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Application Proof of

Guangdong Mic-Power New Energy Co., Ltd.
廣東微電新能源股份有限公司

(the "**Company**")

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

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Guangdong Mic-Power New Energy Co., Ltd.
廣東微電新能源股份有限公司

(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])**
[REDACTED]	**:**	**[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[●]**

Sole Sponsor, [REDACTED]

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

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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

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

OVERVIEW

We are a leading provider of integrated, high-performance, safety-enhanced mini-size lithium-ion batteries, dedicated to tackling the core challenges in mini-size battery materials and battery design and addressing the limitations of other currently available lithium-ion formulations and technologies. Our diverse portfolio of mini-size lithium-ion battery products largely falls under the main battery types of button batteries, cylindrical batteries, prismatic and bent batteries, modules, and others. Our batteries are adopted in multiple application scenarios, such as wearable devices, personal smart medical devices, smart educational and entertainment devices, portable energy storage battery packs, and others.

We have attracted a broad end-customer base, which primarily includes world-leading and internationally renowned smart device and consumer electronics brands, according to CIC. Our revenue attributable to such end-customers was RMB328.7 million, RMB487.3 million, RMB507.0 million and RMB288.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 93.6%, 91.5%, 89.7% and 85.7% of our total revenue for such years/period, respectively. According to CIC, based on shipments in 2025, we ranked fourth globally and second among PRC suppliers, with a global market share of 4.1% in mini-size lithium-ion batteries for consumer smart terminals, and second globally and first among the PRC suppliers, with a global market share of 7.5% in mini-size lithium-ion batteries for wireless earphones.

OUR STRENGTHS

We believe the following advantages position us well to seize future industry opportunities and achieve sustained growth:

- Deep penetration across key end markets, with tailored products for different application scenarios;
- Independent R&D capabilities covering the entire value chain;
- Industry leading product performance with core technical barriers;
- Sustained technological innovation driven by high R&D investment;
- Global market reach and high-end customer stickiness; and
- Visionary and professional management team.

OUR STRATEGIES

We will implement the following strategies:

- Further penetrate existing applications and expanding into new applications;
- Continue to invest in R&D to consolidate technical leadership;

- Enhance manufacturing and supply chain capabilities;
- Advancing global sales strategy; and
- Attracting and retaining global top talent.

OUR PRODUCT AND SERVICES PORTFOLIO

We offer the following primary battery types and development services, (i) button (micro/ultra-micro), (ii) cylindrical, (iii) prismatic and bent, (iv) modules, and (v) others, across the following key application scenarios:

- *Wearable devices* – Devices including smart watches, fitness bands, and smart earbuds where increased energy density is essential to extend battery life and enable enhanced features and new form factors.
- *Personal Smart Medical Devices* – Devices including hearing aids, glucose monitors, sleep aids and handheld medical tools, which require medical-grade consistency, stable high-rate performance for portable diagnostics, and optimal form factors for miniaturized skin-contact wearables.
- *Portable Energy Storage Battery Packs* – Modules and integrated packs that incorporate our batteries into sub-modules with redundant, fault-tolerant design and air-cooled safety systems, offering both standard and custom systems. We also produce customized modules for non-standard form factors or extreme operating conditions, used for residential, commercial, and industrial applications.
- *Smart Educational and Entertainment Devices* – Driven by AI toys and portable gaming, compact designs and long runtime are critical to user experience. We supply custom mini-size batteries for AI smart toys and cylindrical batteries for handheld game consoles and smart input devices such as styluses.
- *Development Services* – Customer-specific design and development, prototyping, and pilot production services for new battery products, for which we charge non-recurring engineering fees, mould fees and certification fees on a project-by-project basis. Once a product design is finalized, it transitions to standardized mass production at agreed perunit prices.
- *Others* – We also recorded certain revenue attributable to this segment from large-scale energy storage solutions, scrap material sales and batteries for atomizers.

OUR BUSINESS MODEL AND MANUFACTURING CAPABILITIES

We sell our lithium-ion battery products primarily to electronics manufacturers in various application scenarios, including OEMs and ODMs. Our core products are mini-size lithium-ion batteries, which accounted for the substantial majority of our revenue during the Track Record Period. We typically engage with customers under a make-to-order arrangement to meet their demands, at the behest of end-customers. Once the relationship is established, depending on such customer's ongoing demand, we may move to a make-to-stock basis to support on-going volume production. This approach optimizes lead times, inventory costs, and can better adapt to demand volatility across our diverse product lines.

We use advanced equipment in manufacturing our products. For further information, please refer to "Business — Our Business Model and Manufacturing Capabilities" and "Business — Our Technology". We have three production bases (Huizhou, Guangdong; Ganzhou, Jiangxi; and Bac Giang, Vietnam), each optimized to produce specific battery types while ensuring consistency in quality, efficiency, and compliance with regional regulations. From raw material procurement to final pack assembly, we implement end-to-end traceability and automation to meet the diverse needs of our customers — from high-volume consumer electronics orders to custom module and energy storage solutions.

OUR TECHNOLOGY

Our core technological advantages in mini-size lithium-ion batteries are deeply integrated with certain primary battery types we offer — button (micro/ultra-micro), cylindrical, and prismatic and bent batteries, as well as our solid-state/semi-solid state battery solutions. These are designed with innovations tailored to our customers' application scenarios, at the behest of end-customers, meeting needs from high-safety, long-life hearing aids to high-power robots and drones, while meeting global standards for safety, reliability, and practicality. See "Business — Our Technology" for further details.

OUR CUSTOMERS AND SUPPLIERS

We have a diverse customer base. Our top five customers accounted for 51.7%, 45.4%, 44.1% and 43.3% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Revenues generated from our single largest customer of each year/period of the Track Record Period were RMB73.7 million, RMB78.5 million, RMB70.1 million and RMB42.8 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 21.0%, 14.7%, 12.4% and 12.7% of our revenue in the respective years/period. During the Track Record Period, we maintained stable business relationships with our five largest customers in each year/period.

During the Track Record Period, purchase from our top five suppliers amounted to RMB59.2 million, RMB72.3 million, RMB91.6 million and RMB59.5 million, accounting for 43.3%, 35.4%, 38.2% and 40.2% of our total purchase in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Procurement from our single largest supplier of each year/period of the Track Record Period were RMB18.0 million, RMB25.5 million, RMB30.3 million and RMB28.6 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 13.2%, 12.5%, 12.6% and 19.3% of our total purchase in the respective years/period. During the Track Record Period, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions.

OUR SALES CHANNEL

We focus on direct sales to customers engaged in the consumer electronics industry and medical devices industry in China, supported by sales and service representatives in the U.S., Europe, Mexico, China Hong Kong, and China Taiwan. Our direct sales customers primarily include leading domestic and international OEMs and ODMs, who purchase our products and integrate them into their own end products for sale to end-customers. As of June 30, 2026, we had 30 sales personnel, whom are all based in Chinese Mainland. Each has entered into a labor contract with us. Their remuneration comprises a base salary plus sales commission. We typically enter into framework sales agreements with major customers under which they place individual purchase orders.

OUR MARKET OPPORTUNITIES AND COMPETITION

The mini-size lithium-ion batteries market has witnessed secular growth under technology megatrends, including AI, IoT, 5G and cloud. Driven by the proliferation of miniaturization and wireless smart devices, mini-size lithium-ion batteries components have become essential to the interactions between human and devices. According to CIC, the global mini-size lithium-ion batteries reached 2,914.8 million units in 2025, and is expected to grow at a CAGR of 7.7% from 2026 to 2030, outpacing the broader lithium-ion battery market. We have captured significant market opportunities during the Track Record Period. Our revenue increased by 51.7% from RMB351.2 million in 2023 to RMB532.9 million in 2024, and further increased by 6.1% to RMB565.3 million in 2025. Our revenue increased by 18.0% from RMB285.9 million for the six months ended June 30, 2025 to RMB337.2 million for the same period in 2026. Our net profit remarkably increased by 755.0%, rising from RMB6.8 million in 2023 to RMB58.1 million in 2024, and remained at a relatively high level of RMB31.5 million in 2025. Our net profit increased by 12.1% from RMB23.5 million for the six months ended June 30, 2025 to RMB26.3 million for the same period in 2026.

The global consumer mini-size lithium-ion battery industry is relatively concentrated. According to CIC, based on shipments in 2025, the respective top five suppliers of mini-size lithium-ion batteries for consumer smart terminals and mini-size lithium-ion batteries for wireless earphones accounted for 27.6% and 37.8% of the global market, respectively. We generally compete with other large-scale consumer mini-size lithium-ion battery manufacturers. See "Industry Overview" for more details on our competitive landscape, industry growth drivers and development trends.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below has derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in "Financial Information" of this document. Our historical financial information was prepared in accordance with HKFRS Accounting Standards.

Selected Items from Consolidated Statements of Profit or Loss

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Revenue	351,162	100.0	532,859	100.0	565,349	100.0	285,852	100.0	337,163	100.0
Cost of sales	(249,408)	(71.0)	(346,606)	(65.0)	(384,184)	(68.0)	(192,274)	(67.3)	(226,807)	(67.3)
Gross profit	**101,754**	**29.0**	**186,253**	**35.0**	**181,165**	**32.0**	**93,578**	**32.7**	**110,356**	**32.7**
Other income	13,068	3.7	26,060	4.9	18,294	3.2	10,665	3.7	4,004	1.2
Selling expenses	(15,367)	(4.4)	(22,991)	(4.3)	(22,488)	(4.0)	(12,602)	(4.4)	(11,193)	(3.3)
Administrative expenses	(24,203)	(6.9)	(37,559)	(7.0)	(51,390)	(9.1)	(21,457)	(7.5)	(26,771)	(7.9)
Research and development costs	(38,095)	(10.8)	(54,339)	(10.2)	(93,504)	(16.5)	(44,522)	(15.5)	(47,862)	(14.2)
(Impairment loss)/reversal of impairment loss of trade and other receivables	(398)	(0.1)	(444)	(0.1)	29	0.0	53	0.0	1	0.0
Profit from operations	36,759	10.5	96,980	18.2	32,106	5.7	25,715	9.0	28,535	8.5
Finance costs	(3,044)	(0.9)	(3,168)	(0.6)	(3,551)	(0.6)	(2,295)	(0.8)	(1,402)	(0.5)
Changes in the carrying amount of redemption liabilities	(26,185)	(7.5)	(26,201)	(4.9)	–	–	–	–	–	–
Profit before taxation	7,530	2.1	67,611	12.7	28,555	5.1	23,420	8.2	27,133	8.0
Income tax	(735)	(0.2)	(9,515)	(1.8)	2,901	0.5	73	0.0	(788)	(0.2)
Profit for the year/period	**6,795**	**1.9**	**58,096**	**10.9**	**31,456**	**5.6**	**23,493**	**8.2**	**26,345**	**7.8**

The following table sets forth the breakdown of our revenue by geographical location for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Chinese Mainland	252,432	71.9	396,450	74.4	401,970	71.1	207,424	72.6	213,243	63.3
Asia (excluding Chinese Mainland)	91,646	26.1	128,428	24.1	145,655	25.8	70,149	24.5	81,756	24.2
Europe[(1)]	6,190	1.8	4,875	0.9	10,534	1.9	5,926	2.1	37,083	11.0
Others[(2)]	894	0.2	3,106	0.6	7,190	1.2	2,353	0.8	5,081	1.5
Total	**351,162**	**100.0**	**532,859**	**100.0**	**565,349**	**100.0**	**285,852**	**100.0**	**337,163**	**100.0**

Notes:

(1) Mainly comprising Finland, Denmark, Switzerland and the Netherlands. In particular, revenue generated from Finland accounted for 0.3%, 0%, 0.1%, 0.1% and 7.1% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

(2) Mainly comprising the United States of America and Tanzania. In particular, revenue generated from the United States of America accounted for 0.2%, 0.5%, 1.1%, 0.6% and 1.5% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

The following table sets forth the breakdown of our revenue by main application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Wearable devices	268,772	76.5	417,937	78.4	427,099	75.5	211,506	74.1	227,218	67.4
Personal smart medical devices	28,275	8.1	46,813	8.8	61,138	10.8	28,986	10.1	39,960	11.9
Portable energy storage battery packs	27,881	7.9	33,383	6.3	25,473	4.5	16,392	5.7	13,438	4.0
Smart educational and entertainment devices	–	–	410	0.1	2,168	0.4	353	0.1	1,147	0.3
Development services	4,200	1.2	1,672	0.3	12,325	2.2	5,341	1.9	38,071	11.3
Others[(1)]	22,034	6.3	32,644	6.1	37,146	6.6	23,274	8.1	17,329	5.1
Total	**351,162**	**100.0**	**532,859**	**100.0**	**565,349**	**100.0**	**285,852**	**100.0**	**337,163**	**100.0**

Note:

(1) Mainly comprising revenue generated from large energy storage solutions, scrap material sales and batteries for atomizers. See "Business — Standardized and Customized Products" and "Business — Revenue from Development Services" for further details.

The following table sets forth the revenue and corresponding percentage breakdown by our major product types for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,	
	2023		2024		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in millions)							
Button	243.2	70.3	342.7	64.8	345.3	62.8	166.6	56.3
Cylindrical	66.4	19.2	113.5	21.5	112.7	20.5	59.6	20.1
Prismatic	9.9	2.9	33.9	6.4	62.1	11.3	56.3	19.0
Modules	26.4	7.6	38.7	7.3	30.0	5.5	9.5	3.2
Bent	–	–	–	–	–	–	3.8	1.3

Gross Profit and Gross Margin

The following table sets forth the breakdown of our gross profit and gross margin by main application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Wearable devices	76,149	28.3	136,271	32.6	115,300	27.0	60,056	28.4	53,867	23.7
Personal smart medical devices	10,492	37.1	29,319	62.6	31,892	52.2	14,446	49.8	20,851	52.2
Portable energy storage battery packs	(258)	(0.9)	1,082	3.2	783	3.1	209	1.3	(586)	(4.4)
Smart educational and entertainment devices	–	–	92	22.4	(481)	(22.2)	119	33.7	(282)	(24.6)
Development services	4,150	98.8	1,545	92.4	12,136	98.5	5,274	98.7	29,352	77.1
Others[1]	11,221	50.9	17,944	55.0	21,535	58.0	13,474	57.9	7,154	41.3
Total/Overall	101,754	29.0	186,253	35.0	181,165	32.0	93,578	32.7	110,356	32.7

Note:

(1) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

Sales Volume and Average Selling Price

The following table sets forth the breakdown of the sales volume and average selling price of our products and services by main application scenarios for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
		RMB		*RMB*		*RMB*		*RMB*		*RMB*
	(sales volume in thousands)									
Wearable devices	58,029	4.6	100,355	4.2	114,534	3.7	55,707	3.8	53,140	4.3
Personal smart medical devices	1,655	17.1	3,070	15.2	4,208	14.5	2,001	14.5	2,876	13.9
Portable energy storage battery packs	403	69.2	619	53.9	394	64.7	277	59.1	456	29.4
Smart educational and entertainment devices	–	–	37	11.1	277	7.8	31	11.2	102	11.2
Development services[(1)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others[(2)]	2,183	12.0	4,205	8.2	3,993	9.3	2,673	8.7	1,462	17.2

Note:

(1) Due to differences in the scope, complexity and customization requirements of individual development projects, the sales volume and average selling price of development services are not indicative of any general volume or pricing trend. During the Track Record Period, the average revenue generated per development project generally ranged from RMB0.1 million to RMB6.3 million.

(2) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

Non-HKFRS Measure

To supplement our consolidated financial information, which is presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure facilitates comparisons of operating performance from year to year or period to period by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management. However, such non-HKFRS financial measure presented by us may not be directly comparable to similar measures presented by other companies. The use of this non-HKFRS measure should not be considered as a substitute for an analysis of our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit for the year/period adjusted by adding back (i) equity-settled share-based payment expenses, (ii) changes in the carrying amount of redemption liabilities and (iii) **[REDACTED]**, net of income tax. The following table reconciles our adjusted net profit (non-HKFRS measure) with the nearest measure presented in accordance with HKFRS for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
			(RMB in thousands)		
Profit for the year/period	6,795	58,096	31,456	23,493	26,345
Add:					
– Equity-settled share-based payment expenses[(1)]	3,971	1,304	845	396	445
– Changes in the carrying amount of redemption liabilities[(2)]	26,185	26,201	–	–	–
– **[REDACTED]**[(3)]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Income tax	–	–	(1,494)	–	(402)
Adjusted net profit for the year/period (non-HKFRS measure)	36,951	85,601	40,764	23,889	29,066

Notes:

(1) Equity-settled share-based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our awards granted to management and key employees. Such expenses in any specific period are not expected to result in future cash payments.

(2) Changes in the carrying amount of redemption liabilities relate to the redemption rights granted to investors in historical financings. Such redemption rights were terminated on January 1, 2025 and therefore the redemption liabilities recognized have been reclassified to equity since then. See Note 24 to "Appendix I — Accountants' Report" to this document for details.

(3) **[REDACTED]** relate to our **[REDACTED]**.

Selected Items from Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Total current assets	349,177	506,934	585,544	639,665
Total non-current assets	368,461	382,922	404,243	426,252
Total current liabilities	562,379	665,841	321,272	346,489
Total non-current liabilities	50,471	58,718	52,536	78,323
Net current (liabilities)/assets	**(213,202)**	**(158,907)**	**264,272**	**293,176**
Net assets	**104,788**	**165,297**	**615,979**	**641,105**

Our net current liabilities decreased from RMB213.2 million as of December 31, 2023 to RMB158.9 million as of December 31, 2024, mainly due to (i) an increase in trade and other receivables of RMB107.5 million, (ii) an increase in other investments of RMB64.0 million, and (iii) an increase in pledged bank deposits of RMB15.3 million, partially offset by (i) an increase in trade and other payables of RMB73.8 million, (ii) an increase in redemption liabilities of RMB26.2 million, and (iii) a decrease in cash and cash equivalents of RMB37.3 million.

Our net current position changed from net current liabilities of RMB158.9 million as of December 31, 2024 to net current assets of RMB264.3 million as of December 31, 2025, mainly due to (i) the termination of our investors' redemption rights in 2025, following which our redemption liabilities were reclassified to equity and we no longer had any redemption liabilities as of December 31, 2025, and (ii) an increase in cash and cash equivalents of RMB77.0 million, partially offset by an increase in trade and other payables.

Our net current assets increased from RMB264.3 million as of December 31, 2025 to RMB293.2 million as of June 30, 2026, mainly due to (i) an increase in cash and cash equivalents of RMB98.8 million, (ii) an increase in inventories and contract costs of RMB26.1 million and (iii) an increase in pledged bank deposits of RMB22.2 million, partially offset by (i) a decrease in other investments of RMB92.6 million, (ii) an increase in trade and other payables of RMB24.2 million and (iii) an increase in current taxation of RMB3.4 million.

Our net assets increased from RMB104.8 million as of December 31, 2023 to RMB165.3 million as of December 31, 2024 and further to RMB616.0 million as of December 31, 2025, primarily attributable to profit for the year, equity-settled share-based payments recognised in equity and, in particular during 2025, the reclassification of redemption liabilities to equity following the termination of the relevant redemption rights on January 1, 2025, which was partially offset by dividends declared in 2025. Our net assets further increased to RMB641.1 million as of June 30, 2026, primarily attributable to our profit for the period.

Selected Items from Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year ended December 31			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)	*(unaudited)*	
Net cash generated from operating activities	32,269	84,930	188,106	136,385	54,529
Net cash (used in)/generated from investing activities	(70,146)	(113,347)	(104,268)	(55,722)	31,955
Net cash generated from/(used in) financing activities	1,985	(9,795)	(4,757)	(11,939)	18,104
Net (decrease)/increase in cash and cash equivalents	(35,892)	(38,212)	79,081	68,724	104,588
Cash and cash equivalents at the beginning of the year/period	167,587	132,723	95,418	95,418	172,458
Effect of foreign exchange rate changes	1,028	907	(2,041)	(428)	(5,814)
Cash and cash equivalents at the end of the year/period	**132,723**	**95,418**	**172,458**	**163,714**	**271,232**

Key Financial Ratios

	Year ended/as of December 31,			Six months ended/ as of June 30,
	2023	2024	2025	2026
Gross margin[(1)]	29.0%	35.0%	32.0%	32.7%
Net profit margin[(2)]	1.9%	10.9%	5.6%	7.8%
Current ratio[(3)]	0.6	0.8	1.8	1.8
Inventory and other contract cost turnover[(4)]	5.0	6.0	5.3	4.8
Debt ratio[(5)]	28.4%	32.5%	37.8%	39.9%
Return on equity[(6)]	7.0%	43.4%	8.5%	4.2%

Notes:

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

(2) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(3) Current ratio is calculated by dividing current assets by current liabilities as of the relevant date.

(4) Inventory and other contract cost turnover is calculated as cost of sales divided by the average of the beginning and ending balance of inventories and other contract costs for the year/period.

(5) Debt ratio is calculated by dividing total debt, defined as total liabilities minus redemption liabilities, by total assets as of the relevant date.

(6) Return on equity is calculated by dividing profit for the year/period attributable to the equity shareholders of our Company by the average balance of equity attributable to equity shareholders of our Company.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Fluctuations in demand in the downstream markets of our battery products may materially and adversely affect our business, results of operations and financial condition.
- Inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations.
- We may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability, and lead to decrease in the demand for our products.
- The mini-size battery industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share.
- Our future success depends on the timely development, introduction, marketing and selling of new battery products and technologies, which we might not be able to achieve. The development of new and more complex products and technologies can also increase our research and development expenses and cost of sales, and adversely affect our overall profitability.
- If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.
- Our success depends on our ability to protect our intellectual property rights. Intellectual property infringement by and disputes with third parties may adversely affect our business, financial condition and results of operations.

OUR CONTROLLING SHAREHOLDERS AND ACTING-IN-CONCERT AGREEMENTS

As of the Latest Practicable Date, Mr. Chen, Mr. Xu, Zhuhai Jiwang, Huizhou Jiwang, Shenzhen Mic-Power, Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi constitute a group of Controlling Shareholders before [**REDACTED**] and control the exercise of approximately 55.12% of the voting rights at the general meeting of the Company. Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the group of Controlling Shareholders will hold approximately [**REDACTED**]% of the issued share capital of our Company, and will remain as a group of Controlling Shareholders.

For further details, please refer to the section headed "Relationship with Controlling Shareholders".

OUR PRE-[REDACTED] INVESTORS

From August 2019 to November 2022, our Company underwent several rounds of Pre-[**REDACTED**] with our Pre-[**REDACTED**] Investors, which include, among others, Plum Ventures and CITIC Jinshi (as defined in "History, Development and Corporate Structure — Major Shareholding Changes of our Company"). For further details, see "History, Development and Corporate Structure — Pre-[**REDACTED**]".

