such grounds through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is dissolved pursuant to items (I), (II), (IV), or (V)above, liquidation shall be carried out, with the directors being liquidation obligors who shall establish a liquidation group to conduct the liquidation within 15 days from the date the grounds for dissolution arise.

The liquidation group shall consist of directors, unless the shareholders' meeting resolves to appoint other persons.

If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and thereby cause losses to the Company or its creditors, they shall bear liability for compensation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(I) after the Company Law or relevant laws, administrative regulations are amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations;

(II) the circumstances of the Company have changed, which are inconsistent with the matters recorded in the Articles of Association; or

(III) the shareholders' meeting decides to amend the Articles of Association.

FURTHER INFORMATION ABOUT THE GROUP

Incorporation

The Company was established as a limited liability company under the laws of the PRC on August 17, 2017 and was converted into a joint stock company with limited liability on May 30, 2023.

The Company has established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The 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 March 20, 2026, with Ms. Wong Hoi Ting (黃凱婷) appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated 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 "Regulatory Overview" and "Appendix III — Summary of the Articles of Association" in this document, respectively.

Changes in the Share Capital of the Company

For further details on the historical change of share capital of our Company, see "History and Development" in this document. There has been no alteration in our share capital within two years immediately preceding the date of this document.

Resolutions of the Shareholders

At the extraordinary general meeting of the Shareholders held on May 18, 2026, the following resolutions, among other things, were duly passed:

(i) the issue by the Company of the H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;

(ii) the number of the H Shares to be issued shall be no more than [REDACTED]% of the total issued share capital of the Company as enlarged by the [REDACTED] (before the exercise of the [REDACTED]), and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of the H Shares issued pursuant to the [REDACTED];

(iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares on the Stock Exchange; and

(iv) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules.

Subsidiaries of the Company

A summary of the corporate information and the particulars of the Company's subsidiaries are set out in "History and Development" to this document and Note 1 to the Accountant's Report, which is set out in Appendix I.

On November 25, 2025, the registered capital of Guangdong Dyness decreased from RMB100 million to RMB30.749758 million.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this document.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) [•]

(b) [REDACTED]

Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Registered Owner	Place of Registration	Registration Number
1	Dyness	The Company	European Union	18404004
2	DYNESS	The Company	South Africa	2021/04573
3	DYNESS	The Company	South Africa	2021/04574
4	DYNESS	The Company	South Africa	2021/04575
5	Dyness	The Company	United Kingdom	UK00003599434
6	DYNESS	The Company	Australia	2154457
7	DYNESS	The Company	Türkiye	2022/169284
8	DYNESS ENERGY STORAGE SYSTEM	The Company	European Union	18404008
9	DYNESS ENERGY STORAGE SYSTEM	The Company	South Africa	2021/04576
10	DYNESS	The Company	South Africa	2021/04577
11	DYNESS	The Company	South Africa	2021/04578
12	DYNESS ENERGY STORAGE SYSTEM	The Company	United Kingdom	UK00003599444
13	DYNESS	The Company	Pakistan	1804091
14	Dyness	The Company	Yemen	115539
15	Dyness	The Company	European Union	18404009
16	Dyness	The Company	United Kingdom	UK00003599453
17	Dyness	The Company	Australia	2154459
18	Dyness	The Company	Türkiye	2022/169286
19	DYNESS	The Company	PRC	87570056
20	DYNESS	The Company	PRC	87570057
21	DYNESS	The Company	PRC	87570058
22	Dyness	The Company	PRC	70883541
23	Dyness	The Company	PRC	70885107
24	Dyness	The Company	PRC	70867561
25	DYNESS ENERGY STORAGE SYSTEM	The Company	PRC	26360156

No.	Trademark	Registered Owner	Place of Registration	Registration Number
26	DYNESS ENERGY STORAGE SYSTEM	The Company	PRC	29258025
27	DYNESS ENERGY STORAGE SYSTEM	The Company	PRC	70883550

Domain Names

As of the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1.	dyness.cn	The Company	June 16, 2031
2.	dyness.com	The Company	January 17, 2035