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] Committee for the granting of the [**REDACTED**] of, and permission to [**REDACTED**] (i) our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and (ii) the H Shares to be converted from our existing [**REDACTED**] Shares. We applied on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

[REDACTED]

All statistics presented in the table below are based on the assumption that the [**REDACTED**] is not exercised:

	Based on minimum indicative [REDACTED] of [REDACTED]	**Based on maximum indicative [REDACTED] of [REDACTED]**
Market capitalization of our Shares after completion of the [**REDACTED**][(1)]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted net tangible asset value per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**], including [**REDACTED**] Shares to be converted into H Shares and [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) The unaudited [**REDACTED**] net tangible assets per Share is arrived at after the adjustments referred to in the notes set out in the Appendix II to this Document and on the basis that [**REDACTED**] Shares were in issue assuming that the [**REDACTED**] had been completed on June 30, 2026 but takes no account of any Shares which may be allotted and issued upon the exercise of the [**REDACTED**]. For the purpose of this unaudited [**REDACTED**] adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB[0.8648].

DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of RMB15.0 million in 2025 out of distributable profits. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and applicable laws and regulations. For details, please see "Financial Information — Dividend Policy."

[REDACTED]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]) and

the full payment of the discretionary [**REDACTED**], if any, we expect to incur approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) of [**REDACTED**] (including (i) [**REDACTED**]-related expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately RMB[**REDACTED**], and (ii) fees and expenses of legal advisors and accountants amounted to approximately RMB[**REDACTED**] and other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] fees, amounting to approximately RMB[**REDACTED**]), accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. Approximately RMB[**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB[**REDACTED**] is expected to be deducted from equity upon [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of approximately RMB14.7 million, of which (i) approximately RMB[**REDACTED**] was charged to the consolidated statements of profit or loss and other comprehensive income, and (ii) approximately RMB[**REDACTED**] was directly attributable to the [**REDACTED**] of our [**REDACTED**] and will be deducted from equity upon the [**REDACTED**]. The estimate of [**REDACTED**] above is the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND [REDACTED]

The [**REDACTED**] from the [**REDACTED**] that we will receive, after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**] will be:

	[REDACTED] (in HK$ million)	
	(a) Assuming the [REDACTED] is not exercised at all	**(b) Assuming the [REDACTED] is exercised in full**
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the [**REDACTED**])	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**])	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the [**REDACTED**])	[**REDACTED**]	[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and that the [**REDACTED**] is not exercised, in line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to enhance our R&D capabilities. We intend to deploy the [**REDACTED**] to strengthen our R&D infrastructure, and focus on high-end application development;

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to expand our production capabilities through the construction of new production lines. We plan to increase production capacity to meet the increasing market demand;

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to repay existing bank borrowings; and

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for working capital and general corporate uses.

For details, please see "Future Plans and [**REDACTED**]."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened material legal or administrative proceedings, and had not been and were not involved in any material non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business, financial condition, or results of operations as a whole. As confirmed by our PRC Legal Advisor, our business operations had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Resolution of Historical Patent Proceedings involving VARTA

Between 2020 and 2022, we were involved in cross-jurisdictional patent proceedings with VARTA Microbattery GmbH ("**VARTA**") in relation to certain historical models of partially sealed metal-casing button batteries (the "**Patent Proceedings**"). Following a settlement between the parties in June 2022, all related proceedings have been dismissed with prejudice or otherwise withdrawn. No finding of infringement was made against us in any relevant proceedings, and no further claims, demands or legal proceedings have been initiated by VARTA against us since the settlement. We do not consider these historical legal proceedings to have had any material adverse impact on our business operations, financial performance or customer relationships during the Track Record Period. As advised by the U.S. Legal Advisor, the Patent Proceedings have been fully and finally resolved, and the likelihood of any re-opening of such historical claims by VARTA against us is low. For further details, see "Business — Legal Proceedings and Compliance — Resolution of Historical Patent Proceedings involving VARTA."

For details of the senior management personnel responsible for overseeing the R&D department and our internal control measures relating to intellectual property rights, including the Directors' and Sponsor's views on the adequacy and effectiveness of such measures, see "Business — Research and Development — R&D Team" and "Business — Intellectual Property."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since June 30, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document. During the six months ended June 30, 2026, we have commenced mass production of bent batteries for smart rings and large-scale deliveries are expected to commence in the second half of 2026.

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

"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I
"Acting-in-Concert Agreements"	the acting-in-concert agreement dated October 31, 2020 and the supplementary acting-in-concert agreement dated December 26, 2025 entered into by and between Mr. Chen and Mr. Xu, a summary of which is set out in the section headed "Relationship with Our Controlling Shareholders" in this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the **[REDACTED]**, a summary of which is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
	[REDACTED]
"CIC" or "China Insights Consultancy"	China Insights Industry Consultancy Limited (灼識企業管理諮詢(上海)有限公司), an independent professional market research and consulting company, an Independent Third Party
"CIC Report"	the independent industry report commissioned by us and prepared by CIC independently
"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

"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
"Company", "our Company", or "the Company"	Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源股份有限公司), a company initially established under the laws of the PRC on December 5, 2017 as a limited liability company and converted to a joint stock company with limited liability on October 25, 2024
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen, Mr. Xu, Zhuhai Micro Energy, Zhuhai Jiwang, Zhuhai Mic-Power, Huizhou Jiwang, Shenzhen Mic-Power and Zhuhai Jiyi
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
	[REDACTED]
"Employee Incentive Scheme"	the employee incentive scheme adopted by resolutions of our Shareholders dated January 28, 2021, the principal terms of which are set out in "Statutory and General Information — 4. Our Incentive Schemes — B. Employee Incentive Scheme" in Appendix IV to this document
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]

[**REDACTED**]

"Group", "our Group", "the Group", "we", "us", or "our"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange in August 2025

[**REDACTED**]

"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$", "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**")

[**REDACTED**]

[**REDACTED**]

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

[**REDACTED**]

"Huizhou Jiwang"	Huizhou Jiwang Management Partnership (Limited Partnership)* (惠州集旺管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 22, 2021, one of our Controlling Shareholders
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, is/are not our connected persons

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	September 1, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Chen"	Mr. Chen Zhiyong (陳志勇), our founder, the chairman of the Board, an executive Director and one of our Controlling Shareholders
"Mr. Xu"	Mr. Xu Jiangtao (徐江濤), an executive Director and one of our Controlling Shareholders
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC Legal Advisor"	AllBright Law Offices
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Pre-[REDACTED] Investment(s)"	the pre-[**REDACTED**] investment(s) in our Company, the details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**]"
"Pre-[REDACTED] Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, the details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] — Information about Our Pre-[**REDACTED**] Investors"

[**REDACTED**]

"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 Chinese Mainland
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Mic-Power"	Shenzhen Mic-Power Investment Partnership (Limited Partnership)* (深圳市微電投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 1, 2019, one of our Controlling Shareholders
"Sole Sponsor", "Sponsor"	Guotai Junan Capital Limited

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026

"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
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. Legal Advisor"	Arch & Lake LLP
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[REDACTED]

"VAT"	value-added tax
"Vietnam Legal Advisor"	Dedica Law Firm Limited
"Zhuhai Jiwang"	Zhuhai Jiwang Equity Investment Partnership (Limited Partnership)* (珠海集旺股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 26, 2018, one of our Controlling Shareholders
"Zhuhai Jiyi"	Zhuhai Jiyi Investment Partnership (Limited Partnership)* (珠海集益投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 1, 2021, one of our Controlling Shareholders
"Zhuhai Micro Energy"	Zhuhai Micro Energy Investment Partnership (Limited Partnership)* (珠海微能投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 31, 2020, one of our Controlling Shareholders
"Zhuhai Mic-Power"	Zhuhai Mic-Power Investment Partnership (Limited Partnership)* (珠海微電投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 13, 2021, one of our Controlling Shareholders
"%"	per cent

In this document, the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "subsidiary(ies)", and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

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

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document in connection with our Group and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"3-point crimping structure"	a patented sealing structure used in metal button batteries that creates a passive pressure-relief path. When internal pressure reaches 2 MPa ± 1 MPa, the three crimp slots deform to release gas instantly, preventing case rupture and explosion
"8D analysis"	a structured problem-solving approach used to identify root causes of quality issues, implement corrective actions and prevent recurrence
"Ah"	Amp-hour, a unit of electric charge representing battery capacity
"AI"	Artificial intelligence
"all-solid-state battery"	a solid-state battery that uses completely solid materials
"aluminum-plastic film"	a composite material used for pouch battery casings, consisting of multiple layers including aluminum foil, providing protection against electrolyte corrosion while maintaining flexibility
"battery cell" or "cell"	the basic electrochemical unit of a battery, consisting of positive and negative electrodes, separator, and electrolyte, which stores and releases electrical energy through chemical reactions
"battery module" or "module"	an assembly of multiple battery cells connected in series or parallel configurations, integrated with structural components and often including basic electrical connections and thermal management features
"battery pack" or "pack"	a complete battery system consisting of modules, battery management system (BMS), thermal management system, housing, and electrical connections
"bent battery"	an ultra-thin curved battery designed for irregular or curved form factors
"BMS"	Battery Management System, an electronic system that monitors and manages battery performance, including voltage, current, temperature, and state of charge, while providing protection against overcharge, over-discharge, and thermal issues
"button battery"	a small, flat, circular battery used in compact electronic devices

"C" or "C-rate"	charge or discharge rate, which refers to the rate at which a battery is charged or discharged relative to its total capacity and is an industry term. A charging current of 2C, 3C, 4C, 6C, and 12C implies that the battery can be fully charged in 1/2, 1/3, 1/4, 1/6 and 1/12 of an hour, respectively
"calendar life"	the total lifespan of a battery measured in years from the date of manufacture, regardless of usage, before its capacity degrades to a specified percentage of its original capacity
"California Prop 65"	a California law that requires businesses to provide warnings if their products may expose consumers to chemicals known by the State of California to cause cancer, birth defects or other reproductive harm
"cylindrical battery"	a tubular-shaped battery commonly used in smart glasses, styluses, handheld medical devices and portable electronics
"electrode"	a conductive component in a battery, comprising active materials, binders, conductive agents, and current collectors, where electrochemical reactions occur
"electrolyte"	a chemical medium (liquid, gel, or solid) that enables the flow of ionic charge between the cathode and anode in a battery
"energy density" or "ED"	the amount of energy that can be stored in a battery relative to its volume (volumetric energy density, measured in Wh/L) or weight (gravimetric energy density, measured in Wh/kg)
"ERP system"	Enterprise Resource Planning system, an integrated software platform for managing business processes including procurement, production, inventory, and finance
"flame-retardant gel electrolyte"	a semi-solid electrolyte containing phosphorus-based additives that suppress combustion, designed to enhance battery safety by preventing thermal runaway
"GB"	Guobiao (National Standard), referring to standards issued by PRC authorities
"GB 31241"	PRC National Standard for safety requirements of lithium-ion cells and batteries for portable electronic equipment
"GB/T 2423.22"	PRC National Standard for environmental testing procedures, specifically temperature change tests

"graphite"	a form of carbon used as the primary anode material in lithium-ion batteries due to its layered structure that allows lithium ion intercalation
"gravimetric energy density"	the amount of energy stored in a battery relative to its weight, typically expressed in watt-hours per kilogram (Wh/kg). Higher gravimetric energy density enables lighter battery designs for weight-sensitive applications
"GWh"	gigawatt-hour, a unit of electric energy equal to 1,000,000 kWh or 1 billion Wh
"high-precision winding"	an automated manufacturing process using laser edge detection and real-time feedback control to align electrode layers with accuracy within ±0.1mm
"IEC"	International Electrotechnical Commission, a global organization that prepares and publishes international standards for electrical, electronic, and related technologies
"IEC 62133"	International standard for secondary cells and batteries containing alkaline or other non-acid electrolytes, covering safety requirements for portable applications
"industry 4.0"	the digital transformation of manufacturing, integrating smart technologies like IoT, AI, cloud computing, and big data to create interconnected, self-optimizing factories
"in-situ polymeric electrolyte"	a solid electrolyte formed by polymerizing a liquid precursor inside the battery during manufacturing, creating a flexible solid matrix that eliminates leakage risks
"installation"	the volume of battery products installed in devices or systems, usually expressed in GWh, MWh, or kWh
"IoT"	Internet of Things, the network of interconnected devices, sensors and systems enabled by semiconductor components to collect, exchange and process data
"IQC"	Incoming Quality Control, the inspection and testing process for raw materials and components upon delivery to ensure they meet specified quality standards before production
"IPQC"	In-Process Quality Control, real-time monitoring and inspection during manufacturing to ensure process parameters and product quality meet specifications

"ISO"	International Organization for Standardization, an independent, non-governmental international organization that develops voluntary international standards
"ISO 13485"	International standard specifying requirements for quality management systems for organizations involved in the design, production, installation, and servicing of medical devices
"ISO 14001"	International standard for environmental management systems, helping organizations minimize their environmental impact and comply with applicable laws and regulations
"ISO 14064-1:2018"	International standard specifying principles and requirements for quantifying and reporting greenhouse gas emissions and removals at the organization level
"ISO 27001"	International standard for information security management systems
"ISO 9001"	International standard for quality management systems, specifying requirements for organizations to demonstrate their ability to consistently provide products and services that meet customer and regulatory requirements
"J/R"	jelly roll, a spiral-wound electrode assembly inside a battery
"kWh"	kilowatt-hour, a unit of electric energy equal to 1,000 Wh
"laser edge detection"	a manufacturing method using laser sensing to detect electrode edges and support alignment control
"laser sealing"	a precision welding technique using laser beams to seal battery components, particularly metal caps to casings, with minimal heat-affected zones (typically 0.3mm) and high precision (weld width 0.2mm)
"LCO"	lithium cobalt oxide ($LiCoO_2$), a cathode material used in batteries
"LFP"	Lithium Iron Phosphate, a cathode material used in batteries
"lithium-ion battery"	a rechargeable battery technology where lithium ions move between the cathode and anode through an electrolyte during charge and discharge cycles
"mAh"	milliamp-hour, a unit of electric charge equal to one-thousandth of an Ah, commonly used to express capacity of small batteries

"make-to-order"	a production strategy where products are manufactured only after receiving confirmed customer orders, allowing for customization
"make-to-stock"	a production strategy where standardized products are manufactured in advance and held in inventory to enable rapid order fulfillment
"MES system"	Manufacturing Execution System, a computerized system that tracks and documents the transformation of raw materials to finished goods, enabling real-time production monitoring and end-to-end traceability
"metal-cased prismatic battery"	a rectangular battery using a one-piece deep-drawn aluminum-alloy or stainless-steel casing that eliminates the seal areas required by pouch batteries
"Mini-size lithium-ion batteries"	lithium-ion batteries with a rated capacity of less than or equal to 1,000 mAh
"MWh"	megawatt-hour, a unit of electric energy equal to 1,000 kWh
"NCM"	nickel-cobalt-manganese ternary materials, cathode materials using different ratios of nickel, cobalt, and manganese
"nominal capacity"	the rated capacity of a battery as specified by the manufacturer, typically measured in mAh or Ah under standard test conditions
"OEM"	Original Equipment Manufacturer, a company that produces parts or equipment that are purchased by another company and retailed under the purchasing company's brand name
"OQC"	Outgoing Quality Control, final inspection and testing of finished products before shipment to ensure they meet all specifications and quality standards
"pouch battery"	a battery type using flexible aluminum-plastic film as the casing, typically lighter and more space-efficient than metal-cased batteries but with lower mechanical strength
"prismatic battery"	a rectangular battery design that maximizes space utilization, commonly used in smart glasses, smart watches, and smart toys, with metal-cased or pouch variants
"QC 080000"	an international technical standard for hazardous substance process management in electronics
"R&D"	research and development

"REACH"	Registration, Evaluation, Authorization and Restriction of Chemicals, a regulation of the European Union adopted to improve the protection of human health and the environment from the risks posed by chemicals
"RoHS"	Restriction of Hazardous Substances, a directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment, adopted by the European Union
"semi-solid battery"	a battery type using electrolyte with both liquid and solid components, offering improved safety compared to fully liquid electrolytes while delivering enhanced energy density (550 Wh/L) for applications such as drones
"separator"	a porous membrane placed between the cathode and anode to prevent direct contact (which would cause short circuits) while allowing ionic transport through the electrolyte
"silicon-carbon composite anode"	an anode material combining silicon particles (10-15%) with graphite, offering higher capacity (450-480 mAh/g) compared to pure graphite (372 mAh/g) while managing silicon's volume expansion during charging
"solid-state battery"	a battery technology using solid electrolytes instead of liquid or gel electrolytes to regulate the lithium ions
"state of charge" or "SOC"	the current level of charge in a battery expressed as a percentage of its total capacity, where 100% indicates a fully charged battery
"TCFD"	Task Force on Climate-Related Financial Disclosures, an organization that develops recommendations for voluntary climate-related financial risk disclosures
"tCO_2e"	tonnes of carbon dioxide equivalent, a standard unit for measuring carbon footprint that expresses the impact of different greenhouse gases in terms of the amount of CO_2 that would have the same global warming potential
"thermal abuse tests"	a safety test exposing batteries to extreme temperatures to verify they do not catch fire or explode under thermal stress
"thermal cycling test"	a test where batteries are cycled repeatedly between extreme temperatures to evaluate their ability to withstand temperature variations without performance degradation or safety issues

"thermal runaway"	a chain reaction within a battery where increased temperature causes conditions that further increase temperature, potentially leading to fire or explosion if not controlled
"thermal sensitive gasket"	a patented safety component made of heat-sensitive resin that shrinks at 170°C ± 20°C, creating a secondary pressure-relief path in button batteries to prevent thermal runaway
"TWS"	True Wireless Stereo, referring to wireless earbuds or headphones with no cable connection between left and right units
"UL"	Underwriters Laboratories, a global safety certification organization that tests and certifies products for safety
"UL 1642"	safety standard for lithium batteries, covering testing requirements for cells used in various applications
"ultra-micro button battery"	an extremely small button battery with diameter less than 6mm
"volumetric energy density"	the amount of energy stored in a battery relative to its volume, expressed in watt-hours per liter (Wh/L), critical for space-constrained applications
"W"	watt, a unit of power
"Wh"	watt-hour, a unit of electric energy
"Wh/kg"	watt-hour per kilogram, a unit expressing gravimetric energy density
"Wh/L"	watt-hour per liter, a unit expressing volumetric energy density
"winding"	a manufacturing process where electrode sheets and separators are wound together in a spiral configuration to form a cylindrical or button battery core
"wound-type bent battery"	a proprietary battery design using integrated continuous winding of electrodes for curved form factors
"XRF"	X-ray fluorescence, an analytical method referenced for hazardous substance testing
"yield" or "yield rate"	the proportion of units produced that meet quality specifications

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

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "can", "could", "consider", "continue", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "predict", "potential", "project", "propose", "seek", "shall", "should", "will", "would", "is likely to" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our business and operating strategies and plans to achieve these strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to control or reduce costs and optimize pricing;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- capital market developments;
- the competitive environment of the industry and markets in which we operate;
- the actions and developments of our competitors;
- our ability to attract and retain qualified personnel;

- volatilities in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends;
- various uncertainties described in the "Risk Factors" section; and
- other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

You should carefully consider all of the information in this document, including the following risk factors before making any investment decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective investment in the context of your particular circumstances.

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

Risks Relating to Our Business and Industry

Fluctuations in demand in the downstream markets of our battery products may materially and adversely affect our business, results of operations and financial condition.

The sales performance of our batteries depends significantly upon the performance of the downstream markets of the end products in which our batteries are installed. Our batteries are used across a wide range of applications, including wearable devices, personal smart medical devices, smart educational and entertainment devices, portable energy storage battery packs and others. We sell our battery products to renowned industry players in the aforementioned downstream markets. If such downstream markets do not grow and develop as we anticipate, or our customers fail to market and sell their products as they anticipate for reasons out of our control, including but not limited to the macroeconomic environment, changes in end-customer or end-user preferences, cost efficiency and emerging new technologies, we may be unable to sustain or grow the sales of our solutions. Any downturn in such market demand may cause a decrease in our sales and force us to lower pricing to maintain our market position and market share, thereby materially and adversely affecting our business, results of operations and financial condition.

In particular, revenue derived from wearable devices accounted for 76.5%, 78.4%, 75.5% and 67.4% in 2023, 2024, 2025 and the six months ended June 30, 2026. We expect that revenue derived from wearable devices will continue to account for a meaningful portion of our revenue in the future. Any factors adversely affecting the demand for our batteries in this area could cause our business to suffer and adversely affect our business, financial condition and results of operations. The wearable devices market is also subject to rapid technological change. In order to compete successfully, we will have to correctly estimate customer demand for technological improvements and be able to deliver such solutions on a timely basis at competitive prices. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected.

In addition, our business and financial condition may be adversely affected if certain new downstream markets do not emerge or develop as expected. As our batteries begin to be adopted in markets such as drones and robotics, the challenges and risks that we face could increase and could be similar to some of the challenges and risks that we face in the wearable devices market. If our sales to these markets do not increase and/or these markets do not grow as expected, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations.

We currently purchase raw materials from third parties. We cannot guarantee that our strategic arrangements with major suppliers will always lead to stable supply of sufficient quantity of our key raw materials. Our suppliers may also be unable to satisfy our quality standards. If our current suppliers are unable to satisfy our demand for raw materials on a timely basis, we may be required to seek alternative sources for necessary raw materials or make other adjustment measures. If we fail to do so, or incur excessive costs in doing so, our manufacturing process will be significantly delayed, and we may be unable to timely deliver our products, which may result in decline in demand for our products and damage to our overall reputation. Our business, results of operations and financial condition may therefore be materially adversely affected.

We also purchase various equipment used in our production. To ensure the quality of our products, we purchase from reputable suppliers to ensure a secure, cost-efficient and timely supply of critical equipment. If our suppliers fail to meet our requirements, our business and results of operations may be affected.

We may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability, and lead to a decrease in the demand for our products.

Our research and development costs were RMB38.1 million, RMB54.3 million, RMB93.5 million and RMB47.9 million, respectively, representing approximately 10.8%, 10.2%, 16.5% and 14.2% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The battery sector is undergoing rapid development, and technological innovations continue to emerge. We cannot guarantee that we will be able to timely adapt our research and development focus to technological and industry trends, successfully launch and commercialize new products, or complete our research and development goals within the anticipated time and budget. Meanwhile, some of our competitors are seeking to enhance traditional battery technologies, and some are conducting research and development on new or alternative battery technologies. One or more new, higher energy small-size rechargeable battery technologies could be introduced which could be directly competitive with, or superior to, our technology. If our competitors develop new technologies that we fail to keep up with, such technologies may confer performance or cost advantages on them, potentially eroding our established technological entry barriers and competitive advantages. If any of these events occurs, our business, results of operations and financial condition could be materially and adversely affected.

However, as research and development activities are inherently uncertain, we cannot assure you that our research and development projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. The battery industry is characterized by rapid technological changes and evolving industry standards, which are difficult to predict. This, together with the frequent introduction of new technologies, battery products and models, has shortened battery product life cycles and may render our products obsolete or less marketable. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in demand for our products and our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers or in turn, end-customers and achieve anticipated sales target or profit.

The mini-size battery industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share.

The global consumer mini-size battery industry is highly competitive, and competition may become even more intense in the future. Our existing competitors may

seek to increase their market shares through various measures, such as continued research and development efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may also have greater financial resources than us. We expect to face competition from both existing and new competitors as we expand into new geographical markets and launch new products. These competitors may be able to respond more rapidly to new or emerging technologies and changes in customer or end-customer requirements or devote greater resources to the development, promotion and sale of their products than we can. Our competitors may also enter our existing or future markets with solutions that may be less expensive, provide higher performance or additional features or be introduced earlier than our solutions. Even if there is sufficient downstream demand for our products, there is no guarantee that we will always succeed in competing with other market players for orders from customers or end-customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Our future success depends on the timely development, introduction, marketing and selling of new battery products and technologies, which we might not be able to achieve. The development of new and more complex products and technologies can also increase our research and development expenses and cost of sales, and adversely affect our overall profitability.

Our competitiveness and future success depend on our ability to predict and adapt to the rapidly evolving market demand and to develop, introduce, market and sell our new products and technologies in a timely and cost-effective manner. Any failure to introduce these new products and technologies, to achieve design wins, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

Successful product development and technological enhancements depends on a number of factors, including:

- accurate identification of market requirements and evolving technical standards;
- development of advanced technologies and capabilities;
- timely completion of development and introduction of new products that satisfy our customers' or the end-customers' requirements and specifications;
- development of products that maintain technological advantages over the products of our competitors; and
- market acceptance of our new products.

Achieving these factors is inherently difficult, time consuming and costly. The substantial capital and resources required for research and development may significantly increase our operating expenses. We may be unable to develop new products or technological enhancements in time to capture market opportunities, satisfy the requirements and specifications of our customers or end-customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop new products or technologies on a more expedited basis than us or are successful in developing products that are accepted more rapidly and broadly by the market than our products, we could lose market share. Matching or surpassing technological advances that may be developed by our competitors could require a prolonged period of time. In addition, our products could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our products or the reduced life cycles of consumer and industrial products.

If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.

We cannot guarantee the retention of our existing customers or attract new customers as we did during the Track Record Period, or at all. Our ability to retain existing customers and attract new customers depend on a number of factors, including our ability to attract and forge relationships with end-customers, our ability to develop new and innovative products, our ability to offer competitive pricing, and our ability to maintain good business relationships with our customers or end-customers. Furthermore, customers may find defects or other performance related issues in our products, which could harm our reputation and may damage our customers' businesses. If we fail to retain our existing customers or attract new customers in the future, our business, financial conditions and results of operations will be adversely affected.

In addition, our success has been, and will continue to be, dependent upon customers incorporating our mini-size battery products into their products in accordance with end-customer requirements. To achieve design wins with end-customers, we must identify and deliver cost effective and innovative mini-size battery product solutions on a timely basis that satisfy the end-customers' requirements and specifications. Even if our products meet the end-customers' requirements and specifications, we may not eventually succeed in achieving a particular design win due to factors out of our control, such as end-customers' pre-existing relationship with a particular supplier or other business considerations. If we do not secure a design win with a prospective end-customer, it may be difficult to market our products to such end-customer in the future.

In addition, the selection process for mini-size batteries to be included in our end-customers' product offerings is typically lengthy and may require us to incur significant design and research and development expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our products will be selected. Due to our extended product life cycles, our revenue in future years is highly dependent on the design wins we secure in prior years/periods. It is possible that a design win will not result in meaningful revenue until one year or above, or at all. If we do not continue to achieve design wins, our revenue in the following years may deteriorate. As a result, the loss of any key design win or any significant delay in the production of the end-customer's products into which our product is designed could adversely affect our business, financial condition and results of operations.

A large portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, our top five customers in each year/period accounted for a large portion of our revenue. In 2023, 2024, 2025 and the six months ended June 30, 2026, approximately 51.7%, 45.4%, 44.1% and 43.3%, respectively, of our revenue came from sales to our top five customers in the respective year/period. Any material delay, alteration, cancelation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers' demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects will be affected by our ability to retain our existing customers and to attract new customers, as well as on the financial condition and success of our customers, including their ability to retain their respective customers and attract new customers. Furthermore, our major customers may have a certain degree of bargaining power and leverage when negotiating contractual arrangements with us. Such customers have and may continue to seek

advantageous pricing and other commercial terms and may require us, from time to time, to develop additional features in the products we sell to them. As a result, we may have to reduce the average selling price or incur increased average cost of our products, which may have a negative impact on our gross margin. If we are unable to retain one or more of our major customers, or if we are unable to maintain our current level of revenue and gross profits from such customers, our business, financial condition and results of operations could be impaired.

Our success depends on our ability to protect our intellectual property rights. Intellectual property infringement by and disputes with third parties may adversely affect our business, financial condition and results of operations.

We regard our patents, know-how, self-developed technologies, trademarks, copyrights, domain name and other intellectual properties as critical to our business development and operations. As of the Latest Practicable Date, we owned 445 patents, nine trademarks, seven software copyrights, and two copyrights in China, as well as two overseas domain names. We rely on both intellectual property laws and contractual arrangements, and take a series of measures to protect our intellectual properties. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages as we expected. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Furthermore, we may not have sufficient intellectual property rights in all countries and regions due to lack of comprehensive intellectual property laws in certain regions, and our ability to protect our intellectual property rights differs by jurisdiction.

We may be a party to claims and litigation as a result of infringement by third parties of our intellectual property rights. Even when we sue the parties for such infringement, such lawsuits may have adverse consequences for our business. Any of such lawsuits may be time-consuming and costly to resolve and may divert our management's time and attention from our business. It could also result in a court or governmental agency invalidating, narrowing the scope of, or rendering our patents or other intellectual property rights involved in such lawsuits unenforceable which may significantly harm our business. Our products may infringe issued patents of third parties. If any of our products infringe a valid and enforceable patent, we may be prevented from selling, or choose to cease the sales of related products.

For details of the historical patent proceedings involving VARTA Microbattery GmbH and the measures implemented by us to manage intellectual property risks, see "Business — Legal Proceedings and Compliance — Resolution of Historical Patent Proceedings involving VARTA" and "Business — Intellectual Property."

Additionally, we may face liabilities to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products. We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing products with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringement. In addition, we have also pledged certain patents as security for certain borrowings from commercial banks. Should we default on our obligations thereunder, we could lose the rights to such patents. If any of these events occur, our reputation could be damaged, and our business, financial condition and results of operations may be adversely affected.

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

During the Track Record Period, we established our Vietnam production base and as of the Latest Practicable Date, we have new production facilities under construction at our Jiangxi production base and Huizhou production base. We intend to further expand our production capacity to meet the anticipated customer demand for our products. Our expansion plans have involved, and are expected to continue to involve, significant capital deployment. Our property, plant and equipment increased from RMB182.9 million as of December 31, 2023 to RMB269.6 million as of December 31, 2024, further to RMB332.3 million as of December 31, 2025 and further to RMB350.5 million as of June 30, 2026. In addition, our capital commitments were RMB65.0 million, RMB106.7 million, RMB106.5 million and RMB132.1 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. If our expansion projects are delayed, fail to achieve expected ramp-up or utilization, or do not generate expected returns, the financial impact on our business, cash flows and results of operations could be material. Specifically, if our production capacity is insufficient to meet customer demand, or if we are unable to increase our production capacity in a timely manner, we may be unable to fulfil customer orders or satisfy customers' delivery requirements, which may cause our customers to reduce or cancel orders, procure products from our competitors or cease doing business with us, thereby adversely affecting our ability to retain existing customers and maintain or increase our market share.

Such expansion will also impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time and effort needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs as well as other risks associated with the manufacture and commercialization of new products. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition.

We face risks associated with our overseas manufacturing and operations. If we are unable to manage our overseas operations, we may experience disruptions to our production and supply chain.

The overseas operations and continued expansion expose us to a number of risks, including, but not limited to:

- political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions, export requirements, trade sanctions or conflicts impacting business operations;
- inability to the requisite governmental approvals, permits, licenses, authorizations and certificates due to regulatory uncertainty;
- the adverse effects of trade barriers, tariffs, duties, price controls, embargos or other restrictions that impair trade;
- laws and regulations over tax, foreign currency conversion and on the remittance of currencies into and out of the jurisdictions where we operate, which may affect our ability to remit dividends or utilize revenue;
- potential differences in environmental, construction and other standards between overseas and Chinese Mainland; and
- lack of familiarity with local operating and market conditions.

Our success depends, in part, on our ability to manage these risks. The foregoing risks vary by jurisdiction and are difficult to predict. We may not be able to develop and implement initiatives that address these risks effectively in each region in which we operate, and there can be no assurance that risks we may face as we expand our overseas manufacturing and operations will not adversely affect our reputation, business, results of operations, financial condition and the [**REDACTED**] from the [**REDACTED**].

We face risks associated with the international sales of our products, such as the current tensions in international trade and rising political tensions. If we are unable to effectively manage these risks, our business and financial condition and results of operations may be materially and adversely affected.

Our business and sales overseas are affected by the current international trade tensions and global economic conditions, such as economic sanctions, export or import controls against certain countries or regions or against targeted industry sectors, groups of companies or persons, and/or organizations. Furthermore, the uncertainty in global economic conditions could result in substantial volatility in global credit markets. These conditions may reduce prices that our customers may be able or willing to pay for our products or lead to a decrease in the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, results of operations and financial condition.

We are required to obtain and maintain various approvals, licenses, certificates and permits or to complete relevant assessments, acceptance processes and filing procedures to operate our business and the loss or failure to obtain or renew any or all of these approvals, licenses, certificates and permits or failure to conduct such assessment, acceptance process and filing procedures could materially and adversely affect our results of operations and business prospects.

We primarily operate our business in China. In accordance with the laws and regulations of the PRC, we are required to obtain and maintain various approvals, licenses, certificates and permits and to complete assessment, acceptance process and filing procedures to operate our business in the PRC. These approvals, licenses and permits are granted or renewed upon satisfactory compliance with, among other things, certain conditions in the applicable laws and regulations. They are also subject to examinations or verifications by relevant authorities and some of them are valid only for a fixed period subject to renewal and accreditation. We may experience difficulties, delays or failures in obtaining or maintaining the necessary approvals, licenses, certificates and permits, or completing assessment and acceptance process and filing procedures.

We also operate a production base in Vietnam and are therefore also subject to Vietnam laws and regulations requiring us to obtain, maintain and renew relevant approvals, licenses, certificates and permits and to complete relevant assessments, acceptance processes and filing procedures. Any failure to do so, or any changes in regulatory requirements or enforcement in Vietnam, could result in fines, rectification orders, suspension of operations or other administrative measures, and may materially and adversely affect our business, financial condition, results of operations and business prospects. Prior to obtaining the required environmental permit, we conducted activities at our Vietnam production base in the absence of such permit. We have since obtained the environmental permit on May 19, 2026.

In addition, there can be no assurance that we will be able to renew all of the approvals, licenses and permits or complete assessment, acceptance process and filing procedures required for existing business operations promptly or at all. According to relevant laws and regulations, for projects that commence production before obtaining such approvals, licenses, certificates and permits or completing assessment or acceptance process or filing procedures, we may be subject to administrative penalties such as fines, rectification within a specific period and suspension or close down of the construction or

projects. If any of these occurs, our ongoing business, financial condition and our expansion plan may be adversely affected.

We face risks associated with quality of our products. Potential defects in our products may cause us to incur significant additional expenses and costs, result in product recalls, tarnish our reputation, expose us to product liability claims and cause our sales and market share to decline.

Batteries carry energy and are crucial to the performance and safety of devices in which they are installed. Our mini-size batteries are widely adopted in wearable devices and personal smart medical devices, which come into direct contact with the human bodies. Hence, product quality is of significant importance. Our quality management and risk control systems span across the entire product life cycle, including product design, procurement, production, sales, usage and maintenance. We did not experience any major product quality or safety issues during the Track Record Period. However, given the complexity of quality control processes and the challenges inherent in managing them, and in light of the relatively long life cycles of our products, we cannot assure you that our products are, or will remain, free from quality issues.

Our sales contracts normally require our customers to conduct inspection upon receipt. We also provide after-sales warranty for a period based on either number of charge cycles or years of usage. During the warranty period, we will provide repair, maintenance or replacement for products with quality problems, subject to terms and regulations on the use and testing of the products. If we experience a significant increase in product return incidents and/or warranty claims we may incur significant repair and replacement costs associated with such claims. Further, damage to the devices in which our products are installed or personal injuries arising from failure of products may subject us to lawsuits. This could have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

Determining the appropriate inventory levels requires estimates and judgment based on, among other things, demand trends, production lead times, fluctuations in raw material prices and experience. However, such assessments are inherently uncertain. Demand could change significantly between the order date and the projected delivery date, and we cannot assure you that we will always be able to maintain optimal inventory levels.

If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Our inventory and other contract cost turnover days remained relatively stable at 73.4 days, 61.1 days, 68.6 days and 75.7 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Our inventories and other contract costs increased from RMB53.4 million as of December 31, 2023 to RMB62.7 million as of December 31, 2024, further to RMB81.8 million as of December 31, 2025 and further to RMB107.9 million as of June 30, 2026, among which raw materials increased from RMB7.8 million as of December 31, 2023 to RMB8.2 million as of December 31, 2024, further to RMB20.2 million as of December 31, 2025 and further to RMB29.4 million as of June 30, 2026. If raw material prices decline materially after we have procured and stocked up raw materials, or if the expected market price of our products declines, we may be required to recognize inventory write-downs or sell products manufactured from such inventory at lower margins, which could adversely affect our profitability and results of operations.

Furthermore, if we underestimate the demand for our products, we may not be able to produce 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. Any of the above may materially and adversely affect our business, results of operations and financial condition.

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.

During the Track Record Period, we did not experience any material safety-related or occupational accidents. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. In addition, our existing manufacturing protocols may not be sufficient to prevent all types of malfunctioning or above accidents, some of which may have never arisen and may not have been foreseen when the current protocols are created. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have sufficient insurance to cover such liabilities, which may adversely affect our business, results of operations and financial condition.

Any failure to maintain an effective quality management system may materially and adversely affect our business, reputation, financial condition and results of operations.

The effectiveness of our quality management system depends on a number of factors, including supplier selection, raw material testing, the design of the production process, in-process testing, the equipment used, inventory testing, after-sales tracking and monitoring and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on applicable laws and regulations relating to product safety and handling of restricted and hazardous materials. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective or in compliance with relevant laws, regulations and standards. See "Business — Our Quality Control System." Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Our profitability may be materially and adversely affected if we are forced to lower the selling prices of our products.

During the Track Record Period, 76.5%, 78.4%, 75.5% and 67.4% of our revenue was derived from wearable devices in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We expect that revenue derived from wearable devices market will continue to comprise a significant portion of our revenue in the near future. Accordingly, any decrease in the demand for our products in wearable devices market resulting from success of competing products, slower than expected growth of sales in the wearable devices market or other adverse developments may materially and adversely affect our business and cause our overall revenue to decline.

During the Track Record Period, the average selling price of batteries used in wearable devices, our largest application scenario, decreased from RMB4.6 per unit in 2023 to RMB4.2 per unit in 2024, further to RMB3.7 per unit in 2025 and increased to RMB4.3 per unit in the six months ended June 30, 2026, while the unit cost of such products decreased from RMB3.3 per unit in 2023 to RMB2.8 per unit in 2024, RMB2.7 per unit in 2025 and increased to RMB3.3 per unit in the six months ended June 30, 2026. Our

gross margin for products used in wearable devices increased from 28.3% in 2023 to 32.6% in 2024, decreased to 27.0% in 2025 and decreased to 23.7% in the six months ended June 30, 2026. If we are required to reduce selling prices to maintain market share or respond to customer requirements, while our raw material prices, labor costs, manufacturing costs or other cost components remain stable or increase, our gross margin and profitability may be adversely affected.

In addition, we may be forced to adjust the prices of our products in accordance with general market conditions and fluctuations in raw material prices. We cannot assure that we will not experience any material and adverse effect on our financial results if we lower the prices of our products in future if the related costs do not also decline or if we cannot make up for the decreased pricing by increasing sales volume. Any potential decrease in the selling prices of our products in the future, including in response to changes in raw material prices, increased market competition or general economic conditions, may have a material adverse impact on our business, financial condition, results of operations and prospects.

We may require additional financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We may require additional financing if we incur operating losses or for future growth and development of our business, including any investments or acquisitions we may decide to pursue. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and PRC regulations over foreign investment and the PRC logistics industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. Our funding requirements are driven in part by our working capital position, indebtedness and capital expenditure commitments. We recorded net current liabilities of RMB213.2 million and RMB158.9 million as of December 31, 2023 and 2024, respectively, and net current assets of RMB264.3 million and RMB293.2 million as of December 31, 2025 and June 30, 2026, respectively. As of June 30, 2026, we had cash and cash equivalents of RMB271.2 million, bank loans of RMB64.0 million, and capital commitments of RMB132.1 million. There can be no assurance that additional financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

Our strategic acquisitions or investments may not be successful, and we may not realize anticipated strategic benefits and financial returns from such transactions.

Investments or acquisitions involve numerous risks, including potential failure to achieve the expected benefits of the integration or acquisition; difficulties in, and the cost of, integrating operations, technologies and personnel, potential write-offs of acquired assets or investments; and downward effect on our operating results. These transactions will also divert the management's time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses. In addition, if we do not successfully execute or effectively operate, integrate, leverage and grow acquired businesses, our financial results and reputation may suffer. There can be no assurance that we will realize our expectations within the time frame we envisage, if at all, or that we can continue to support the value we allocate to these acquired businesses, including their goodwill or other intangible assets.

Our business, financial condition and results of operations could be adversely affected if we experience any negative publicity that results in severe damage to our reputation.

We believe that our corporate reputation plays an increasingly important role in enhancing our competitiveness in the mini-size battery industry and maintaining our

business growth. Our ability to manage our corporate reputation depends on whether we could consistently provide safe and high performance battery products to our customers, conduct marketing activities, and manage complaints and events of negative publicity, and maintain positive perception of us. Furthermore, many other factors, some of which are beyond our control, may negatively impact our corporate reputation if not properly managed. Product quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand and may cause customers to use other companies. Given our specialized industry and market, negative news, publicity and word of mouth could spread quickly and negatively impact our reputation, brand image or relationship with third parties, which could have a material adverse effect on our business and growth prospects.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our products or services or other aspects of our business. There could also be existing patents of which we are not aware that our products or services may inadvertently infringe. Further, we make limited use of open source software for administration purposes and it is possible that we may face claims over alleged unlicensed or non-compliant usage. As of the Latest Practicable Date, we had accumulated more than 700 intellectual property right applications, including 692 in China, 23 in Europe and the United States and 28 international PCT applications. The breadth of our product development activities and intellectual property portfolio may increase the likelihood of disputes, challenges, enforcement actions or claims across multiple jurisdictions, any of which could result in substantial costs, management distraction and potential restrictions on product commercialization. Such disputes could also affect the returns on our research and development investment. Our research and development costs were RMB38.1 million, RMB54.3 million, RMB93.5 million and RMB47.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. If we are required to discontinue, redesign, delay or license technologies relating to products under development or commercialization, the commercial returns on such expenditures could be materially reduced.

We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. Further, the application and interpretation of patent laws and the procedures and standards for granting patents are still evolving and are uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Additionally, we may face liabilities to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products. We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing products with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringement. In addition, we have also pledged certain patents as security for certain borrowings from commercial

banks. Should we default on our obligations thereunder, we could lose the rights to such patents. If any of these events occur, our reputation could be damaged, and our business, financial condition and results of operations may be adversely affected.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, self-developed technologies, and similar intellectual property (which we have ownership or legal rights to use) as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete arrangements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including various disputes with or claims from our employees, shareholders, suppliers, customers, business partners, competitors, and other third parties that we engage for our business operations. We may be subject to litigation and regulatory proceedings relating to third-party and potential intellectual property infringement claims, contract disputes, employment related cases and other matters in the ordinary course of our business.

As our business expands, including across jurisdictions and through the addition of new businesses, we may encounter a variety of these claims, including those brought against us pursuant to anti-monopoly or unfair competition laws or involving higher amounts of alleged damages. We have acquired and may acquire companies that may become subject to litigation, as well as regulatory proceedings. In addition, in connection with litigation or regulatory proceedings we may be subject to in various jurisdictions, we may be prohibited by laws, regulations or government authorities in one jurisdiction from complying with subpoenas, orders or other requests from courts or regulators of other jurisdictions. Our failure or inability to comply with the subpoenas, orders or requests could subject us to fines, penalties or other legal liability, which could have a material and adverse effect on our reputation, business, results of operations and the market price of our H Shares.

We will need to defend against these lawsuits, including any appeals should our initial defense be successful. As of June 30, 2026, our cash and cash equivalents amounted to RMB271.2 million. The litigation process may utilize a material portion of our cash resources and divert management's attention away from the day-to-day operations of us,

all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material and adverse effect on our reputation, business, financial condition and results of operations.

We are exposed to risks of changing battery industry policies and new legislations or changes in the regulatory requirements may affect our business operations and prospects.

New legislations or changes in the global regulatory requirements regarding our industry, as well as end markets in which our customers operate may affect our business, financial condition, results of operations and prospects. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently. As we operate in the PRC and some overseas regions and therefore our business, financial condition, results of operations and prospects may be affected by local economic, social and legal policies. We cannot guarantee that our business operations will be able to benefit from such measures. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects. For example, PRC authorities may adjust policies applicable to battery products from time to time, including export-related tax treatment (such as export VAT refund rates) and the scope of products covered, which could increase our costs, affect pricing and margins, and impact our export competitiveness and demand for our products.

Our products are used in our customer's production and in turn, in the products of end-customers. New legislations and new regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. However, these policies are subject to certain limits, and we cannot assure you that any new legislations or regulatory requirements, if any, would be favorable to our business or financial condition. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently.

The strategic priorities and financial performance of our business are subject to the market and other dynamics related to carbon neutrality and ESG, which can pose risks in addition to opportunities.

There is an increasing focus from certain investors, customers and other parties in society concerning corporate responsibility, specifically related to Environmental, Social, and Governance ("**ESG**") factors. Accordingly, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies in order to measure and assess ESG performance, which pose reputational, regulatory and other risks on us.

To address global climate change challenges, countries and regions worldwide are increasingly emphasizing green and low-carbon, and sustainable development. Revenue generated from Asia (excluding Chinese Mainland) and other overseas markets in aggregate accounted for 28.1%, 25.6%, 28.9% and 36.8% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. To the extent that customers in these markets adopt more stringent ESG, climate-related, product traceability or sustainability requirements, our compliance costs and customer qualification requirements may increase. Given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change. The process of developing new technology products and enhancing existing products to mitigate climate change is often complex, costly and uncertain.

In addition, the ESG factors by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to

undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria or we are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to purchase products from a competitor of us. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties.

Our success depends on the continuing and collaborative efforts of our management team, and our business may be disrupted if we lose their services.

Our success heavily depends upon the continued services of our management. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, suppliers, know-how and key professionals and staff members. All of our senior management members have entered into employment agreements and confidentiality agreements with us. However, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may be unable to enforce them at all. We may also incur increased operating expenses and be required to divert the attention of other senior executives away from their original duties to recruiting replacements for key personnel. In addition, we do not have key person insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our reputation, resulting in an adverse effect on our business, operating results and financial condition.

Our reliance on non-employee sales and service representatives may expose us to operational and legal risks.