Patents

As of the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent Name	Registered Owner	Place of Registration
1.	A Hybrid Energy Storage System and Control Method Thereof (一種混合儲能系統及其控制方法)	The Company	Nigeria
2.	A Charging and Discharging Management Method and System for Household Large-Capacity Energy Storage Systems (一種戶用大容量儲能系統充放電管理方法和系統)	The Company	PRC
3.	A Photovoltaic Energy Storage System and Energy Regulation Method Thereof (一種光伏儲能系統及其能量調控方法)	The Company	PRC
4.	A Battery Management System (一種電池管理系統)	The Company	PRC
5.	A BMS Optimization Method, System, Medium and Device Based on Shadow Mode (基於影子模式的BMS優化方法、系統、介質及設備)	The Company	PRC
6.	A BMS Algorithm Selection Method, Apparatus, Device and Medium Based on Scenario States (基於場景狀態的BMS算法選擇方法、裝置、設備和介質)	The Company	PRC
7.	An Inverter Circuit, Inverter and Inversion Method (一種逆變電路、逆變器及逆變方法)	The Company	PRC
8.	A Wired Parallel Connection Method for Grid-connected and Off-grid Operation of Energy Storage Systems (一種應用於儲能系統併網和離網的有線並機方法)	The Company	PRC
9.	A Cooperative Operation Method and Apparatus for Photovoltaic-Energy Storage Hybrid Systems (一種光儲混合系統協同運行方法及裝置)	The Company	PRC
10.	A Grid-side Power Management Control Method and Apparatus for Photovoltaic-Energy Storage Systems (一種光儲系統網側功率管理控制方法及裝置)	The Company	PRC
11.	A Lithium-ion Battery Communication Method and System Based on Different Communication Protocols (一種基於不同通訊協議的鋰離子電池通信方法和系統)	Taizhou Dyness	PRC
12.	A Method, Apparatus, Terminal and Storage Medium for Identifying Potential Battery Thermal Runaway Hazards (一種電池熱失控隱患識別方法、裝置、終端及存儲介質)	The Company	PRC
13.	An Intelligent Oil-electric Energy Storage System and Control Method Thereof (一種智能油電儲能系統及其控制方法)	The Company	PRC
14.	A Hybrid Energy Storage System and Control Method Thereof (一種混合儲能系統及其控制方法)	The Company	PRC
15.	An Active Inverter Current Control System for Grid Background Harmonic Suppression (一種電網背景諧波抑制的有源逆變電流控制系統)	The Company	PRC
16.	An Insulation Detection Device and Detection Method Under Series Connection Scenarios of Multiple Energy Storage Systems (一種多儲能系統串聯場景下的絕緣檢測裝置及其檢測方法)	The Company	PRC
17.	A BootLoader Program Self-updating Method, System and Storage Medium (一種BootLoader程序自更新方法、系統及存儲介質)	The Company	PRC

No.	Patent Name	Registered Owner	Place of Registration
18.	A Dynamic Battery Cluster Balancing Control Method and System for Commercial and Industrial Energy Storage Systems (一種工商業儲能系統的電池簇動態均衡控制方法及系統)	The Company	PRC
19.	A Master-Slave Parallel Upgrade Method and System for Commercial and Industrial Energy Storage Systems (一種工商儲系統主從機並機升級方法及系統)	The Company	PRC
20.	A Battery Pack Temperature Balancing Control Method and Control System for Commercial and Industrial Energy Storage Systems (工商儲系統電池組溫度均衡控制方法及控制系統)	The Company	PRC
21.	A Low-cost, High-performance Hard Carbon Anode Material for Sodium-ion Secondary Batteries (一種廉價、高性能鈉離子二次電池硬碳負極材料)	The Company	PRC
22.	An Air-cooled Battery Cabinet System (一種風冷電池櫃系統)	The Company	PRC
23.	A Single-stage Non-isolated High-efficiency Driving Power Supply (一種單級非隔離式高效率驅動電源)	The Company	PRC
24.	A Current-limiting Protection Circuit for Continuous Charging of Lithium Batteries (一種鋰電池可持續充電限流保護電路)	The Company	PRC
25.	An Intelligent Home Energy Storage Control System Based on CAN Bus and Daisy-chain Communication (基於CAN總線和菊花鏈通訊的家儲智能控制系統)	The Company	PRC
26.	A Dual-output Flyback DC-DC Auxiliary Power Supply with Low Cross Regulation and Lossless Snubber (一種低交叉調整率和無損吸收的雙路反激DC-DC輔助電源)	The Company	PRC