Our overseas sales and service representatives are engaged as independent consultants or agents rather than employees. We may nevertheless be exposed to risks that such consultants or agents could be regarded as employees under the laws of the relevant jurisdictions, which could subject us to additional employment-related obligations in those jurisdictions. Further, We have limited control over the daily work arrangements of such representatives, which may affect the consistency of our sales service quality and customer relationship management. As such representatives act externally on our behalf, their conduct may be binding upon us. In addition, upon termination of the relevant contracts, we may face loss of customer relationships or uncertainty in enforcing non-compete restrictions.

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

We rely on our computer systems and 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 transactional data concerning our customers, and business partners. 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, natural disasters, and also the cyber security risks. 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. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we have overseas production base and operations, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. During the Track Record Period, we maintain product liability insurance, property insurance, employee insurance and other insurances for our business operations. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our use of some leased properties could be challenged by third parties or government authorities, and failure to renew our current leases or locate desirable alternatives for our facilities may cause interruptions to our business operations.

As of the date of this document, we are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Non-compliance on the part of our business partners other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our business partners or other third parties. In particular, it is not always possible to identify and deter such misconducts, and the precautions we take to detect and prevent such activities may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Any actual or alleged illegal or improper activities by our business partners or other third parties who entered into business relationships with us could subject us to liability or negative publicity, whether or not such activities are directly related to us. Such activities and allegations may also negatively affect our brand and reputation, resulting in an adverse effect on our business, financial condition and results of operations.

If any governmental investigations, lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our business partners or other third parties involved in our business, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

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

We have experienced significant growth during the Track Record Period. Our total revenue increased by 51.7% from RMB351.2 million in 2023 to RMB532.9 million in 2024, increased by 6.1% to RMB565.3 million in 2025. Our revenue increased by 18.0% from RMB285.9 million for the six months ended June 30, 2025 to RMB337.2 million for the same period in 2026. However, our historical results of operations and financial performance may not be indicative of future growth. Our revenue growth may slow or our revenue may decline for any number of possible reasons, such as decreased customer orders, increased competition, slowdown in the growth or contraction of downstream market demand, changes in policies or general economic conditions, and natural disasters. As the market and our business evolve, we may modify our operations, data and technology, sales and marketing, and product offerings. These changes may not achieve expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all.

We may be exposed to credit risk due to customer defaults, which could harm our business, financial condition, results of operations and cash flows.

Our trade receivables primarily consist of outstanding amounts of receivables from third parties. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade receivables, net of loss allowance were RMB109.9 million, RMB211.7 million, RMB183.8 million and RMB185.7 million, respectively. Our trading terms with some of our customers are on credit. In addition, our trade and bills receivables turnover days, which provide an indication of the length of our collection cycle, were 105.4 days in 2023 and 114.2 days in 2024, further increased to 131.0 days in 2025 and decreased to 103.5 days in the six months ended June 30, 2026. We generally allow a credit period of 60 days to 90 days. Trade receivables are generally settled in accordance with the terms of the respective contracts. We cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the contracts. We cannot guarantee that we will not have to extend payment terms for certain customers going forward. We cannot assure you that in the future, we will be able to recover all the accounts receivable. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

We may be subject to a prolonged cash conversion cycle, which could adversely affect our liquidity, financial position and business operations

Our business is subject to a relatively long cash conversion cycle as there is generally a time gap between our payment for raw materials and other procurement and

our collection of trade and bills receivable from customers. During 2023, 2024 and 2025, our trade and bills receivables turnover days were consistently longer than our trade and bills payable turnover days, which resulted in a mismatch between our cash inflows and cash outflows.

Our trade and bills receivables turnover days increased from 105.4 days in 2023 to 114.2 days in 2024, further to 131.0 days in the 2025 and decreased to 103.5 days in the six months ended June 30, 2026, primarily because of timing differences between our revenue expansion and the subsequent collection arrangement. During the same periods, our trade and bills payables turnover days increased from 76.5 days in 2023 to 79.5 days in 2024, further to 128.2 days in 2025 and increased to 145.5 days in the six months ended June 30, 2026, primarily due to the extension of credit periods granted by certain suppliers as our bargaining power improved with business expansion, our increased use of bills settlement for procurement payments, and advance procurement and inventory stocking to mitigate raw material price increase risks.

The increase in our trade and bills payables turnover days did not fully offset the impact of the longer collection cycle of our trade and bills receivables. If we fail to effectively manage our cash conversion cycle, our working capital may be tied up for a longer period, our liquidity pressure may increase, and we may need to rely more heavily on external financing to support our operations and business expansion plans, which could materially and adversely affect our business, financial condition and results of operations.

We recorded net current liabilities as of December 31, 2023 and December 31, 2024.

We recorded net current liabilities of RMB213.2 million and RMB158.9 million as of December 31, 2023 and December 31, 2024, respectively. The major components of our current liabilities were redemption liabilities and trade and other payables. As of December 31, 2025, our liquidity position turned to net current assets of RMB264.3 million. As of June 30, 2026, we recorded net current assets of RMB293.2 million. There can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

Fair value change of financial assets at fair value through profit or loss may affect our results of operations.

Fluctuation in fair value change of our financial assets at fair value through profit or loss, which primarily include consisting of structured deposit, wealth management products, fund investment and bonds. Changes in the fair value of these financial assets are reflected in our consolidated statement of profit or loss. The methodology that we use to assess the fair value of our investments in structured deposit, wealth management products, fund investment and bonds involve a significant degree of management judgment and are inherently uncertain. We cannot assure you that market conditions and regulatory environment will create fair value gains on the financial assets we invest in or that we will not incur any fair value losses on our financial assets in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. Changes in the fair value of the financial assets are reflected in our consolidated statement of profit or loss. See Note 28 to the Accountants' Report in Appendix I to this document.

We are exposed to commodity risks in respect of the price fluctuations and supply of key raw materials used in our production, which may materially and adversely affect our cost of sales, gross margin, inventory value and results of operations.

The materials used in our battery manufacturing mainly include cathode, anode, separator and electrolyte, and the prices of these materials are significantly affected by the prices of metals or commodities such as lithium, nickel and cobalt. We also use other materials and parts in our production, including electronic parts and structural parts of batteries, the prices and supply of which are also subject to fluctuations caused by factors beyond our control, including the availability of upstream resources, market supply and demand, potential speculative activities, market disruptions, natural disasters and technological advances.

Cost of direct materials, comprising the raw materials and components that we procure for the manufacturing of our battery products, constitutes the largest portion of our cost of sales. In 2023, 2024, 2025 and the six months ended June 30, 2026, our cost of direct materials amounted to RMB96.2 million, RMB136.3 million, RMB139.6 million and RMB100.0 million, respectively, representing 38.6%, 39.3%, 36.3% and 44.2% of our total cost of sales for the corresponding year/period.

As a result, significant fluctuations in the prices of raw materials and other commodities used in our production may materially increase our procurement costs and exert downward pressure on our gross margin and profitability.

Our principal raw materials include lithium cobalt oxide ("**LCO**"), electrolyte and graphite, among which LCO represented the most significant raw material cost item during the Track Record Period and therefore had significant impact on our profitability among our principal raw materials. For illustrative purposes only, assuming that all other factors affecting our financial performance remained constant, and assuming that fluctuations in the prices of our principal raw materials could not be passed on to customers through price adjustments, based on our procurement records, a 1% increase in the aggregate cost of LCO, electrolyte and graphite would have decreased our profit before taxation by approximately 0.04%, 0.04%, 0.1% and 0.1% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while a 5% increase in the aggregate cost of these principal raw materials would have decreased our profit before taxation by approximately 0.2%, 0.2%, 0.5% and 0.6% in the same years/period, respectively. Conversely, a decrease in the aggregate cost of these principal raw materials by the same magnitude would have had an opposite effect on our profit before taxation, assuming all other factors remained constant. In addition, based on our total direct material costs during the Track Record Period, a 1% fluctuation in the average price of all direct materials would have affected our profit before taxation by approximately RMB1.0 million, RMB1.4 million, RMB1.4 million and RMB1.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and a 5% fluctuation would have affected our profit before taxation by approximately RMB4.8 million, RMB6.8 million, RMB7.0 million and RMB5.0 million in the same years/period, respectively. The foregoing sensitivity analyses are for illustrative purposes only and only reflect variations in a single factor, without taking into account other factors such as changes in sales volume, product mix, average selling prices, procurement and inventory management, production efficiency, automation level and our ability to negotiate pricing adjustments with customers or suppliers.

In addition, if commodity and raw material prices increase significantly, or if the expected market price of our products declines, we may incur inventory write-downs or impairment losses and may have to sell inventory at discounted prices. If we fail to effectively manage our exposure to commodity risks, including fluctuations in the prices and supply of key raw materials, our business, financial condition and results of operations may be materially and adversely affected.

Our profit margins and results of operations may be materially and adversely affected by volatility in the components of our cost of sales.

In addition to raw materials, our cost of sales includes labor costs, utilities, depreciation, manufacturing overhead, packaging materials and outsourced processing fees. These cost components may fluctuate due to factors beyond our control, such as labor market conditions, statutory wage adjustments, changes in energy prices, environmental and safety regulations, and the scale of our production activities.

As we continue to expand production capacity, depreciation and other overhead costs may increase, and we may incur higher utilities and maintenance expenses associated with larger facilities and higher utilization rates. In addition, packaging materials, ancillary components and outsourced processing services may be subject to supply-chain constraints or price adjustments by suppliers.

During the Track Record Period, our cost of sales increased from RMB249.4 million in 2023 to RMB346.6 million in 2024, further to RMB384.2 million in 2025. Our cost of sales increased by 18.0% from RMB192.3 million for the six months ended June 30, 2025 to RMB226.8 million for the six months ended June 30, 2026. In addition to direct materials, our major cost components included direct labor costs, manufacturing costs and outsourced processing costs. Direct labor costs amounted to RMB46.7 million, RMB64.0 million, RMB67.0 million and RMB35.7 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 18.7%, 18.5%, 17.4% and 15.7% of our total cost of sales for the same years/period, respectively. Manufacturing costs amounted to RMB85.1 million, RMB105.4 million, RMB127.2 million and RMB65.6 million, respectively, representing 34.1%, 30.4%, 33.1% and 28.9% of our total cost of sales, respectively. Outsourced processing costs amounted to RMB15.5 million, RMB28.0 million, RMB43.9 million and RMB23.0 million, respectively, representing 6.2%, 8.1%, 11.4% and 10.1% of our total cost of sales for the same years/period, respectively. Accordingly, any material increase in these cost components could increase our cost of sales and adversely affect our gross margin and profitability if we are unable to pass on such increases to our customers or offset them through efficiency improvements.

We may not be able to fully pass on these cost increases to our customers due to competitive pressures or contractual arrangements. If any of these cost components increase significantly and we are unable to offset the impact through pricing adjustments or efficiency improvements, our gross margin, financial condition and results of operations may be materially and adversely affected.

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

A substantial portion of our revenue and cost of sales is denominated in Renminbi. However, as we also operate a part of our business in certain countries and regions outside of Chinese Mainland, and have certain receivables, payables and cash denominated in foreign currencies, we are exposed to risks associated with foreign currency exchange fluctuations. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. During the Track Record Period, we recorded a net foreign exchange loss of RMB0.7 million in 2023, a net foreign exchange gain of RMB2.0 million in 2024, a net foreign exchange loss of RMB3.2 million in 2025 and a net foreign exchange loss of RMB6.2 million in the six months ended June 30, 2026, in consolidated statements of profit or loss.

Trade restrictions, tariff, or sanctions on our products or the end products in which our batteries are installed may adversely affect our business.

Our customers' sales in certain jurisdictions may become subject to trade restrictions and tariffs, which could impact their sales volume and in turn their

procurement from us. Such tariffs and trade restrictions may impact our customers' sales, which may in turn impact our sales of mini-sized lithium ion battery products. For example, recently, the United States announced broad tariffs on imports from all countries, under the International Economic Emergency Powers Act ("**IEEPA**"). In April 2025, the United States imposed a 20% IEEPA Fentanyl Tariff and a 125% IEEPA Reciprocal Tariff. In May 2025, IEEPA Reciprocal Tariff was lowered to 10%. In November 2025, the United States government announced that IEEPA Reciprocal Tariff would remain at 10% until November 10, 2026, while lowering the IEEPA Fentanyl Tariff to 10%. Low value shipments into the United States through the international postal network valued at US$800 or less are subject to 10% duty. Alternatively, for a period of 6 months from August 29, 2025 (until February 2026), a specific duty rate of US$80 per item is available. Additionally, the United States continues to assess the tariff rates it will impose on other jurisdictions, which might impact our customers' sales and, in turn, directly or indirectly impact our business or financial performance. These policies have adversely affected the global economy and financial markets. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts. Geopolitical and trade conflicts like this may also lead to volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our operations. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to recent global trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations.

The imposition of additional tariffs and trade restrictions may adversely impact our competitiveness in overseas markets. Manufacturers based in China, including us, may face greater pricing pressure compared to peers based in other regions, particularly those not subject to such tariffs. This could lead to reduced demand for our products or require us to adjust our pricing strategy, which may adversely affect our business, financial condition, and results of operations. There is no guarantee that additional tariffs or trade restrictions will not be imposed in the future, which could further impact our ability to compete in overseas markets. In addition, our customer agreements generally do not contain automatic tariff pass-through mechanisms, and we primarily rely on periodic re-quotation and commercial negotiations to manage pricing in response to tariff changes. There can be no assurance that we will be able to fully or timely pass on increased costs to our customers.

We and some of our subsidiaries currently enjoy, and other subsidiaries may in the future enjoy, preferential tax treatment, including reduced tax rates. The expiration of, or changes to, any of these preferential tax treatments could adversely affect our business, financial condition, and results of operations.

We have received preferential tax treatments applicable to different enterprises, industries and locations. We and some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and/or the location of our operations. For example, some of our subsidiaries enjoy a reduced income tax rate in accordance with the respective taxation policies of such jurisdictions. In particular, our subsidiaries in the PRC are generally subject to PRC corporate income tax at a rate of 25%, whereas our Company and a subsidiary that qualify as high-tech enterprises have been subject to a preferential corporate income tax rate of 15%. However, these preferential tax treatments are typically subject to review and renewal by the relevant tax authorities and are dependent on our compliance with applicable rules and regulations. There is no assurance that we will continue to qualify for such preferential tax treatment or that these benefits will be renewed upon expiration.

Changes in the political and economic policies, as well as the interpretation and enforcement law, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects may be materially affected by economic, political and legal developments in the jurisdictions in

which we operate. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the interpretation and implementation of the laws and regulations may also evolve from time to time, and we cannot assure you that our business operations will not be affected in the future.

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

We are a company incorporated in China with limited liability, and a substantial portion of our assets are located in China. In addition, most of our Directors and senior management personnel reside within China. As a result, it may be complex for investors to effect service of process outside of Chinese Mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, 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 Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible.

We are a PRC tax resident and we are subject to PRC tax on our global income, and the dividends payable to investors and gains on the sale of our H Shares by our investors are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20%. For a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in China, or that have establishments or premises in China but their income is not related to such establishments or premises are subject to the enterprise income tax of the PRC ("**EIT**") at the rate of 10% on dividends received from Chinese companies and gains realized upon disposition of equity interests in Chinese companies pursuant to the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得税法》) and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》)

(collectively, the "**EIT Law**") and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise resides. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities' verification. As of the date of this document, there were no specific rules on how to levy tax on gains realized by non-resident enterprise H Shareholders through the sale or transfer by other means of the H Shares. If any such tax were to be levied, the market price of our H Shares may be materially and adversely affected.

Failure to comply with labor-related PRC laws and regulations and pay social insurance and housing provident funds in full may adversely affect our business, financial condition and results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. We may face liability claims, negative publicity and government investigations related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries did not make social insurance and housing provident fund contributions in full for certain employees in accordance with applicable PRC laws and regulations. The shortfall was approximately RMB1.7 million, RMB2.6 million, RMB4.2 million and RMB2.4 million for the years/period 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, comprising social insurance shortfall of approximately RMB1.4 million, RMB2.3 million, RMB3.4 million and RMB1.7 million for the same years/period, respectively, and housing provident fund shortfall of approximately RMB0.2 million, RMB0.3 million, RMB0.8 million and RMB0.6 million for the same years/period, respectively. The shortfall was mainly attributable to Jiangxi Mic-Power, Ganzhou Jiwang New Energy Co., Ltd.* (贛州集旺新能源有限公司) and Guangdong Mic-Power.

As advised by our PRC Legal Advisor, the maximum penalty payable by the Group for our outstanding social insurance and housing provident fund shortfall during the Track Record Period is approximately RMB26.9 million. Our PRC Legal Advisor is of the view that the risk of the Group being subject to significant penalties is remote, and will not have any material adverse impact on the Group.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance and housing provident funds. Employers that fail to fully comply with such requirements may be required to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, employers who fail to make adequate payments as required by the local competent authorities may be subject to late payment fees, fines and/or other penalties. We cannot assure that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in Chinese mainland mainly due to the evolving interpretation and implementation of these laws and regulations. Also, there can be no assurance that any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations will not lead

to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition. 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.

In addition, pursuant to the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases, any agreement or undertaking that we are not required to make social insurance contributions may be held invalid by the PRC courts. If we fail to make social insurance contributions in accordance with the applicable law, employees may terminate their labor contracts and claim economic compensation. As a result, any failure by us to make social insurance contributions in full and on time may expose us to labor disputes, compensation claims and potential disruption to our operations, which could adversely affect our business, financial condition and results of operations. Please refer to the paragraph headed "Regulatory Overview — Laws and Regulations on Labor, Social Insurance and Housing Provident Fund" for further details.

If the relevant governmental authorities are of the view that such prior arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of housing provident funds, we may be ordered to pay the outstanding balance to the relevant local authorities within a prescribed period of time, failing which the relevant governmental authorities could apply to the People's Court for enforcement, but no penalties are provided under the relevant PRC laws and regulations. In respect of social insurance premium, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times the total outstanding balance.

Risks Relating to the [REDACTED]

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

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

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory

developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Further, the price and trading volume of our H Shares may also be affected by capital market activities that we may undertake in the future, such as the issuance of new shares or other securities, as well as disposal of our shares by other shareholders. Any fluctuations in the price and trading volume of our H Shares as a result of the above could lead to substantial losses to investors.

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

Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, our Controlling Shareholders, being Mr. Chen, Mr. Xu, Zhuhai Jiwang, Huizhou Jiwang, Shenzhen Mic-Power, Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi, will hold approximately [**REDACTED**]% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their shares of our Company as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise 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 when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under HKFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our constitutional documents, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant. See "Financial Information — Dividend Policy" for further details of our dividend policy.

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

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

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

Certain facts, forecast and other statistics in this document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

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

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. Our Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

As such, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

(a) our Company has appointed Mr. Chen Zhiyong (陳志勇), an executive Director, and Ms. Lam Yuen Ling Eva (林婉玲), one of the joint company secretaries of our Company, as the authorized representatives (the "**Authorized Representatives**", each the "**Authorized Representative**") pursuant to Rule 3.05 of the Listing Rules, and they will serve as the principal channel of communication of our Company with the Stock Exchange and ensure that our Company will comply with the Listing Rules at all times. The Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the Authorized Representatives has been duly authorized to communicate on behalf of our Company with the Stock Exchange;

(b) our Company will only change the Authorized Representatives after notifying the Stock Exchange of such change and having made an appropriate replacement;

(c) each of the Authorized Representatives has access to all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matter. Each of the Directors has provided his/her mobile phone number, office phone number, facsimile number and email address to the Authorized Representatives. In the event that a Director expects to travel or is otherwise out of office, he/she will endeavour to provide the telephone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile telephone;

(d) our Company has appointed Altus Capital Limited as our compliance advisor (the "**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules, who has access at all times to the Authorized Representatives, Directors, senior

management and other officers of the Company and will act as the additional channel of communication of the Company with the Stock Exchange. The Compliance Advisor will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing from the [**REDACTED**] at least until the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the Company's financial results for the first full financial year after the [**REDACTED**];

(e) meetings between the Stock Exchange and the Directors can be arranged through the Authorized Representatives or the Compliance Advisor or directly with the Directors within a reasonable period of time; and

(f) each of our Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong has or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary, who, by virtue of academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

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

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

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

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

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Luo Hongbing (羅紅兵) and Ms. Lam Yuen Ling Eva (林婉玲), as the joint company secretaries of our Company. Please refer to the section headed "Directors and Senior Management" of this document for further biographical details of Ms. Luo and Ms. Lam.

Ms. Lam is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who fully complies with the requirements under Rules 3.28 and 8.17 of the Listing Rules to act as the joint company secretary. Accordingly, while Ms. Luo does not possess the qualification required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the arrangements below:

(a) Ms. Luo will endeavour to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by our Company's legal advisors as to the laws of Hong Kong on an invitation basis, and seminars organized by the Stock Exchange or other professional body for PRC issuers from time to time. Ms. Luo will also be assisted by our Company's compliance advisor and legal advisors as to the laws of Hong Kong on matters in relation to our Company's continuing compliance obligations under the Listing Rules and the applicable laws and regulations;

(b) Ms. Lam, a joint company secretary who meets all the requirements under Rules 3.28 and 8.17 of the Listing Rules, will work closely with and to provide assistance to Ms. Luo in the discharge of her duties as a company secretary for an initial period of three years commencing from the [**REDACTED**] so as to enable Ms. Luo to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a company secretary;

(c) before the end of the initial three-year period, the Company must demonstrate and seek the Stock Exchange's confirmation that Ms. Luo, having had the benefit of Ms. Lam's assistance during the three-year period, has attained the relevant experience under note 2 to Rule 3.28 and is capable of discharging the functions of company secretary so that a further waiver would not be necessary; and

(d) the waiver will be revoked immediately if Ms. Lam ceases to provide assistance as a joint company secretary for the three-year period after [**REDACTED**] or if there are material breaches of the Listing Rules by the Company.

CONTINUING CONNECTED TRANSACTIONS

We [have entered] into, and expect to continue after the [**REDACTED**], certain transactions which would constitute partially-exempt continuing connected transactions of the Company under the Listing Rules upon [**REDACTED**] as described in the section headed "Connected Transactions" in this document. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements set out under Chapter 14A of the Listing Rules once the Shares are [**REDACTED**] on the Stock Exchange in respect of such partially-exempt continuing connected transactions. For further details, please refer to the section headed "Connected Transactions" in this document.