Copyrights

As of the Latest Practicable Date, the Group had registered the following copyrights which are material to its business:

No.	Copyright Name	Registered Owner	Place of Registration
1.	BMS Battery Management System (BMS電池管理系統)	The Company	PRC
2.	Dyness Commercial and Industrial Energy Storage Energy Management System (大秦工商業儲能能量管理系統)	The Company	PRC
3.	Dyness Digital Energy Monitoring System (大秦數字化能源監控系統)	The Company	PRC
4.	Dyness Intelligent Charging Pile Monitoring and Operation Management Platform (大秦數能智能充電樁監控及運營管理平台)	The Company	PRC
5.	Dyness Cloud Platform App (大秦數能雲平台APP)	The Company	PRC
6.	Dyness Web Cloud Platform (大秦數能WEB雲平台)	The Company	PRC
7.	Dyness Intelligent Load Control Management System (大秦數能智能負載控制管理系統)	The Company	PRC
8.	Dyness Smart Energy Digital Integrated Management System (大秦智慧能源數字化綜合管理系統)	The Company	PRC
9.	Dyness Commercial and Industrial Energy Storage Power Station Management System (大秦數能工商業儲能電站管理系統)	The Company	PRC
10.	Dyness Inter-Pack Active Balancing Control Software (大秦pack間主動均衡控制軟件)	Taizhou Dyness	PRC

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the H Shares are [REDACTED] on the Stock Exchange, will be as follows:

(i) Interests in the Company

Name of Director or chief executive	Nature of interest	Description of Shares	Number of Shares held or interested	Approximate percentage of shareholding in the total issued share capital
Mr. Liu[(1)]	Beneficial owner	H Shares	46,044,900	[REDACTED]%
	Interest in controlled corporations	H Shares	20,096,500	[REDACTED]%
Mr. Tong Jiancheng[(2)]	Interest in controlled corporations	H Shares	5,836,700	[REDACTED]%

Notes:

(1) For details, see "Substantial Shareholders" in this document.

(2) As Mr. Tong Jiancheng held approximately 44.44% limited partnership interests in Hehan Jiangze, he was deemed to be interested in the Shares held by Hehan Jiangze under the SFO.

(ii) Interests in the associated corporations of the Company

So far as the Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the Shares, underlying Shares and debentures of the Company or the shares, underlying shares or debentures of any of the associated corporations of the Company.

Disclosure of Interests of Substantial Shareholders

(i) Interests in the Company

Save as disclosed in "Substantial Shareholders" in this document and "— Disclosure of Interests of Directors and Chief Executive of the Company — (i) Interests in the Company" in this section, the Directors are not aware of any person who will have an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Interests in other member of the Group

Member of the Group	Name of substantial shareholder	Approximate percentage of the issued voting shares held by the substantial shareholder
Guangdong Dyness	Jiangsu Highstar	45%

Save as disclosed above, the Directors are not aware of any person who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

FURTHER INFORMATION ABOUT THE DIRECTORS

Particulars of the Service Contracts

Each of the Directors [has entered] into a service contract with the Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see "Directors and Senior Management — Remuneration" and Note 8 in "Appendix I — Accountants' Report."

Agency Fees or Commissions Received

The [REDACTED] will receive an [REDACTED] commission in connection with the [REDACTED], as detailed in "[REDACTED]." Save in connection with the [REDACTED], no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Personal Guarantees

Save as disclosed in "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence", the Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

Disclaimers

(a) None of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, 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, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

(c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [REDACTED] or related transactions as mentioned.

SHARE INCENTIVE PLAN

1. [REDACTED] Employee Incentive Scheme

Our Company adopted the employee incentive scheme **("[REDACTED] Employee Incentive Scheme")** on April 3, 2023. The terms of the [REDACTED] Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of Awards (as defined below) or issuance of new Shares by our Company upon our [REDACTED].

(a) Purpose

The purpose of the [REDACTED] Employee Incentive Scheme is to establish and improve our Group's long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group's employees, align the interests of our Shareholders, our Group and our employees and focus on the long-term development of our Group.

(b) Administration

The [REDACTED] Employee Incentive Scheme is subject to the approval of the Shareholders' general meeting and the administration of the Board. The Board is responsible for the implementation of the [REDACTED] Employee Incentive Scheme.

(c) Eligibility

The eligible participants of the [REDACTED] Employee Incentive Scheme are employees of the Group (the "**Participant(s)**").

(d) Awards

Under the [REDACTED] Employee Incentive Scheme, Participants have been granted a right to subscribe for equity interests/shares (the "**Awards**") of our employee shareholding platforms, Nanzhang Zichou and Yuanjian Daotong.

(e) Source and number of Awards

The Shares underlying the Awards granted under the [REDACTED] Employee Incentive Scheme are held by the employee shareholding platforms. Upon the grant of Awards, the Participants shall hold equity interests/shares in the employee shareholding platforms to reflect their respective Awards.

As of the Latest Practicable Date, the number of Shares underlying the Awards granted under the [REDACTED] Employee Incentive Scheme were 5,032,300 Shares consisting of 3,774,200 Shares through Nanzhang Zichou and 1,258,100 Shares through Yuanjian Daotong, representing approximately 4.49% of our total issued Shares immediately before the completion of the [REDACTED] and [REDACTED]% of our total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

(f) Obligations of the Participants

(i) Service Period Requirements

Under the [REDACTED] Employee Incentive Scheme, the Participants under Nanzhang Zichou and Yuanjian Daotong are subject to a service period of five years and three years, respectively, commencing from the effective date of the [REDACTED] Employee Incentive Scheme, during which the Participants shall continuously provide services to the Group.

(ii) Limited Transferability

Under the [REDACTED] Employee Incentive Scheme, prior to the [REDACTED], the Participants shall not transfer any equity interests/shares underlying the Awards with any third party, unless otherwise permitted by the [REDACTED] Employee Incentive Scheme.

(g) Lock-up Period

Under the [REDACTED] Employee Incentive Scheme, the lock-up period prescribed under the [REDACTED] Employee Incentive Scheme shall be the longer of: (i) the applicable lock-up period commencing from the [REDACTED], being 36 months for Nanzhang Zichou and 12 months for Yuanjian Daotong, respectively; and (ii) the lock-up period undertaken by the employee shareholding platforms or any Participant pursuant to the relevant listing rules and other applicable laws and regulations.

(h) Details of the Awards granted

As of the Latest Practicable Date, we had granted Awards representing all the 5,032,300 Shares under the [REDACTED] Employee Incentive Scheme to 37 Participants, representing [REDACTED]% of the total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Details of the Shares under the [REDACTED] Employee Incentive Scheme granted to the Directors, senior management and connected persons of the Company, as of the Latest Practicable Date are set out below:

Participant	Position in the Group	Number of Shares underlying the Awards	Approximate percentage of total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Liu	Executive Director, chairman of the Board, general manager of the Company and director of Dyness Singapore	1,069,076	[REDACTED]%
Mr. Liu Jinshan	Executive Director, deputy general manager and Board Secretary of the Company	293,549	[REDACTED]%
Mr. Liu Huaqin	Executive Director and director of global service center of the Company	67,099	[REDACTED]%
Ms. Zhu Xiaohui	Executive Director, employee representative Director and director of brand and marketing of the Company	251,614	[REDACTED]%