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Chen Zhiyong (陳志勇) . . .	Room 1701, No. 6 Shangcheng Avenue, Baiyun District, Guangzhou City, Guangdong Province, China	Chinese
Xu Jiangtao (徐江濤)	No. 463-1, Hanting Second Village, Hanting Street, Hanting District, Weifang City, Shandong Province, China	Chinese
Non-Executive Directors		
Wang Minglun (王明倫) . .	Room 102, Unit 4, Building 5, No. 5 Ze'erzhuang East Road, Kuiwen District, Weifang City, Shandong Province, China	Chinese
Wu Shihong (吳世鴻)	Room 111, No. 73 Moganshan Road, Xihu District, Hangzhou City, Zhejiang Province, China	Chinese
Yi Lei (易磊)	H-3002, Building 2, Shangdu Garden, Block 84, Yu'an 1st Road, Bao'an District, Shenzhen, Guangdong Province, China	Chinese
Huang Jiansheng (黃堅盛)	No. 4, Xiache Tun, Yonglong Village, Daxu Town, Gangbei District, Guigang City, Guangxi, China	Chinese

Name	Residential Address	Nationality
Independent Non-Executive Directors		
Duan Chunlin (段淳林) . . .	Room 311, Jisan, South Building 1 (Nan Yi), Huagong Dormitory, No. 381 Wushan Road, Tianhe District, Guangzhou City, Guangdong Province, China	Chinese
Huang Haitao (黃海濤) . . .	Flat A, 2/F, Tower 3, The Regent, No. 8 Shan Tong Road, Tai Po, NT, Hong Kong	Chinese (Hong Kong)
Yang Ge (楊格)	Room 103, No. 8 Xiangshu First Street, Tianhe District, Guangzhou City, Guangdong Province, China	Chinese

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Guotai Junan Capital Limited
26/F-28/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

[REDACTED]

Legal Advisors to Our Company

As to Hong Kong and U.S. law:

Jones Day
31/F Edinburgh Tower
The Landmark
15 Queen's Road
Central
Hong Kong

As to U.S. law:

Arch & Lake LLP
203 N LaSalle Street
Suite 2100
Chicago, IL, 60601
United States

As to PRC law:

AllBright Law Offices
60/F Guangzhou International Finance Center
5 Zhujiang West Road
Tianhe District
Guangzhou City
Guangdong Province

As to Vietnam law:

Dedica Law Firm Limited
11th Floor, A&T Building
No. 171 Hai Ba Trung Street
Xuan Hoa Ward
Ho Chi Minh City
Vietnam

Legal Advisors to the Sole Sponsor and [REDACTED]

As to Hong Kong law:

Deacons
5/F Alexandra House
18 Chater Road
Central
Hong Kong

As to PRC law:

King & Wood
25/F Guangzhou Chow Tai Fook Financial Center
6 Zhujiang East Road, Zhujiang New Town
Tianhe District
Guangzhou City
Guangdong Province

Independent 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

China Insights Consultancy
10/F, Tower B, Jing'an International Center
88 Puji Road
Jing'an District
Shanghai

Compliance Advisor

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

[REDACTED]

Registered Office in the PRC	Building 3, Shengnuoda Industrial Park, No. 4 Xingju West Road, Dongxing Area, Dongjiang High-Tech Industrial Park, Zhongkai Hi-tech Industrial Development Zone, Huizhou, China
Headquarters and Principal Place of Business in the PRC	Building 3, Shengnuoda Industrial Park, No. 4 Xingju West Road, Dongxing Area, Dongjiang High-Tech Industrial Park, Zhongkai Hi-tech Industrial Development Zone, Huizhou, China
Principal Place of Business in Hong Kong	Room 2702, 27/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong
Company's Website	**www.mic-power.cn.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Luo Hongbing (羅紅兵)** Building 3, Shengnuoda Industrial Park, No. 4, Xingju West Road, Dongxing Area, Dongjiang High-Tech Industrial Park, Zhongkai Hi-tech Industrial Development Zone, Huizhou, China **Ms. Lam Yuen Ling Eva (林婉玲), *FCIS, FCS(PE)*** Room 2702, 27/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong
Authorized Representatives	**Mr. Chen Zhiyong (陳志勇)** Room 1701, No. 6 Shangcheng Avenue, Baiyun District, Guangzhou City, Guangdong Province, China **Ms. Lam Yuen Ling Eva (林婉玲), *FCIS, FCS(PE)*** Room 2702, 27/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong

Audit Committee	Mr. Yang Ge *(Chairperson)* Ms. Duan Chunlin Mr. Huang Haitao
Remuneration and Appraisal Committee	Ms. Duan Chunlin *(Chairperson)* Mr. Yang Ge Mr. Xu Jiangtao
Nomination Committee	Mr. Huang Haitao *(Chairperson)* Mr. Chen Zhiyong Ms. Duan Chunlin
Strategic and ESG Committee	Mr. Chen Zhiyong *(Chairperson)* Mr. Xu Jiangtao Mr. Huang Haitao

[REDACTED]

Principal Bank	**Industrial and Commercial Bank of China Limited, Huizhou Dongjiang High-tech Zone Branch** No. 05-08, 1st Floor, Building, Longhui Huamingfu, No. 107 Dongxin Avenue, Dongjiang High-tech Industrial Park, Zhongkai High-tech Zone, Huizhou City, PRC
Compliance Advisor	**Altus Capital Limited** 21 Wing Wo Street, Central, Hong Kong

The information and statistical data contained in this section and other sections of this document are extracted from the report prepared by CIC commissioned by us, as well as various official government publications and other publicly available publications. We have engaged CIC to prepare CIC report, an independent industry report, for the [**REDACTED**]. *Neither we or any other person involved in the* [**REDACTED**]*, nor any of our or their respective directors, senior management, representatives, advisors, or any other person involved in the* [**REDACTED**]*, has independently verified the information from official government sources, and has not made any statement as to its accuracy.*

OVERVIEW OF THE GLOBAL SMART TERMINAL INDUSTRY

Introduction to Smart Terminals

Smart terminals refer to hardware products with functions such as information collection, processing, and connection that can perform functions such as intelligent perception, interaction, and big data services based on their power supply system. As the key entrance for data exchange between the physical world and the digital world, smart terminals have become important infrastructure for the application of technologies such as artificial intelligence (AI) and the Internet of Things (IoT) in different industries.

As the intelligence level of terminals consistently heightens, the computing, communication, and sensing functions that need to be integrated into a single device within a limited volume have increased significantly. The rise in functional integration has directly increased the energy consumption of a single device, thus placing higher requirements on the capacity stability, power supply continuity, and safety and reliability of the power supply system. A high-quality power supply system can not only determine the battery life and convenience of use of the device, but also affect the achievable functional boundaries and the expansion of application scenarios. Against the background of the accelerated popularization of scenarios such as wearable devices, smart home devices, and medical and health devices, smart terminals are developing towards miniaturization, low power consumption, long life, and all-weather operation. These trends continue to put forward new requirements for the energy density, cycle life, self-discharge level, and environmental adaptability of the power supply system, making battery technology a key basic condition to support the long-term stable operation and continuous iteration and upgrades of smart terminals.

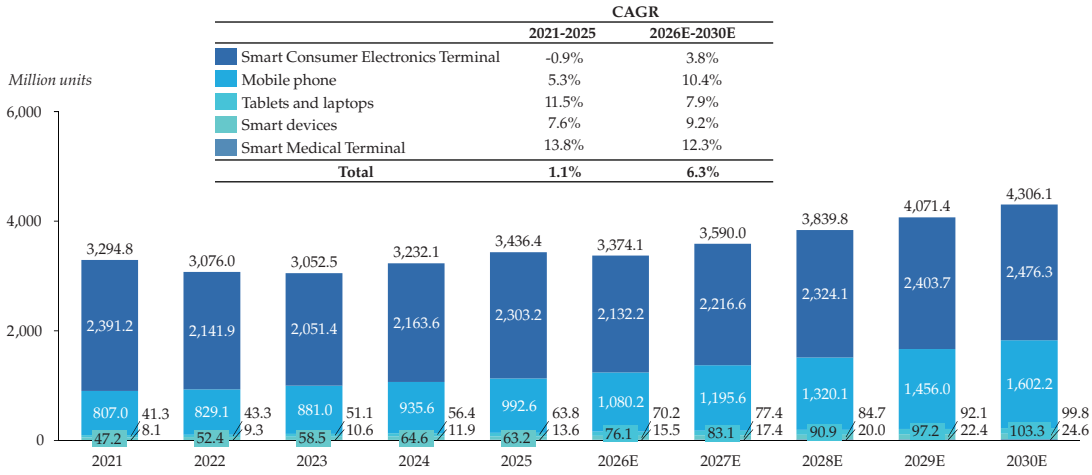
Growing Demand for AI Applications Has Driven the Rapid Development of Global Smart Terminals

With the wide application of AI technology in functions such as voice recognition and image processing, the demand for real-time perception, rapid processing, and low-latency response on the edge side continues to increase, so does the penetration rate of edge-side AI applications. To support higher computing power, diverse functions, and diversified scenarios, smart terminals have been upgrading in terms of performance of processors, sensor configurations, and system integration capabilities, and the penetration rate of intelligence is expanding rapidly, thereby driving the growth of the global smart terminal market.

From 2021 to 2025, the global sales volume of smart terminals increased from 3,294.8 million units to 3,436.4 million units, representing a CAGR of 1.1% during the period. Affected by factors such as the replacement wave of consumer electronics brought about by AI technological innovation, the increasing penetration rate of smart cars and smart homes, and the accelerated development of Industry 4.0 and smart healthcare, the global sales volume of smart terminals is expected to reach 4,306.1 million units by 2030, representing a CAGR of 6.3% during the period from 2026 to 2030, and the global sales volume of AI smart terminals growing from 866.6 million units in 2026 to 2,109.1 million unites in 2030, representing a CAGR of 24.9%. Among them, by 2030 the global sales

volume of AI earphones, AI glasses, and AI rings would reach 166.7 million units, 38.4 million units, and 17.1 million units, respectively, representing CAGR of 23.6%, 22.5%, and 38.4%.

Market Size of Global Smart Terminals, by Different Downstream Application Fields, in Terms of Sales Volume, 2021-2030E



Sources: *IDC, Gartner, Euromonitor, IFR, CIC*

OVERVIEW OF THE GLOBAL INDUSTRY OF LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

Driven by the global trend towards higher level of digitalization, wireless intelligence and portability, lithium-ion batteries have become the mainstream energy solution for consumer smart terminals. Compared with traditional non-rechargeable batteries and earlier rechargeable technologies, lithium-ion batteries offer higher energy density, better safety performance, longer cycle life and greater flexibility in form factor design, making them better suited to the performance and miniaturization requirements of modern smart terminals.

Meanwhile, the market size of lithium-ion battery industry is expanding steadily, as lithium-ion batteries evolve in terms of battery life, volume ratio and material systems amid widespread application of AI technology, emergence of new terminal forms, and iterative upgrade of traditional consumer electronics. Also, breakthroughs in material technology, manufacturing processes and packaging structures have significantly improved product performance and cost competitiveness of lithium-ion batteries in various scenarios and types of terminals.

Definition and Classification of Lithium-Ion Batteries for Consumer Smart Terminals

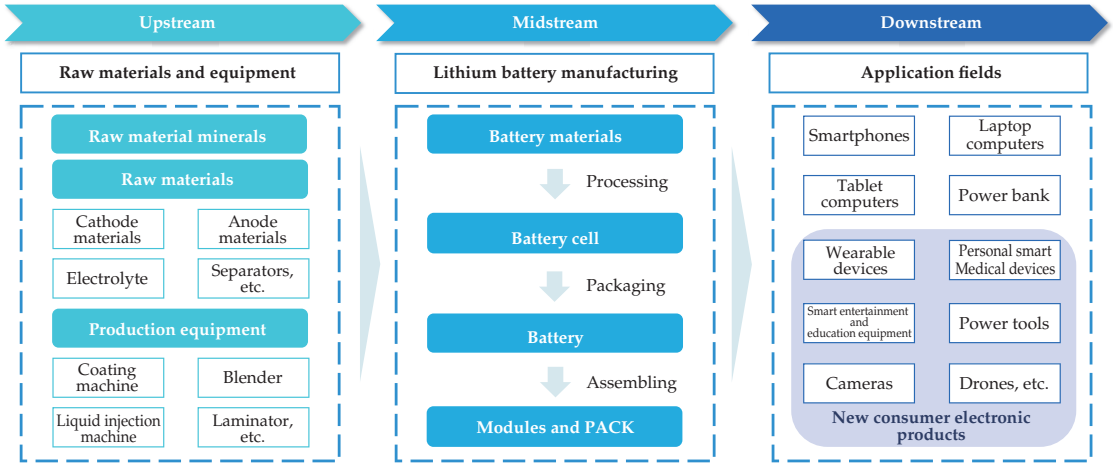
Lithium-ion batteries for consumer smart terminals refer to rechargeable lithium-ion battery products for consumer smart electronic devices. Such batteries are generally thin and compact, with high energy density, long cycle life, and high safety to meet the demand of terminal devices for lightweight, long battery life, and reliability.

Lithium-ion batteries for consumer smart terminals can be divided into the following four categories based on the capacity:

- **Mini-size lithium-ion batteries (≤1,000 mAh):** mainly for wearable devices, personal smart medical devices and smart education and entertainment devices. These products have extremely high requirements on battery volume, thickness and energy density and emphasize light weight and high safety;
- **Standard-capacity lithium-ion batteries (1,000 mAh—5,000 mAh):** widely used in handheld game consoles, cameras, and drones;
- **Large-capacity lithium-ion batteries (5,000 mAh—5 Ah):** mainly for high-performance smartphones, tablets, thin and light laptops and power banks;
- **Ultra-large-capacity lithium-ion batteries (≥5 Ah):** mainly for automated guided vehicle (AGV), electric two-wheelers and certain high-power electric devices.

Value Chain Analysis of the Industry of Lithium-Ion Battery Industry for Consumer Smart Terminals

Value Chain Analysis of Lithium-Ion Batteries for Consumer Smart Terminals

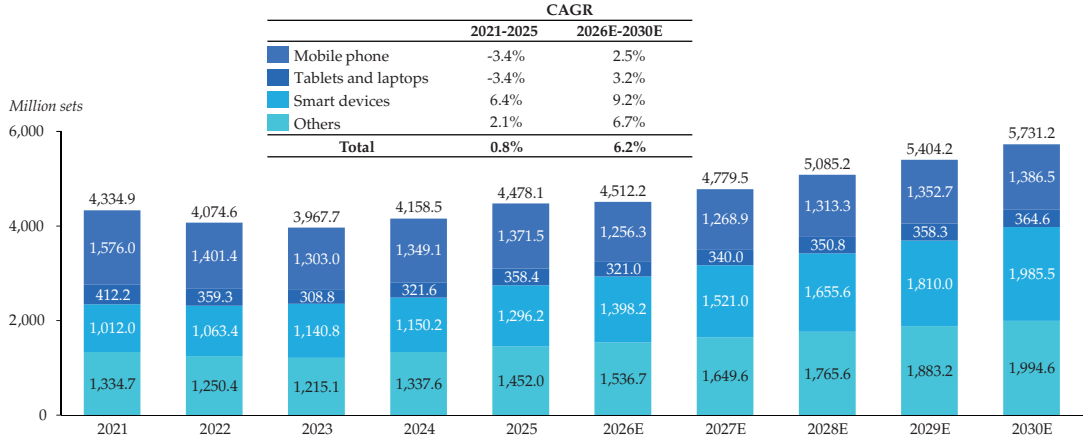


Source: CIC

Global Market Size of Lithium-ion Batteries for Consumer Smart Terminals

As global consumer electronics evolves towards intelligence, high performance, and portability at an accelerating pace, terminal manufacturers' requirements for battery life, safety, and fast-charging capabilities have been increasing, driving continuous market expansion of the lithium-ion batteries for consumer smart terminals. In terms of shipments, from 2021 to 2025, the global shipments of lithium-ion batteries for consumer smart terminals increased from approximately 4,334.9 million sets to approximately 4,478.1 million sets, representing a CAGR of approximately 0.8%. Driven by the popularization of AI terminals, the improved penetration rate of emerging smart devices, and the accelerated iteration of consumer electronics, the industry growth rate is expected to rise further to approximately 6.2% from 2026 to 2030. By 2030, the global shipments of lithium-ion batteries for consumer smart terminals are expected to reach 5,731.2 million sets with market size maintaining an upward trend.

Global Market Size of Lithium-ion Batteries for Consumer Smart Terminals, by Downstream Application Fields, in Terms of Shipments, 2021-2030E



Sources: *Euromonitor, EV Tank, IDC, GGII, CIC*

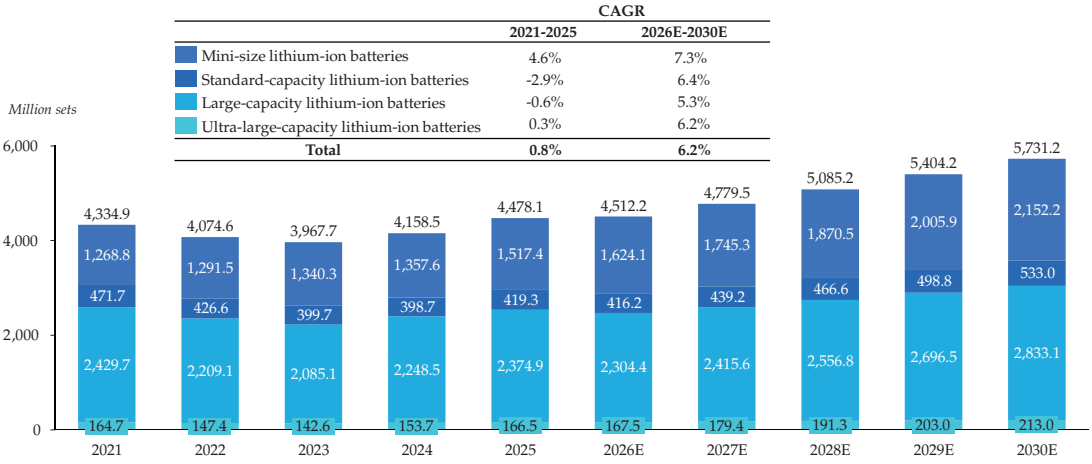
Notes:

(1) Smart devices include wearable devices, personal smart medical devices, smart educational and entertainment devices, etc; others include power banks, drones, mini cameras, power tools, lightweight mobility tools, etc;

(2) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications. For example, the battery system of a pair of wireless earbuds often consists of three lithium-ion batteries to meet the power requirements of the left and right earbuds and the charging case respectively.

The shipment of mini-size lithium-ion batteries increased from approximately 1,268.8 million sets in 2021 to approximately 1,517.4 million sets in 2025, accounting for the largest portion with a steady increase. High growth is expected to continue from 2026 to 2030, with a CAGR reaching 7.3% during this period.

Global Market size of Lithium-ion Batteries for Consumer Smart Terminals, by Battery Capacity, in Terms of Shipments, 2021-2030E



Sources: *Euromonitor, EV Tank, IDC, GGII, CIC*

Note:

(1) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications.

OVERVIEW OF THE INDUSTRY OF MINI-SIZE LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

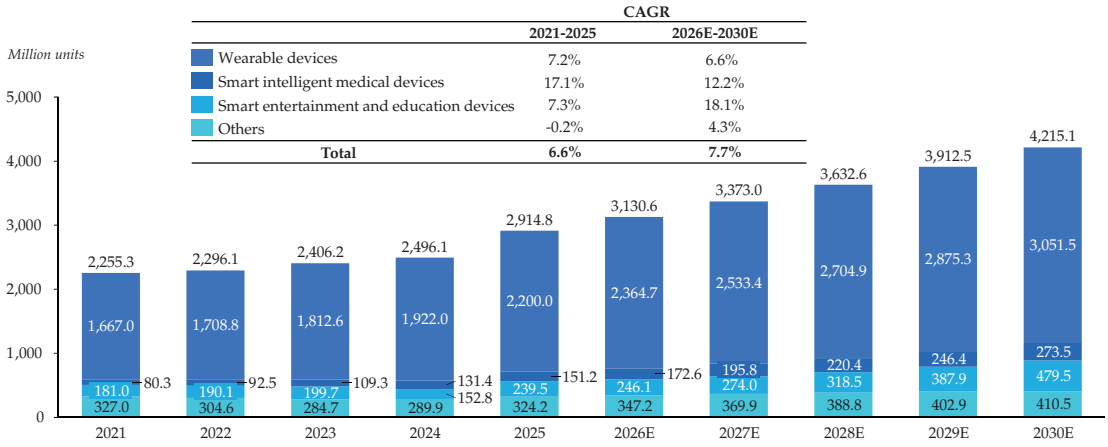
Thanks to their compact size, light weight, and high energy density, mini-size lithium-ion batteries play a crucial role in various portable smart devices. Their high energy density ensures that more electrical energy can be stored in a limited space, significantly extending the battery life of the devices and making them particularly suitable for products and application scenarios with strict space and weight constraints. With these advantages, mini-size lithium-ion batteries have been widely installed in miniaturized and portable smart devices, such as wearable devices including wireless earbuds, smart watches, smart rings, and smart glasses, personal smart medical devices including hearing aids and sleep aids, and smart educational and entertainment devices including smart toys and smart input devices, providing them with stable and reliable energy support.

Global Market Size of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

Driven by the global trend of portability in consumer smart terminals, the market demand for mini-size lithium-ion batteries as the core energy building blocks of consumer smart terminals continues to grow. The global shipment volume of mini-size lithium-ion batteries for consumer smart terminals increased from approximately 2,255.3 million units in 2021 to approximately 2,914.8 million units in 2025, representing a CAGR of approximately 6.6%. It is expected to reach approximately 4,215.1 million units in 2030, representing a CAGR of approximately 7.7% from 2026 to 2030.

In terms of the downstream structure, wearable devices made the largest contribution to the application scenario for mini-size lithium-ion batteries. The shipments increased from approximately 1,667.0 million units in 2021 to approximately 2,200.0 million units in 2025, accounting for 75.5% of the total shipments in 2025, and is expected to reach approximately 3,051.5 million units in 2030. Among wearable devices, mini-size lithium-ion batteries for wireless earphones is the largest application segment, with shipments of 1,959.9 million units in 2025, accounting for 69.4%, among which TWS earphones represent the largest subsegment, accounting for approximately 37.8% of the total shipment volume of mini-size lithium-ion batteries for consumer smart terminals. It is expected to reach 2,720.0 million units by 2030, representing a CAGR of approximately 6.7% during this period. Meanwhile, novel wearable devices such as smart glasses and smart rings are progressively entering a phase of commercial volume production, with their penetration rates steadily increasing. This trend has become a significant driver of demand growth for miniature lithium-ion batteries. Among these, smart rings demonstrated particularly rapid growth, with shipments increasing from approximately 0.6 million units in 2021 to approximately 4.0 million units in 2025, representing a CAGR of approximately 63.0%, and are expected to reach approximately 13.8 million units by 2030, representing a CAGR of approximately 25.4% from 2026 to 2030. Smart glasses also maintained strong growth momentum, with shipments increasing from approximately 10.5 million units in 2021 to approximately 14.5 million units in 2025, and are expected to further increase to approximately 48.0 million units by 2030, representing a CAGR of approximately 17.7% from 2026 to 2030. Personal smart medical devices remain one of the faster-growing application segments, with a CAGR of approximately 17.1% from 2021 to 2025. It is expected to reach approximately 273.5 million units in 2030, representing a CAGR of approximately 12.2% from 2026 to 2030. Among these, AI toys, as an emerging subcategory within smart edutainment devices, represent a significant source of incremental growth. Shipments of micro lithium-ion batteries for AI toys are projected to reach approximately 249.5 million units by 2030, with a CAGR of approximately 23.1% from 2026 to 2030.

Global Shipments of Mini-size Lithium-ion Batteries for Consumer Smart Terminals, by Downstream Application, in Terms of Shipment Volume, 2021-2030E



Sources: *Euromonitor, IDC, CIC*

Notes:

(1) Wearable devices include TWS/OWS earphones, headphones, smart watches/bands, smart glasses, smart rings, etc.; personal smart medical devices include hearing aids, sleep aids, maternal and infant devices, brain-computer interfaces, health monitors, etc.; smart education and entertainment devices include smart input devices, tablet pens, game controllers, smart toys, etc.; others include AIoT devices, e-toothbrushes, cosmetic devices, portable speakers, miniature cameras, miniature drones, etc.

(2) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications. For example, the battery system of a pair of wireless earbuds often consists of three lithium-ion batteries to meet the power requirements of the left and right earbuds and the charging case respectively.

Driving Factors for the Global Market of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **The iteration of smart terminals accelerates the trend of product miniaturization and lightweight.** As consumer smart terminals continue to evolve towards being lighter, smaller, and more highly integrated, the requirements for the space and weight occupied by internal components are becoming more stringent, driving mini-size lithium-ion batteries to become a key energy solution. While the functional complexity of smart devices increases, they must maintain or further reduce their volume, which places higher requirements on the size, energy density, and safety of batteries. With their customizable structure, high energy density, and adaptability to various shapes, penetration of mini-size lithium-ion batteries are accelerating in emerging terminals. The continuous renewal demand driven by terminal iteration has become the core driving force for the stable growth of the global mini-size lithium-ion battery market.

- **Continuous breakthroughs in manufacturing processes improve production efficiency and reduce costs.** In recent years, mini-size lithium-ion batteries have continuously improved in terms of material application, structural design, and processing accuracy, reducing the battery thickness from approximately 10mm in early products to approximately 2.5mm, further compressing their overall volume. The automation level of production equipment has been increasing, with continuous improvement in the stability and consistency of the production process, bringing down the unit cost and enabling mini-size lithium-ion batteries to have an economic advantage in more terminal scenarios. Breakthroughs in high-precision winding and ultra-narrow pole piece processing capabilities have provided a foundation for the miniaturization and more flexible design of mini-batteries.

- **The popularization of AI and communication technologies gives rise to diverse emerging application scenarios.** The expansion of AI computing power to lower tiers, the popularization of IoT devices, and the penetration of high-speed communication technologies drive the rapid expansion of the number of consumer terminals, creating huge demand for new product categories that rely on mini-batteries for power supply. The improvement of the intelligence level has elevated the standards for terminal devices regarding high-rate discharge, intelligent management, safety redundancy, and other performances of batteries, leading to continuous upgrade of mini-batteries in terms of performance. Emerging fields such as wearable devices, personal smart medical devices, and smart entertainment and education devices are experiencing rapid growth, giving rise to demand for highly customized battery in terms of form, energy efficiency, and lifespan. This has significantly expanded the application boundaries of mini size lithium-ion batteries.

Development Trends of the Global Market of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Technological innovation in the material system and structural design of mini-size lithium-ion batteries continues to accelerate, driving continuous improvement in energy density, safety, and thinness.** Silicon-based anode technology represented by silicon doping, and the path of replacing traditional graphite anodes with metallic lithium or lithium-rich systems are gaining recognition from the industry for significant improvement in capacity and fast-charging capabilities, thus becoming an important direction for breaking through the energy bottleneck in miniaturized scenarios. On this basis, the application of new electrolyte systems such as semi-solid and solid-state is accelerating, further enhancing safety performance by improvement in thermal stability. Thanks to the relatively low proportion of material costs in mini-size lithium-ion batteries, new anode and electrolyte systems are more likely to achieve large-scale replacement in smart terminals, providing higher-performance and more reliable power solutions for the next generation of consumer electronics.

- **The development of battery form factors is evolving toward extreme miniaturization and diversification.** Driven by the demand for compactness and high energy density, next-generation batteries are increasingly designed to be ultra-thin, curved, and even stretchable, enabling greater flexibility in product design. Meanwhile, advancements in system integration, including the incorporation of BMS and EMS, enhance battery safety and energy output efficiency. Such innovations allow terminal manufacturers to achieve slimmer and more versatile product designs while extending battery life, representing a key development direction for next-generation mini-sized lithium-ion batteries.

- **The increasing demand for replaceable batteries poses higher challenges to design and safety standards.** Starting from 2027, the "EU Regulation on Batteries and Waste Batteries "issued by the European Union shall be applied to all consumer smart terminal products, requiring that the design of terminal products must support users for removing and replacing batteries. This policy particularly affects miniaturized devices, forcing manufacturers to balance detachable structures, battery protection designs, and overall reliability within limited space. Driven by the regulation, global manufacturers need to plan for safety certifications and design modifications in advance, thereby promoting the industry to develop in a more standardized and high-safety direction.

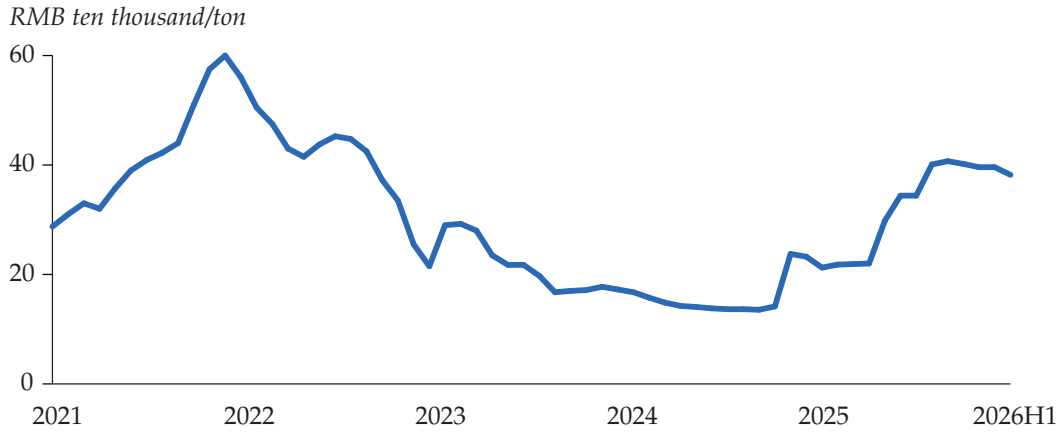
- **The accelerating popularization of edge-side AI places higher requirements on battery energy and performance.** As edge-side AI technology rapidly penetrates into various types of terminals such as smart headphones, smart watches, and smart glasses, the demand for computing power continues to increase, resulting in higher continuous energy consumption and instantaneous power consumption. The diversification of device functions further exacerbates the energy pressure, thereby imposing higher requirements on battery capacity, energy density, discharge platform, and cycle life. High-performance mini-size lithium-ion batteries are becoming the key foundation for smart terminals to achieve long battery life and high computing power. In the future, innovations in AI-driven terminal devices will continue to drive up the demand for performance upgrades of mini-size lithium-ion batteries.

Cost Composition and Price Trends of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

In 2025, the cost composition of consumer mini-size lithium-ion batteries was mainly core materials, with auxiliary materials accounting for a relatively limited proportion. In terms of cost composition, cathode materials accounted for the highest proportion, approximately 40%, mainly because they have a decisive impact on energy density, safety, and performance; anode materials accounted for approximately 12%, with relatively stable prices but still being a key electrochemical component. Separators accounted for approximately 3% of the cost and play an important role in improving battery safety and energy density. Electrolytes accounted for approximately 5%, mainly used for ensuring ion transmission efficiency and overall rate performance; structural components accounted for approximately 30%, including steel shells, nickel sheets, packaging structural components, etc. In addition, battery cell auxiliary materials accounted for approximately 10%, mainly including conductive agents, binders, tabs, etc.

In recent years, the market price of mini-size lithium-ion batteries for consumer smart terminals has generally shown a volatile downward trend. Consumer mini-size lithium-ion batteries commonly use lithium cobalt oxide (LCO) as cathode materials, and the price fluctuations of which are highly correlated with the price changes of mini-size lithium-ion batteries. The price of domestic lithium cobalt oxide rose significantly from 2021 to the first half of 2022 from approximately RMB288,000/ton to the peak at approximately RMB600,000/ton. The sharp increase was primarily attributable to a temporary supply-demand imbalance in upstream lithium battery materials, as rapid growth in global electric vehicle sales significantly increased demand for lithium resources while new mining and refining capacity required a longer development cycle to come online. Thereafter, it entered a continuous downward channel since mid-2022 and gradually fell back to approximately RMB168,000/ton in 2023 and 2024. The decline was mainly driven by moderating growth in downstream battery demand and the gradual release of newly commissioned lithium mining and extraction capacity, resulting in supply growth outpacing demand growth. Although it experienced a brief fluctuation at the beginning of 2025, it showed an obvious rebound in 2026H1, with the price rising back to approximately RMB380,000/ton. The rebound was primarily supported by recovering demand from the energy storage battery market, renewed downstream battery demand growth, and geopolitical factors affecting global raw material supply chains and market expectations on supply stability. As the restocking cycle of upstream raw materials begins and some new demands experiences growth, the price of lithium cobalt oxide is expected to rise further to approximately RMB420,000 - RMB480,000/ton in 2026.

Price Trend of Domestic Lithium Cobalt Oxide, 2021-2026H1



Source: CIC

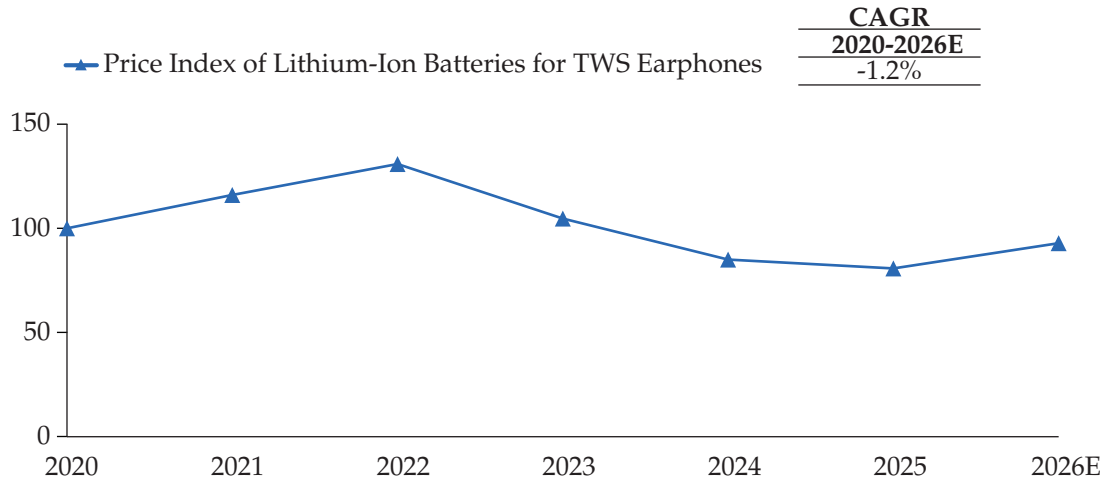
As consumer smart terminals have an increasing demand for high energy density, miniaturization, and long battery life, the penetration rate of ternary cathode materials in some mini-size lithium-ion batteries has gradually increased, forming a structural substitution relationship with lithium cobalt oxide. The price of ternary materials rose significantly from 2021 to 2022, up from approximately RMB170,000/ton to the peak at nearly RMB388,000/ton; since the second half of 2023, affected by the decline of upstream raw materials and the adjustment of terminal demand, the price had dropped until it stabilized at approximately RMB120,000/ton in 2024. It showed a slight recovery at the end of 2025 to approximately RMB151,000/ton. The price volatility mainly reflects the strong commodity attributes of battery materials, which are highly influenced by upstream supply expansion, inventory adjustments and changes in terminal demand expectations.

The prices of mini-size lithium-ion batteries for consumer electronics experienced significant increases from 2020 to 2022, primarily due to a severe short-term imbalance between supply and demand of upstream battery raw materials. On the demand side, the rapid growth of the global electric vehicle market substantially increased demand for lithium battery materials. Global EV sales increased from approximately 2.9 million units in 2020 to approximately 10.3 million units in 2022, representing a CAGR of approximately 90.0%, which significantly drove the consumption of upstream lithium battery materials. On the supply side, the development cycle for lithium resources is relatively long, while earlier underinvestment in global lithium mining and brine extraction capacity resulted in delayed supply expansion. In addition, conservative inventory planning across the supply chain further intensified the short-term shortage of lithium resources, thereby driving sharp increases in raw material prices.

Raw material prices declined significantly in 2023, mainly due to the combined effect of slower demand growth and accelerated supply release. On the demand side, the growth rate of the global new energy vehicle market moderated, with global EV sales growth slowing to approximately 30% in 2023. On the supply side, the elevated prices in 2022 stimulated substantial new investments in lithium resource development, resulting in gradual capacity expansion. New spodumene mining projects in Australia and lithium brine extraction projects in China commenced operation successively, leading to supply growth that significantly exceeded demand growth. As a result, upstream raw material prices entered a downward cycle in 2023.

From 2025 onwards, raw material prices showed a rebound trend, primarily driven by recovering demand from the energy storage battery market, renewed growth in downstream battery demand, and geopolitical factors affecting global raw material supply chains. In particular, the accelerated deployment of energy storage systems globally has increased demand for lithium battery materials, while geopolitical uncertainties and resource protection policies in certain regions have affected market expectations on supply stability, contributing to the rebound in raw material prices. From the beginning of 2026, due to the price increase of raw material, the price of mini-size lithium-ion batteries for consumer electronics also showed an upward trend with a growth rate of 15.0%.

Price Index Trends of Mini-Size Lithium-Ion Batteries for Consumer Smart Terminals, 2020-2026E



Source: *CIC*

Notes:

(1) The above Mini-Size Lithium-Ion Batteries for Consumer Smart Terminals is illustrated with TWS earphones as a representative example. The Company's wireless earphone products are TWS earphones. In 2025, the Company's sales attributable to TWS earphone products reached approximately 98.2 million units.

Threats and Challenges of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Raw Material Price Volatility.** The key raw materials for mini-size lithium-ion batteries include lithium, cobalt, nickel, and electrolyte materials. Their prices are significantly influenced by global resource supply and demand, geopolitical factors, and cycles in the new energy industry. Significant fluctuations in upstream raw material prices may lead to increased battery production costs and may exert pressure on the profitability of battery manufacturers as well as the stability of product pricing.

- **Technological Iteration and Product Performance Upgrade Pressure.** As consumer electronics increasingly demand longer battery life, higher energy density, improved safety, and lighter and more compact designs, manufacturers of mini-size lithium-ion batteries need to continuously invest in research and development and upgrade their products. Continuous innovation is required to enhance energy density, cycle life, and safety performance. If companies fail to keep pace with technological advancements in the industry, their products may face declining competitiveness.

- **Manufacturing Scalability and Process Constraints.** While mini-size lithium-ion batteries can be designed and validated at the laboratory level, their large-scale commercialization remains subject to significant manufacturing and process challenges. The rapid evolution of downstream consumer electronics often necessitates the adoption of new materials, advanced production equipment, and highly customized manufacturing processes, which may not yet be fully mature or standardized. As a result, newly developed battery designs may face difficulties in achieving stable yield rates, cost efficiency, and large-scale production scalability.

OVERVIEW OF GLOBAL COMPETITION IN THE INDUSTRY OF MINI-SIZE LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

At the early stage, the leading enterprises in the global industry of mini-size lithium-ion battery for consumer smart terminals were mainly from regions such as the United States, Europe, and Japan. Relying on their long-term accumulation in material systems, structural design, and manufacturing processes, they had many technological and brand advantages. In recent years, with the rapid development of China's consumer electronics industry chain, domestic battery enterprises have shown notable advantages in manufacturing capabilities, cost control, automation levels, and supply chain collaboration. In particulars, in the fields of wearable devices and personal smart medical devices, shipments have increased rapidly and the global market share has continued to expand.

Benefiting from a complete industrial supporting system, flexible product customization capabilities, and high cost-effectiveness, Chinese manufacturers have become an important supplier for mini-size lithium-ion batteries for consumer smart terminals in the world and have established a leading position in various sub-categories. In the future, as Chinese enterprises continue to invest in R&D in the directions of material systems, safety performance, and miniaturized structural design, their products are expected to further enhance their international competitiveness and achieve higher penetration and growth in the global market.

Ranking in the Global Industry of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

In 2025, the Company's shipments of mini-size lithium-ion batteries for consumer smart terminals reached 120.1 million units, ranking fourth globally and second among PRC suppliers.

Ranking of the World's Top Five Suppliers of Mini-size Lithium-ion Batteries for Consumer Smart Terminals, in Terms of Shipments, 2025

Ranking	Company Name	Region	Shipments of Consumer Mini-size Lithium-ion batteries	Market Share
			(million units)	*(%)*
1	Company A	Japan	266.7	9.1%
2	Company B	PRC	160.0	5.5%
3	Company C	Germany	140.0	4.8%
4	**Our Company**	**PRC**	**120.1**	**4.1%**
5	Company D	PRC	116.7	4.0%
Others in total			2,111.4	72.4%
Total Market			2,914.8	100.0%

Sources: Companies' annual reports, expert interviews, CIC

Notes:

(1) Any differences between the totals shown in the above table and the sum of the listed amounts are due to rounding. Therefore, the figures shown as totals may not be the arithmetic sum of the figures preceding them.

(2) Company A: Founded in 1999, it is a independently operated company wholly-owned by a large Japanese conglomerate, with its headquarters in Hong Kong, China. Its principal business covers the R&D, manufacturing and sale of rechargeable lithium-ion battery cells, packaging and integrated system solutions, with a focus on providing high-performance and high-safety battery solutions for consumer electronics products.

Company B: Founded in 2011 and listed on the Shenzhen Stock Exchange in 2022, it is a national high-tech enterprise specializing in the R&D, design, production, and sales of consumer rechargeable lithium-ion battery products. Its products are primarily applied in a variety of consumer electronics products, including Bluetooth earphones, smart wearable devices (such as smart watches, smart bands and VR/AR glasses), smart speakers, tablet computers, educational hardware and smart healthcare devices.

Company C: Founded in 1887 and headquartered in Germany, it has four major business segments: mini-size batteries, lithium-ion button batteries, lithium-ion cylindrical batteries, and power solutions.

Company D: Founded in 2011, it is an unlisted company and a wholly-owned subsidiary of a company listed on Shenzhen Stock Exchange. It is a national high-tech green energy enterprise specializing in the R&D, manufacturing, and sales services of 3C consumer polymer battery cells and small-power battery cells.

With the continued expansion of the wireless earphone industry and our Company's continuous optimization in product performance, manufacturing efficiency, and customer service, our Company has established a leading market position in the field of mini-size lithium-ion batteries for wireless earphones. In 2025, our Company's shipments of mini-size lithium-ion batteries for wireless earphones was 98.2 million units, ranking second globally and first among the PRC suppliers.

Ranking of the World's Top Five Suppliers of Mini-size Lithium-ion Batteries for Wireless Earphones [(1)], Measured by Shipments[(2)], 2025

Ranking	Company Name	Region	Shipments of Earphone Batteries	Market Share
			(million units)	*(%)*
1	Company C	Germany	110.2	8.4%
2	**Our Company**	**PRC**	**98.2**	**7.5%**
3	Company E	South Korea	97.5	7.5%
4	Company A	Japan	95.0	7.3%
5	Company B	PRC	93.6	7.2%
Others in total			812.1	62.2%
Total Market			1,306.6	100.0%

Sources: Companies' annual reports, expert interviews, CIC

Notes:

(1) Wireless earphones include TWS and OWS earphones; the shipments refer to that of the earphone body batteries, excluding the batteries for the earphone charging cases.

(2) Any differences between the total shown in the above table and the sum of the listed amounts are due to rounding. Therefore, the figures shown as totals may not be the arithmetic sum of the figures preceding them.

(3) Company E: Founded in 1970, it is a core subsidiary of a large South Korean conglomerate. Its principal business covers the R&D and production of power batteries, consumer electronics batteries, and energy storage systems.

Entry Barriers and Key Success Factors of the Global Industry of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Rapid technological iteration ability:** Mini-size lithium-ion batteries have strict requirements for energy density, safety, cycle life and form and size. This requires enterprises to continuously invest in R&D of material modification, interface treatment, structural design and manufacturing processes. Only by building a complete technology matrix can enterprises break through performance bottlenecks, shorten product iteration cycles, and meet the high-frequency update needs of smart terminals in a timely manner. It is the basic ability for enterprises to compete globally.

- **In-depth customization ability and rapid response ability:** Consumer smart terminals are characterized by various types, rapid updates and large design differences, which requires batteries to be highly customized in terms of size, capacity, safety strategy and structural design. Enterprises with in-depth customization and rapid response ability can better integrate into the product development process, and are more likely to become part of the supply chain of high-end end-customers, thereby establishing stable cooperation.

- **Customer resources:** Leading end-customers in the industry generally possess high brand recognition and advanced technology. Becoming their suppliers means recognition of an enterprise's product performance, quality control and delivery capabilities, which is a direct reflection of the enterprise's competitiveness. High-quality end-customers not only contribute stable orders, but also bring continuous opportunities for joint technological research, which helps an enterprise maintains technological leadership and business growth.

- **Large-scale production capacity:** The mini-size lithium-ion battery industry has high requirements for delivery speed and supply stability. Suppliers with large-scale and automated production capabilities can not only effectively reduce unit manufacturing costs and enhance price competitiveness, but also make timely and continuous supply when major customers have a demand surge. At the same time, large-scale production also provides resource guarantee for enterprises' continuous investment in R&D and innovation, which is conducive to maintaining long-term competitiveness.

- **Global production capacity and business layout:** Global consumer electronics brands are widely distributed, which requires strong ability to make cross-regional synchronous delivery. Enterprises with a global production capacity layout, regional delivery and local service systems can respond to customer needs more promptly, shorten the logistics cycle, reduce supply chain risks, and maintain stable product supply globally. This constitutes an essential ability in industry competition.

- **Market entry qualifications:** As a core component of consumer electronics, mini-size lithium-ion batteries need to meet multiple national and international standards in terms of safety, performance, environmental protection, etc. Enterprises must pass international and domestic certifications such as UL, CE, IEC, KC, BIS, CCC, as well as strict review and verification procedures of terminal brands to secure mass production orders. These qualification and certification requirements raise the entry threshold for new entrants and form significant compliance barriers.

SOURCES OF INFORMATION AND RELIABILITY

We commissioned CIC to analyze and report on the global mini-size lithium-ion battery market for consumer smart terminals. CIC is a market research and consulting company founded in Hong Kong, engaged in providing professional consulting services for various industries. We have agreed to pay CIC a fee of RMB530,000 for the preparation of the CIC Report. The data cited in this section and in "Summary", "Risk Factors", "Business", "Financial Data" and other sections of this document, are for potential investors to fully understand the industry where we operate. Unless otherwise stated, all data and forecasts in this section are from the CIC Report.

The data collected by CIC has been analyzed, evaluated and verified using CIC 's internal analysis models and techniques. Primary research was conducted through interviews with major industry experts and leading industry participants. Secondary research involved analyzing data from public data sources.

The market forecasts in the CIC Report are based on the following key assumptions: (1) during the forecast period, the overall social, economic and political environment in China is expected to remain stable; (2) during the forecast period, relevant key industry drivers, including technological progress, policy support and increasing demand in the downstream market, may continue to promote the growth of the global mini-size lithium-ion battery market for consumer smart terminals; and (3) during the forecast period, there will be no extreme force majeure or unforeseeable industry regulations that may have a dramatic or profound impact on the market.

The Directors are not aware of any circumstances that would materially qualify, contradict or adversely affect the market information disclosed above.

The principal laws, regulations, normative documents and regulatory policies within the PRC that affect our business operations are set out below:

INDUSTRY POLICIES AND REGULATORY REQUIREMENTS

According to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》) issued by the National People's Congress on March 13, 2026 and effective on the same day, it is proposed to accelerate the development of strategic emerging industries such as new-generation information technology and new energy. Among them, the "Cultivation and Development of New Industries and New Tracks" column requires the development of new types of batteries and the expansion of the application of high-safety and high-energy-density batteries in fields such as new intelligent terminals, new energy storage, and electric vehicles.

According to the Several Measures for Promoting the Consumption of Electronic Products (《關於促進電子產品消費的若干措施》), which was published by seven departments including the National Development and Reform Commission (the "**NDRC**") and the Ministry of Industry and Information Technology (the "**MIIT**") on July 20, 2023 and came into effect on the same day, the technological innovation of electronic products shall be accelerated, a new round of scientific and technological revolution and industrial transformation trend shall be followed, supply-side technological innovation and industrial upgrading shall be promoted, and the upgrading of consumption of electronic products shall be promoted.

According to the Guidance Catalog for Industrial Structural Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was last amended by the NDRC on December 27, 2023 and became effective on February 1, 2024, items including "lithium-ion batteries, semi-solid-state and all-solid-state lithium batteries", "cathode materials such as ternary and multi-element and lithium iron phosphate, anode materials such as mesocarbon microbeads and silicon-carbon, lithium-ion battery separators including single-layer and three-layer composite types, electrolytes and additives such as fluoroethylene carbonate (FEC) for lithium-ion batteries", have been listed under the "Encouraged Category" of the guidance catalog for industrial structure adjustment.

According to the Lithium-ion Battery Industry Standard Conditions (2024 Edition) (《鋰離子電池行業規範條件(2024年本)》) (the "**Standard Conditions**"), which was published by the MIIT (MIIT Announcement No. 14 of 2024) on June 18, 2024 and came into effect on June 20, 2024, the Standard Conditions serve as a guidance document to encourage and guide the technological advancement and standardized development of the lithium-ion battery industry. The Standard Conditions stipulate that the State encourages enterprises to reduce manufacturing projects that merely expand production capacity and to strengthen technological innovation, improve product quality and reduce production costs. Enterprises shall adopt production processes and equipment that are technologically advanced, energy-saving, environmentally friendly, safe, stable and highly intelligent, and shall meet the corresponding technical standard requirements.

According to the Action Plan for High-Quality Development of New Energy Storage Manufacturing Industry (《新型儲能製造業高質量發展行動方案》), which was published by eight departments including the MIIT on February 10, 2025 and came into effect on the same day, concrete efforts shall be taken to promote the high-quality development of new energy storage manufacturing industry, organically integrate the deepening of the supply-side structural reform in new energy storage with expanding domestic demand, and provide strong momentum for the construction of a modern industrial system and a new energy system. By 2027, the competitive advantages of the entire chain of our nation's new energy storage manufacturing industry shall be notable in the world, industrial innovation and comprehensive competitiveness shall be significantly improved, and high-end, intelligent, and green development shall be achieved.

LAWS AND REGULATIONS ON PRODUCTION SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION REVIEW

Production Safety

According to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was last amended by the Standing Committee of the National People's Congress of the People's Republic of China (the "**SCNPC**") on June 10, 2021 and became effective on September 1, 2021, units engaged in production and operation activities within the PRC must comply with the Production Safety Law and other laws and regulations relating to production safety. It is important to strengthen safety production management, establish sound production safety responsibility systems and production safety rules and regulations, improve production safety conditions, promote standardization of safety production, raise production safety levels, and ensure production safety. The main person in charge of the production and operation unit shall be fully responsible for the safety production safety of the unit. Violations of the Production Safety Law shall be subject to penalties, including fines, suspension of production and operation, an order to suspend production and operation based on the circumstances of the violation. Where the violation constitutes a crime, criminal liability will be pursued.

Environmental Protection

The Ecological Environment Code of the People's Republic of China (《中華人民共和國生態環境法典》) (the "**Ecological Environment Code**") was promulgated by the National People's Congress on March 12, 2026 and came into effect on August 15, 2026. The Ecological Environment Code systematically consolidates and integrates provisions on pollution prevention and control and ecological protection that were previously scattered across multiple standalone laws, and repeals ten standalone laws, thereby establishing a unified legal framework for ecological and environmental governance.

According to the Ecological Environment Code, the State implements a classification management system for environmental impact assessments of construction projects based on their potential degree of environmental impact. The construction entity shall be responsible for the content and conclusions of its environmental impact assessment documents, and may not commence construction without the examination and approval of the relevant authorities in accordance with the law.

In addition, the Ecological Environment Code strengthens the pollutant discharge permit system, requiring enterprises to strictly comply with national and local environmental standards, adopt effective pollution prevention and control measures, and bear corresponding legal liabilities in accordance with the law for any ecological damage or environmental violations arising from their operations.

Fire Safety

According to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and became effective on the same day, the emergency management department under the State Council and the emergency management department under the local people's governments at or above the county level shall supervise and manage the fire protection, and the fire protection design and construction of construction projects must comply with the national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), which was last amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and became effective on October 30, 2023, fire protection design review

and fire protection acceptance shall be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy Conservation Review

According to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and became effective on the same day, the State shall implement an energy conservation assessment and review system for fixed asset investment projects. For projects that do not meet mandatory energy conservation standards, the construction unit shall not commence construction; where the construction is completed, the project shall not be put into production or use. If a government investment project does not meet mandatory energy conservation standards, the authority responsible for project examination and approval according to law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council in conjunction with relevant departments of the State Council.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the market supervision and administration department under the State Council is in charge of the national supervision of product quality. Producers are prohibited from producing and selling products that do not meet the standards and requirements for safeguarding personal health and personal and property safety. The product must not be in unreasonable danger threatening human and property safety. If a defective product causes physical injury to a person or other property damage, the aggrieved party may claim compensation from the producer or seller of the product. Producers and sellers of unqualified products may be ordered to cease production and sales, and may be subject to confiscation of products or/and fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, an offender's business license may be revoked.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was last amended by the SCNPC on October 17, 2020 and became effective on June 1, 2021, and the Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and became effective on January 20, 2024, patent rights are classified into three categories, namely invention patent right, utility model patent right and design patent right. The duration of the invention patent right shall be 20 years and that of the utility model patent right and of the design patent right shall be 10 and 15 years, respectively, all commencing from the date of application.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was last amended by the SCNPC on April 23, 2019 and became effective on November 1, 2019, and the Implementation Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which was last amended by the State Council on April 29, 2014 and became effective on May 1, 2014, registered trademarks are trademarks that have been approved and registered by the Trademark Office of China National Intellectual Property Administration, including trademarks,

service marks, collective marks and certification marks. The validity period of a registered trademark shall be ten years, counted from the date of approval of the registration. If a registered trademark is still needed after its expiration, it should be renewed every ten years.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was last amended by the SCNPC on November 11, 2020 and became effective on June 1, 2021, works of literature, art and science which are expressed in certain forms, whether published or not, shall enjoy copyright according to the law. Copyrights shall include a series of personality rights and property rights such as the right of publication, the right of authorship, the right of alteration, the right of integrity and the right of reproduction. Unless otherwise provided, any act of reproducing, distributing, performing, screening, broadcasting, compiling, or disseminating a work to the public through information networks without the permission of the copyright owner constitutes copyright infringement and shall incur corresponding civil liability, and may even incur administrative and criminal liability.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was published by the National Copyright Administration on February 20, 2002 and made effective on the same day, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) amended by the State Council on January 30, 2013, and became effective on March 1, 2013, the National Copyright Administration shall be the competent 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 qualified computer software copyright applicants in accordance with the provisions of the aforementioned methods and regulations.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF COMMODITIES

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the customs is a state organ responsible for supervision and control over all arrivals in and departures from the customs territory. It shall, in accordance with relevant laws and administrative regulations, exercise control over the means of transport, goods, travelers' luggage, postal items and other articles entering or leaving the territory, collect customs duties and other taxes and fees, prevent and suppress smuggling, prepare customs statistics and handle other customs operations. Customs declaration entities refer to the consignees and consignees of imported and exported goods and customs declaration enterprise filed with the customs. The consignees or consignees of import and export goods may complete the customs declaration formalities by themselves or by their entrusted customs brokers.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》), which was last amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of the People's Republic of China (the "**General Administration of Customs**") is in charge of the national import and export commodity inspection work. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities shall conduct random inspections according to state regulations. No import commodity subject to statutory inspection may be sold or used before inspection. No export commodity subject to statutory inspection may be exported before inspection or before passing the inspection. The consignee or consignor of import and export commodities may complete the inspection formalities by themselves or by their entrusted Customs brokers.

According to the Provisions on the Administration of 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》), which was published by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees and consignors of imported and exported goods and customs declaration enterprises filed with the Customs in accordance with this provisions. Consignees and consignors of imported and exported goods and customs declaration enterprises shall obtain the qualification of market entities when applying for filing.

According to the Notice on Matters Concerning the Filing of Consignees and Consignors of Import and Export Goods (《關於進出口貨物收發貨人備案有關事宜的通知》), which was published by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, the consignees and consignors of imported and exported goods who apply for filing shall be qualified as a market entity and is not required to be filed as foreign trade business operators.

LAWS AND REGULATIONS ON LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Law and Labor Contract Law

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was last amended by the SCNPC on December 29, 2018 and became effective on the same date, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) last amended by the SCNPC on December 28, 2012 and became effective on July 1, 2013, and the Implementation Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) published by the State Council on September 18, 2008 and became effective on the same date, written labor contracts should be entered into if labor relationships are to be established between employers and employees. Employers must guarantee employees' rest time and are prohibited from forcing employees to work overtime. Employees' wages must not be lower than the local minimum wage standard. Employers must establish and improve workplace safety and health systems and facilities that meet national standards.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China, which was most recently amended by the Standing Committee of the National People's Congress on December 29, 2018, and took effect on the same day, the Interim Regulations on the Collection of Social Insurance Premiums, newly amended by the State Council on March 24, 2019 and came into effect on the same day, the Regulations on the Administration of Housing Provident Funds and other relevant laws and regulations, employers in Mainland China are required to contribute to basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund for their employees.

If an employer fails to register or pay the aforementioned social insurance premiums as required, they may be ordered to rectify or pay within a specified period. Failure to do so within the specified period will result in a fine of one to three times the amount owed, plus a daily late payment fee of 0.05%. Similarly, if an employer fails to register or establish a housing provident fund account as required, they may be ordered to do so within a specified period. Failure to do so within the specified period will result in a fine of 10,000 to 50,000 yuan. The employer may be subject to enforcement proceedings by the People's Court for the overdue amount.

The Notice on Implementing Further Measures to Support and Serve the Development of the Private Economy, issued by the State Taxation Administration on November 16, 2018 and made effective on the same day, requires tax authorities at all levels not to independently initiate centralized collection of overdue social insurance premiums from previous years, including those from private enterprises. The Notice of the General Office of the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Premium Rates, promulgated on April 1, 2019 made effective on the same day by the General Office of the State Council, also emphasizes the proper handling of historical arrears of enterprises. During the reform of the collection system, no centralized collection of historical arrears shall be independently initiated, and no measures that increase the actual payment burden on small and micro enterprises shall be taken, so as to avoid causing difficulties in their production and operation.

Pursuant to the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (the "**Labor Dispute Interpretation (II)**"), published by the Supreme People's Court of the People's Republic of China on July 31, 2025, and effective as of September 1, 2025, any agreement between an employer and a worker, or any commitment by a worker, that the employer is not required to make social insurance contributions shall be deemed invalid by the people's courts. Where an employer fails to pay social insurance contributions in accordance with the law, and the worker requests termination of the labor contract and economic compensation from the employer on this basis, the people's courts shall support such claim in accordance with the law. The Labor Dispute Interpretation (II) does not stipulate the administrative liabilities of employers for violations relating to social insurance and housing provident fund.

LAWS AND REGULATIONS ON PROPERTY LEASING

According to the Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》), which was published by the Ministry of Housing and Urban-Rural Development on December 1, 2010, lessors and lessees are required to complete the registration and filing procedures for property leasing with the municipal or county-level construction (real estate) authorities where the leased properties are located within 30 days after signing the property lease contract. If a company fails to act in the above manner, it may be ordered to make corrections within a specified time limit. If a company fails to make corrections, it may be subject to a fine of not less than RMB1,000 but not more than RMB10,000. According to the Civil Code, failure to complete registration and filing procedures does not affect the validity of a lease contract.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

The Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "**EIT Law**") last amended by the SCNPC on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) last amended by the State Council on December 6, 2024 are the principle laws and regulations governing enterprise income tax in the PRC. According to the EIT Law and its implementation regulations, a unified income tax rate of 25% is applicable to all resident enterprises and non-resident enterprises that have institutions and premises in the PRC to the extent that such incomes are derived from the PRC, or such incomes are sourced outside China but have an actual connection with the institutions or premises. High-tech enterprises in need of support from the state shall be subject to a reduced enterprise income tax rate of 15%.

Value-Added Tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) ("**Value-Added Tax Law**") issued by the SCNPC on December 25, 2024, which came into force on January 1, 2026, and the Regulations on the Implementation of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》) issued by the State Council on December 25, 2025 and came into effect on January 1, 2026, unless otherwise stipulated, within the PRC, the tax rate for taxpayers selling goods, providing services in relation to processing, repair and replacement, as well as lease of tangible personal property, or importing goods is 13%, with reduced rates of 9%, 6%, or 0% applicable under specified circumstances.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC EIT imposed on the dividends received from PRC companies. China currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT, OVERSEAS INVESTMENT AND FOREIGN EXCHANGE SUPERVISION

Foreign Investment

According to the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**Company Law**") last amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, companies established in the PRC may take the form of limited liability company or joint stock company with limited liability. A company shall have the status of a legal person and owns the assets itself. The Company Law also applies to foreign-invested enterprises.

According to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") published by the NPC on March 15, 2019 and the Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) published by the State Council on December 26, 2019, both of which came into effect on January 1, 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field forbidden by the negative list for foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; fields not included in the negative list are managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government departments may, based on the needs of national economy and social development, formulate a catalogue of encouraged industries for foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

The current industry entry clearance requirements governing the investment activities by foreign investors in the PRC are set out in two catalogues, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which was jointly published by the NDRC and the Ministry of Commerce on September 6, 2024 and became effective on November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was jointly published by the NDRC and the Ministry of Commerce on December 15, 2025 and became effective on February 1, 2026. The two catalogues are further classified businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". According to the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition), our operation falls within the scope of encouraged industries for foreign investment.

Overseas Investment

According to the Measures for Administration of Overseas Investment (《境外投資管理辦法》), which was published by the Ministry of Commerce on September 6, 2014 and became effective on October 6, 2014, the Ministry of Commerce and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of overseas investment by enterprises. Overseas investment by an enterprise that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Overseas investment by an enterprise that falls in any other circumstances shall be subject to administration by record-filing.

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) published by the NDRC on December 26, 2017 and effective from March 1, 2018, for a domestic enterprise (the "**Investment Entity**") to make an overseas investment, it shall obtain approval or perform record-filing for overseas investment projects (the "**Projects**"). The scope of approval covers sensitive Projects carried out by Investment Entity directly or through overseas enterprises controlled by them, which specifically include Projects involving sensitive countries and regions as well as sensitive industries. The scope of record-filing covers non-sensitive Projects directly carried out by Investment Entity, which are non-sensitive Projects involving the direct contribution of assets or rights and interests or provision of financing or guarantee by the Investment Entity.

Foreign Exchange Regulation

According to the Circular on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》), which was issued by the SAFE on December 26, 2014 and became effective on the same day, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with those listed in the prospectus and other public disclosure documents.

According to the Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), which was issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use income under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction, provided that their capital use shall be authentic and in line with the regulations, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. The concerned bank shall conduct random checks in accordance with relevant requirements.

Based on the "Notice on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises" (《關於境內企業境外上市資金管理有關問題的通知》) jointly issued by the People's Bank of China and the State Administration of Foreign Exchange on December 26, 2025, which will come into effect on April 1, 2026, domestic enterprises conducting overseas listings shall apply to the bank at their place of registration for overseas listing registration within 30 working days from the first trading day of the overseas listing or after the completion of the over-allotment. Funds raised by domestic enterprises through overseas listings shall, in principle, be repatriated to China in a timely manner. If such funds are retained overseas to engage in activities such as overseas direct investment, overseas securities investment, or overseas lending, approval or filing documents from the competent business authorities must be obtained before the conclusion of the overseas listing issuance or the completion of the over-allotment, and relevant cross-border fund management regulations must be complied with. The use of funds raised from overseas listings shall be consistent with the relevant content disclosed in public documents. Upon the implementation of the "Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises," the "Notice on Issues Concerning Foreign Exchange Management for Overseas Listings" shall be repealed simultaneously.

LAWS AND REGULATIONS ON OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES

CSRC Filing

On February 17, 2023, the CSRC published certain regulations on the filing management for overseas issuance and listing by domestic companies, including the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (collectively referred to as the "Overseas Listing Regulations"). According to the Overseas Listing Regulations, PRC domestic companies seeking to issue and list securities in overseas markets, either directly or indirectly, are required to file with the CSRC within three working days after submitting the overseas listing application.

According to the Overseas Listing Regulations, an overseas issuance and listing is not allowed under any of the following circumstances: (i) where such listing and financing is expressly prohibited by laws, administrative regulations or relevant national provisions; (ii) where the overseas issuance and listing may endanger national security as determined by the relevant competent department of the State Council in accordance with the law; (iii) where the domestic enterprise or its controlling shareholder or de facto controller commits a criminal offence of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order; (iv) where the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; or (v) where there is a material dispute over the ownership of the equity interests held by the controlling shareholder or a shareholder controlled by the controlling shareholder or de facto controller.

In addition, according to the Overseas Listing Regulations, after issuing and listing securities in an overseas market, an issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following circumstances: (i) a change in control; (ii) being subject to investigation, penalties, or other measures by overseas securities regulatory authorities or relevant competent authorities; (iii) change of listing status or listing sector, and (iv) voluntary termination or compulsory termination of listing. Domestic companies issuing and listing overseas shall strictly abide by relevant laws, administrative regulations and provisions on national security such as foreign investment, network security, and data security, and earnestly fulfill their obligations to safeguard national security.

Provisions on Confidentiality and Archives Management of the CSRC

According to the Regulations on Strengthening the Confidentiality and Archives Management of Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which was jointly published by the CSRC and other authorities on February 24, 2023 and became effective on March 31, 2023, domestic enterprises in their overseas issuance and listing activities, as well as securities companies and securities service providers providing corresponding services to them, shall strictly abide by relevant laws and regulations of the PRC and the requirements of the Regulations, enhance their legal awareness of keeping state secrets and strengthening archives management, establish and improve the confidentiality and archives management system, take necessary measures to fulfill confidentiality and archives management responsibilities, shall not disclose state secrets or work secrets of state organs, nor may they harm national and public interests.

H-share Full Circulation

According to the "Guidelines on the Application for 'Full Circulation' Business of Domestic Unlisted Shares of H-share Companies" issued and implemented by the CSRC on November 14, 2019, and most recently revised on August 10, 2023, subject to compliance with relevant laws, regulations, and policies concerning state-owned asset management, foreign investment, and industry supervision, domestic holders of unlisted shares may negotiate and decide on the quantity and proportion of shares to apply for circulation, and authorize the H-share listed company to submit the "Full Circulation" application. The H-share listed company shall apply to the CSRC for "Full Circulation" in accordance with the administrative licensing procedures stipulated in the "Approval of Overseas Public Issuance and Listing of Shares by Joint Stock Limited Companies (Including Additional Issuances)". After the CSRC approves the "Full Circulation" application, the H-share listed company shall submit a report to the CSRC within 15 days after China Securities Depository and Clearing Corporation Limited (ChinaClear) completes the registration of the shares involved in the application.

LAWS AND REGULATIONS ON LABOR CODE IN VIETNAM

Vietnam's labor relations are governed by the "Labor Code" (No. 45/2019/QH14), enacted on November 20, 2019, and effective from January 1, 2021, along with its supporting rules. It establishes principles for labor employment, regulates labor relations, and protects workers' legitimate rights. Employers must sign labor contracts with workers prior to employment — contracts are either fixed-term (maximum 36 months) or open-ended. Vietnamese workers who complete two consecutive fixed-term contracts and continue working are entitled to an open-ended contract, while foreign workers or those reaching retirement age may enter into multiple fixed-term contracts. Probationary terms can be stipulated in the labor contract or a separate probationary agreement. From 1 January 2026, Vietnam has recognised electronic labour contracts (eContracts) that are duly executed and delivered through an authorised eContract platform. Each valid eContract is assigned a unique identifier by the competent labour authority. The official eContract platform is expected to become operational on 1 July 2026. Notwithstanding the foregoing, Vietnamese authorities continue to recognise the validity and enforceability of traditional paper-based labour contracts executed with wet-ink signatures.

Wages must not be lower than the statutory minimum, which is 4,730,000 Vietnamese Dong per month for Region II (determined by the employer's registered location) and subject to periodic adjustments. Wages for Vietnamese workers are paid in Vietnamese Dong, while foreign workers may receive wages in foreign currency. Probationary wages shall not be less than 85% of the official position wage, and employers must provide detailed wage statements each payment cycle, including base pay, overtime pay, night shift pay, and any deductions. Since January 1, 2026, for Vietnamese employees and foreign employees who qualify as resident taxpayers in Vietnam, the entire amount of

night-shift pay and overtime pay is exempt from personal income tax (PIT). For foreign employees and other individuals who are treated as non-resident taxpayers, the same PIT exemption will be applicable since July 1, 2026.

Foreign workers must hold a valid work permit or exemption certificate to be employed in Vietnam. Work permits can be extended once, after which a new application is required. Documents related to foreign workers must undergo consular authentication, Vietnamese translation, and notarization before submission to authorities. Vietnamese law permits employees to form and join trade unions, which act as representative organizations to safeguard workers' rights in labor relations. Special protection is granted to vulnerable groups, including pregnant women, minors (under 18), elderly workers, disabled workers, and domestic workers. Individual labor disputes may be resolved through labor mediators, labor arbitration committees, or people's courts.

New Resolution 66.18/2026/QD-CP taking effect from May 18, 2026 amend the requirement for the outsourcing labor service. One of the key amendments is the removal of the requirement for a Labour Outsourcing Operation Licence. Instead, a labour outsourcing service provider is only required to maintain a deposit of VND2 billion at a commercial bank in Vietnam and submit a notification to the competent Department of Home Affairs prior to commencing operations. The provincial or municipal Department of Home Affairs is responsible for compiling and publishing a list of qualified labour outsourcing service providers operating within its jurisdiction. Companies who wish to use employees outsourced by such labor outsourcing service provider shall check the qualification on published websites of Department of Home Affairs.

LAWS AND REGULATIONS ON INVESTMENT LAW IN VIETNAM

Investment activities in Vietnam are primarily regulated by the Investment law (No. 143/2025/QH15), enacted on December 11, 2025, and effective from March 1, 2026, which outlines core principles, market access conditions, and procedural requirements for investment.

Permitted investment forms include establishing economic organizations, contributing capital, acquiring shares, implementing investment projects, and entering into Business Cooperation Contracts (BCC). Foreign investors establishing an economic organisation should obtain both requisite certificates: an Investment Registration Certificate (IRC) for the investment project and an Enterprise Registration Certificate (ERC) for the establishment of such economic organisation. Generally, foreign investors may obtain the IRC either before or after obtaining the ERC. Vietnam also maintains a list of prohibited investment sectors, to which e-cigarettes and heated tobacco products were officially added from 1 March 2026.

A foreign investor is defined as a foreign national or organization established under foreign law conducting business in Vietnam. A foreign-invested economic organization has foreign members or shareholders and must comply with foreign investment conditions if: (1) foreign investors hold over 50% of registered capital, or a majority of general partners in a partnership are foreign individuals; (2) an economic organization meeting the first condition holds over 50% of registered capital; (3) foreign investors and such economic organizations jointly hold over 50% of registered capital.

During project implementation, any changes to the Investment Registration Certificate require timely modification with competent authorities — non-compliance may result in administrative penalties. Investors in designated zones (e.g., industrial parks, free trade zones) may use simplified procedures, submitting written commitments to comply with construction, environmental, and fire safety standards, along with a project proposal (including environmental impact mitigation measures) instead of multiple approvals. The procedure and application dossiers in case of the amendment of investment project are amended by the Decree 96/2026/ND-CP, taking effect from March 31, 2026.

Investors must submit quarterly/annual project progress reports and semi-annual/annual supervision reports online; failure to fulfill reporting obligations incurs penalties. From April 22, 2026, the Company shall submit the new form of report on investment monitoring and evaluation activities in accordance with Circular 44/2026/TT-BTC via the new website address of Ministry of Finance.

LAWS AND REGULATIONS ON ENTERPRISE LAW IN VIETNAM

Enterprise-related matters are governed by the "Enterprise Law" (No. 59/2020/QH14), enacted on June 17, 2020, effective from January 1, 2021, and amended by No. 76/2025/QH15 (effective July 1, 2025). Recognized enterprise types include single-member/multi-member limited liability companies, joint-stock companies, and private enterprises, all of which must obtain "Enterprise Registration Certificate" specifying the enterprise name, tax code, headquarters address, legal representative details, and registered capital.

For single-member limited liability companies, registered capital is the total value of assets committed by the investor, as recorded in the articles of association. Capital increases may be achieved through additional contributions from the existing investor or by admitting new investors — this latter option requires restructuring into a multi-member limited liability company or joint-stock company. Capital decreases are permitted only in two scenarios: (1) refunding part of the paid-in capital to the investor, provided the company has operated for at least 2 years and can fully settle all debts post-refund; (2) the investor fails to fulfill the initial capital contribution commitment.

Single-member limited liability companies with organizational investors may adopt one of two management models: (1) Chairman plus Manager/General Manager; (2) Members' Assembly plus Manager/General Manager. Changes to registered information must be reported to local business registration authorities within 10 days of the change — non-compliance leads to administrative penalties and orders to rectify.

LAWS AND REGULATIONS ON ENVIRONMENTAL LAW IN VIETNAM

Environmental regulations are based on the "Environmental Protection Law" (No. 72/2020/QH14), enacted on November 17, 2020, and effective from January 1, 2022. Investment projects involving battery production are classified as Category II and require an environmental license, with a valid term of seven (7) to ten (10) years depending on the project type. Projects already in operation before January 1, 2022, must complete license applications by January 1, 2025, unless they hold valid sub-environmental licenses. Operating without the required license results in administrative penalties, which may include suspension of business for rectification.

Environmental licenses must specify project details, permitted environmental activities, protection requirements, and validity periods. Enterprises must submit annual environmental reports (in paper or electronic form) to the Bac Ninh Provincial Department of Agriculture and Environment, covering their production, business, and service-related environmental practices. Failure to submit complete reports incurs administrative penalties.

Previously, investors of investment projects were required to provide environmental information to the competent environmental management authority, including information relating to pollutant sources and emissions; environmental protection measures implemented by the project; solid waste, hazardous waste, wastewater, exhaust gases and other regulated waste streams; environmental impact assessment reports; environmental protection inspection results; and environmental statistics, environmental quality indicators and pollution data.

Resolution No. 66.19/2026/QD-CP, effective from May 18, 2026, has abolished the above information disclosure and reporting requirements.

Separately, new Decree 48/2026/ND-CP taking effect from January 29, 2026, regulating the new regulation on hazardous waste treatment. New Circular 09/2026/TT-BNNMT taking effect from January 29, 2026, regulating the new administrative procedures in environmental section.

LAWS AND REGULATIONS ON OCCUPATIONAL SAFETY AND HEALTH LAW IN VIETNAM

Occupational safety and health are regulated by the "Occupational Safety and Health Law" (No. 84/2015/QH13), enacted on June 25, 2015, and effective from July 1, 2016. This law sets out safety and health standards, treatment for work-related injuries and occupational diseases, and defines responsibilities for organizations, individuals, and state supervision.

Enterprises are obligated to implement comprehensive workplace safety measures, including safety training, formulating internal rules, providing safe equipment and protective gear, and conducting health checks. General employees require annual health checks, while those in high-risk roles (heavy labor, toxic/hazardous work), minors, the elderly, and disabled workers must undergo checks every six months. Enterprises must report, investigate, and record work-related accidents, occupational diseases, and major technical accidents, and comply with supervision decisions. For equipment and materials with strict safety requirements, employees must receive prior training before use. Deployment, decommissioning, or scrapping of such equipment must be reported to provincial or municipal authorities, and enterprises must maintain safety technical files and conduct regular inspections and maintenance.

New Resolution 66.18/2026/QD-CP taking effect from May 18, 2026 amend the requirement for the use of and dispose of machinery and equipment requiring strict occupational safety and health. Under the new regulations, enterprises are only required to notify the competent People's Committee before putting such machinery and equipment into use. There is no longer any requirement to notify the authority when such machinery or equipment is disposed of, decommissioned or ceases operation. In addition, the notification procedure is now a one-way filing process. Upon receipt of the notification, the competent authority will not issue any written confirmation or certificate acknowledging the declaration of use of machinery, equipment or materials subject to strict occupational safety and health requirements.

LAWS AND REGULATIONS ON LAND LAW IN VIETNAM

Land-related matters are governed by the "Land Law" (No. 31/2024/QH15), enacted on January 18, 2024, and effective from January 1, 2025. It clarifies land ownership (held by the state on behalf of the people), state management powers, and the rights and obligations of land users.

Foreign-invested economic organizations leasing infrastructure-attached land in industrial parks and paying annual rent enjoy specific legal rights: obtaining certificates for land use rights and ownership of land-attached assets (if meeting legal conditions); mortgaging land-attached assets to qualified credit institutions or individuals; selling such assets or transferring leasehold rights (in compliance with the "Land Law"); contributing land-attached assets as capital (with the transferee continuing the land lease for the remaining term); and leasing land-attached assets or leasehold rights.

OVERVIEW

We are a leading provider of integrated, high-performance, safety-enhanced mini-size lithium-ion battery products, dedicated to tackling the core challenges in mini-size battery materials and battery design and addressing the limitations of other currently available lithium-ion formulations and technologies.

Our history can be traced back to the establishment of our predecessor, Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源有限公司) in December 2017 under the laws of the PRC, which was founded by Mr. Chen Zhiyong ("**Mr. Chen**"), the chairman of our Board and an executive Director. In October 2024, we converted from a limited liability company into a joint stock limited company, with our corporate name changed to Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源股份有限公司). As of the Latest Practicable Date, the registered capital of our Company was RMB94,880,407, divided into 94,880,407 Shares, with a nominal value of RMB1.00 each.

KEY BUSINESS MILESTONES

The following table sets forth our key development milestones:

Year	Milestone
2017	In December, our Company was established as a limited liability company under PRC laws.
2018	In June, our factory in Huizhou commenced operations and production.
2019	We launched our patented 3-point crimping and laser sealing technology for our button batteries. We took part in the China Innovation and Entrepreneurship Competition and was awarded Excellent Enterprise (優秀企業).
2020	We launched the first generation mini pouch button batteries. We were awarded the National High and New Technology Enterprise (國家高新技術企業證書), jointly approved by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳), Guangdong Provincial Finance Bureau (廣東省財政局) and State Taxation Administration of Guangdong Province (國家税務總局廣東省税務局).
2021	We were recognized as a Specialized and Innovative "Little Giant" Enterprise* (專精特新「小巨人」企業) by the Ministry of Industry and Information Technology of the PRC. We secured approximately RMB76.8 million in our Series A2 Financing led by Plum Ventures (梅花創投).
2022	We were accredited as one of the Enterprises with Advantages in National Intellectual Property* (國家知識產權優勢企業) by China National Intellectual Property Administration.

Year	Milestone
	We were awarded the title of "Guangdong Manufacturing Champion (Demonstration Enterprise)"* (廣東省製造業單項冠軍示範企業) by the Guangdong Provincial Industry and Information Technology Department* (廣東省工業和信息化廳).
	We were recognized as a Recommended National Specialized and Innovative "Little Giant" Enterprise* (建議支持的國家級專精特新「小巨人」企業) by the Ministry of Industry and Information Technology of the PRC.
	We were recognized as the Provincial Engineering Technology Research Center* (省級工程技術研究中心) by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳).
	We secured approximately RMB261.5 million in our Series B2 financing led by CITIC Jinshi.
	We launched cylindrical batteries that are designed for high-power, durable applications like portable medical devices and small power tools.
	Our Ganzhou production base commenced operations and productions.
2023	We expanded our product line into household energy storage modules.
	Our cylindrical mini-size lithium battery and button lithium battery were awarded the 2023 Guangdong Provincial Certified High and New Technology Product* (廣東省名優高新技術產品) by the Guangdong Hi-Tech Enterprise Association (廣東省高新技術企業協會).
2024	We achieved commercialization of the world's first mini-size solid-state batteries.
	We were accredited as Provincial Enterprise Technology Center* (省級企業技術中心) by Guangdong Provincial Industry and Information Technology Department* (廣東省工業和信息化廳).
	Our international manufacturing presence was enhanced with the commencement of operation at our second factory in Huizhou and the construction of our factory in Vietnam.
	We launched our the construction of semi-solid-state battery production line for low-altitude aircrafts.
	In October, our Company converted into a joint stock limited company under PRC laws.
2025	We were selected as the Provincial Industrial Design Center* (省級工業設計中心) by the Guangdong Provincial Industry and Information Technology Department* (廣東省工業和信息化廳).

Year	Milestone
	We launched the world's first mini detachable battery for AI smart toys.
2026	In May, we began mass production of our ultra-thin bent batteries, designed for next-generation wearable devices such as smart rings.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, our Group is comprised of our Company, and two principal subsidiaries. The following table sets out certain information of each of our principal subsidiaries as of the Latest Practicable Date:

Name of Subsidiary	Date and place of incorporation	Equity interest attributable to our Group	Authorized share capital/ Registered capital	Principal business activities
Jiangxi Mic-Power New Energy Co., Ltd.* (江西微電新能源有限公司) ("**Jiangxi Mic-Power**") . .	May 27, 2021, PRC	100.00%	RMB100,000,000	Battery manufacturing
Mic-Power New Energy Vietnam Company Limited (越南微電新能源有限公司) . . .	December 24, 2014, Vietnam	100.00%	USD3,000,000	Battery manufacturing and assembly; sales of electronic products, communication equipment, electroacoustic products and phone accessories

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of Our Company

On December 5, 2017, Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源有限公司), the predecessor of our Company, was established as a limited liability company under the laws of the PRC with a registered capital of RMB30,000,000 by Mr. Chen, our founder.

Shareholding and Capital Changes in Our Company Prior to Series A Financing

On January 30, 2018, the registered capital of our Company increased from RMB30,000,000 to RMB32,500,000 pursuant to Mr. Chen's subscription of RMB2,500,000 registered capital.

On February 7, 2018, Mr. Chen entered into an equity transfer agreement with Zhuhai Jiwang Equity Investment Partnership (Limited Partnership)* (珠海集旺股權投資合夥企業(有限合夥)) ("**Zhuhai Jiwang**"), a limited partnership controlled by Mr. Chen. Pursuant to the equity transfer agreement, Mr. Chen transferred 40% and 20% of the equity interest in our Company, which had not been paid up, to Zhuhai Jiwang and Ms. Liu respectively, at nil consideration. Zhuhai Jiwang and Ms. Liu, upon acquiring the equity in our Company with unpaid capital contributions, were required to fulfill the obligation of making capital contributions to the company.

On June 19, 2018, the then shareholders of our Company resolved to increase the registered capital of our Company from RMB32,500,000 to RMB65,000,000. Mr. Chen, Zhuhai Jiwang and Ms. Liu, proportionate to their shareholding, contributed to the increased capital of RMB13,000,000, RMB13,000,000 and RMB6,500,000, respectively.

On October 16, 2018, Mr. Chen and Zhuhai Jiwang entered into an equity transfer agreement with Mr. Huang Shuangmiao (黃雙妙) ("**Mr. Huang**"), who is an entrepreneur and an Independent Third Party. Pursuant to the equity transfer agreement, Mr. Chen and Zhuhai Jiwang transferred 20% and 30% of the equity interest in our Company to Mr. Huang, respectively, representing a registered capital of RMB32,500,000 in aggregate at a total consideration of RMB18,067,500 based on the actual paid-up capital of the transferred equity interest. As part of the equity transfer, an unpaid capital contribution of RMB14,432,500 was included and transferred at nil consideration to the Mr. Huang who was then required to fulfill the obligation of making capital contributions to the company.

Series A1 Financing

Pursuant to the capital increase agreement dated August 13, 2019 entered into between our Company and Shenzhen Mic-Power Investment Partnership (Limited Partnership)* (深圳市微電投資合夥企業(有限合夥)) ("**Shenzhen Mic-Power**"), the registered capital of our Company increased from RMB65,000,000 to RMB68,421,052 Shenzhen Mic-Power, a limited partnership controlled by Mr. Chen, contributed the increased capital of RMB3,421,052 at a consideration of RMB6,000,000, reflecting the amount of the registered capital of our Company being increased ("**Series A1 Financing**"). The consideration was based on factors such as our Company's industry, operating performance and growth potential. In particular, during the first half of 2019, our Company commenced cooperation with GN and another leading domestic manufacturer, and obtained ISO 14001 and ISO 45001 certifications in June 2019, marking the successful normalization of large-scale product shipments. These developments indicated strong potential for significant volume growth in subsequent periods, leading to investment in our Company at a premium valuation.

Equity Transfers in October 2020

On October 31, 2020, each of Mr. Huang and Ms. Liu entered into an equity transfer agreement with Xu Jiangtao (徐江濤) ("**Mr. Xu**"), pursuant to which, each of Mr. Huang and Ms. Liu agreed to transfer 13.5% and 4% of the equity interest in our Company to Mr. Xu, respectively, at an aggregated consideration of approximately RMB12,775,930.79, based on arm's length negotiations between the parties with reference to the net asset value of our Company. On the same date, Ms. Liu entered into an equity transfer agreement with her husband, Mr. Wang, our non-executive Director, where Ms. Liu agreed to transfer 15% of the equity interest in our Company to Mr. Wang, at nil consideration, based on their spousal relationship.

Equity Transfers in June 2021

On June 22, 2021, Mr. Huang entered into four equity transfer agreements with each of Huizhou Jiwang Management Partnership (Limited Partnership)* (惠州集旺管理合夥企業(有限合夥)) ("**Huizhou Jiwang**"), Zhuhai Jiyi Investment Partnership (Limited Partnership)* (珠海集益投資合夥企業(有限合夥)) ("**Zhuhai Jiyi**"), Mr. Chen and Mr. Xu, to transfer 4.62%, 0.52%, 2.38% and 3.45% of the equity interest in our Company, respectively, at an aggregated consideration of RMB9,118,783, determined. The consideration was determined with reference to our Company's net asset value, as both Huizhou Jiwang and Zhuhai Jiyi were intended to serve as employee shareholding platforms for the implementation of the Employee Incentive Scheme. Huizhou Jiwang and Zhuhai Jiyi are controlled by Mr. Chen and Mr. Xu, respectively.

On the same date, each of Zhuhai Micro Energy Investment Partnership (Limited Partnership)* (珠海微能投資合夥企業(有限合夥)) ("**Zhuhai Micro Energy**") and Huizhou Jiwang Management Partnership (Limited Partnership)* (惠州集旺管理合夥企業(有限合夥)) ("**Huizhou Jiwang**") entered into an equity transfer agreement with Mr. Wang, pursuant to which, Mr. Wang transferred 10% and 1.1% of the equity interest in our Company to Zhuhai Micro Energy and Huizhou Jiwang, respectively, at an aggregated

consideration of RMB9,226,846. The considerations were determined with reference to our Company's net asset value. Huizhou Jiwang was intended to serve as an employee shareholding platform for the implementation of the Employee Incentive Scheme. The transfer to Zhuhai Micro Energy by Mr. Wang primarily represented a restructuring of his interests, as Zhuhai Micro Energy is held as to 99.9% by Mr. Wang. The remaining 0.1% interest in Zhuhai Micro Energy is held by its general partner, Mr. Xu, who is our Company's General Manager and an Executive Director. Zhuhai Micro Energy is a limited partnership controlled by Mr. Xu.

On the same date, Shenzhen Mic-Power entered into an equity transfer agreement with Huizhou Jiwang, pursuant to which, Shenzhen Mic-Power transferred 0.28% of the equity interest in our Company to Huizhou Jiwang at a consideration of RMB232,749 . The consideration was determined with reference to our Company's net asset value, as Huizhou Jiwang was intended to serve as employee shareholding platforms for the implementation of the Employee Incentive Scheme.

On the same date, Zhuhai Jiwang entered into an equity transfer agreement with Zhuhai Jiyi, pursuant to which, Zhuhai Jiwang transferred 2.35% of the equity interest in our Company to Zhuhai Jiyi at a consideration of RMB1,953,432. The consideration was determined with reference to our Company's net asset value, as both Huizhou Jiwang and Zhuhai Jiyi were intended to serve as employee shareholding platforms for the implementation of the Employee Incentive Scheme.

Equity Transfers in July 2021 and December 2021

On July 2, 2021, each of Mr. Luo Songxiang (羅松祥) ("**Mr. Luo**") and Zhuhai Mic-Power Investment Partnership (Limited Partnership)* (珠海微電投資合夥企業(有限合夥)) ("**Zhuhai Mic-Power**") entered into an equity transfer agreement with Mr. Huang. Pursuant to the equity transfer agreements, Mr. Huang agreed to transfer 2% and 5% of the equity interest in our Company to Mr. Luo and Zhuhai Mic-Power respectively, at an aggregated consideration of RMB33,600,000, determined based on arm's length negotiations between the parties. The parties negotiated a valuation of RMB480 million for the Company for the purpose of this transfer.

On July 7, 2021, each of Wanlian Guangsheng Investment Co., Ltd* (萬聯廣生投資有限公司) ("**Wanlian Guangsheng**"), Guangzhou Tianze Ruifa Phase II Equity Investment Management Center (Limited Partnership)* (廣州天澤瑞發二期股權投資管理中心(有限合夥)) ("**Tianze Ruifa**"), Guangzhou Minghui Shunwei Venture Capital Partnership Enterprise (Limited Partnership)* (廣州茗暉順為創業投資合夥企業(有限合夥)) ("**Minghui Shunwei**") and Gongqingcheng Keming Xiangtong Investment Partnership (Limited Partnership)* (共青城科明祥通投資合夥企業(有限合夥)) ("**Keming Xiangtong**") entered into an equity transfer agreement with Mr. Huang, pursuant to which, Mr. Huang transferred a total of 6.99% of the equity interest in our Company at an aggregated consideration of RMB38,450,000, based on arm's length negotiations among the relevant contracting parties with reference to factors such as our Company's industry, operating performance and growth potential. The parties negotiated a valuation of RMB550 million for the Company for the purpose of this transfer.

On July 7, 2021, Mr. Wang, our non-executive Director, and Keming Xiangtong entered into an equity transfer agreement, pursuant to which, Mr. Wang transferred a total of 1.00% of equity interest in our Company at a consideration of RMB5,500,000, based on arm's length negotiations between the contracting parties with reference to factors such as our Company's industry, operating performance, and growth potential. The parties negotiated a valuation of RMB550 million for the Company for the purpose of this transfer.

The valuations of the abovementioned equity transfers were primarily based on our Company's historical operational performance and profitability profile, and potential revenue growth, alongside the key operational milestones and strengthened market recognition achieved by our Company. In 2020, our Company successfully became a qualified supplier of several global consumer electronics manufacturers. In July 2021, our Company was recognized as a national-level "Specialized, Sophisticated, Distinctive and Innovative 'Little Giant'" enterprise. These milestones significantly enhanced our Company's industry influence and valuation since the Series A1 Financing. With respect to the equity transfers conducted by Mr. Huang on July 2, 2021 and July 7, 2021, the difference in valuation was attributable to different valuation reference dates, negotiation periods and transaction contexts, as the former was based on an earlier valuation benchmark and involved a longer negotiation period prior to the conclusion of the agreement. In addition, the transfers were undertaken by Mr. Huang due to his own funding needs, and the prices also reflect the different periods during which the parties conducted negotiations, resulting in differing agreed valuations.

On 16 December, 2021, each of Suzhou Lingwei Energy Enterprise Management Service Partnership (Limited Partnership)* (蘇州翎微能企業管理服務合夥企業(有限合夥)) ("**Lingwei Energy**"), Zhuhai Mic-Power, Keming Xiangtong and Guangdong Minghui Xinsheng Equity Investment Partnership (Limited Partnership)* (廣東茗暉新盛股權投資合夥企業(有限合夥)) ("**Minghui Xinsheng**") entered into an equity transfer agreement with Mr. Huang, pursuant to which, Mr. Huang transferred all equity interest held by him in our Company representing 8.01% of the equity interest in our Company to Lingwei Energy, Zhuhai Micro Energy, Keming Xiangtong and Minghui Xinsheng at a total consideration of RMB50,510,981 and ceased to be a Shareholder. The consideration of the Equity Transfers in December 2021 was determined based on arm's length negotiations among the relevant contracting parties. The transfers to Lingwei Energy, Zhuhai Mic-Power and Keming Xiangtong were made based on a valuation of the Company at RMB550 million, which was negotiated at arms' length between the relevant parties and reflected Mr. Huang's funding needs and the result of such negotiations. The transfer to Minghui Xinsheng was made based on a valuation of the Company at RMB700 million, coinciding with Series A3 Financing's valuation (as described below).

Series A2 and A3 Financing

Our Company underwent series A2 and A3 financing through capital increases (together with Series A1 Financing, "**Series A Financing**"). Under