Participant	Position in the Group	Number of Shares underlying the Awards	Approximate percentage of total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Lei Chunbo	Deputy general manager of the Company, director of Dyness Europe and Dyness Singapore	50,324	[REDACTED]%
Mr. Li Cheng	Deputy general manager of the Company and director of Shenzhen Dyness	218,066	[REDACTED]%
Mr. Zhao Ranzhi	Finance director of the Company	47,952	[REDACTED]%
Other employees of the Group	/	3,034,620	[REDACTED]%

2. Qinhupan Employee Incentive Plan

The Company entered into a restricted Share grant agreement with each of Mr. Ai Conghua (艾聰華), Mr. Lei Chunbo and Mr. Xu Guomin (許國民) (each a "**Grantee**") on February 1, 2023, respectively ("**Qinhupan Employee Incentive Plan**"), which is not subject to the provisions of Chapter 17 of the Listing Rules as the Qinhupan Employee Incentive Plan does not involve the grant of new Shares by our Company upon [REDACTED].

(a) Restricted Shares

The Grantees hold the restricted Shares ("**Restricted Shares**") through the employee shareholding platform, Suzhou Qinhupan.

(b) Vesting Period

The vesting period of the Restricted Shares is five years commencing from the settlement date of the consideration paid by the Grantees.

(c) Limited Transferability

Without the consent of the Company, prior to [REDACTED], the Grantees shall not sell, transfer, assign, pledge, encumber or otherwise dispose of the Restricted Shares unless otherwise permitted by the grant agreements.

(d) Details of the Restricted Shares granted

As of the Latest Practicable Date, we had granted 943,704 Restricted Shares under the Qinhupan Employee Incentive Plan to three Grantees, representing [REDACTED]% of the total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Details of the Shares under the Qinhupan Employee Incentive Plan granted as of the Latest Practicable Date are set out below:

Participant	Position in the Group	Number of Restricted Shares granted	Approximate percentage of total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Lei Chunbo	Deputy general manager	524,280	[REDACTED]%
Mr. Ai Conghua	Core management employee	209,712	[REDACTED]%
Mr. Xu Guomin	Core management employee	209,712	[REDACTED]%

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the [REDACTED] and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive a fee of US$612,500 for acting as the sponsor for the [REDACTED].

Preliminary Expenses

The Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are Mr. Liu, Suzhou Qinhupan, Huaye Zhiyuan, Hehan Jiangze, Nanzhang Zichou, Ningbo Liji, Ningbo Dingmao, Zhongshen Xinchuang, Shanghai Zeqinhui, Dongshan Investment, Gongqingcheng Pengqin, Jiaxing Dingyun, Suzhou Donghe, Dongtai Qianxiu, Yuanjian Daotong, Ruishi Daqin, Qinghao Chunxing, Guangzhou GBA Fund, Suzhou Heyixin, Suzhou Huaqi, Wuzhong Innovation, Beijing Qingke and Xi'an Huabin.

Within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this document are as follows:

Name of Expert	Qualifications
Guotai Junan Capital Limited	A licensed corporation under the SFO to conduct type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Llinks Law Offices	The Company's PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Buren N.V.	The Company's Netherlands legal advisor

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 included herein in the form and context in which they respectively appear.

Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as otherwise disclosed in this document,

(a) within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued;

(d) none of the equity and debt securities of the Company or its subsidiary is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(e) the Company has no outstanding convertible debt securities or debentures; and

(f) none of the experts listed under "— Qualifications and Consents of Experts":

(i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the [REDACTED].

DOCUMENTS 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 each of the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.dyness.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report and the report on the unaudited [REDACTED] financial information from KPMG, the texts of which are set out in "Appendix I — Accountants' Report" and "Appendix II — Unaudited [REDACTED] Financial Information", respectively;

(c) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025;

(d) the legal opinion from Llinks Law Offices, the Company's PRC Legal Advisor, in respect of the Group under the PRC laws;

(e) the legal opinion from Buren N.V., the Company's Netherlands Legal Advisor, in respect of the Group under the Netherlands laws;

(f) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this document;

(g) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations;

(h) the service contracts between each of the Directors and the Company referred to in "Appendix IV — Statutory and General Information — Further Information about the Directors — Particulars of the Service Contracts";

(i) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts"; and

(j) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts".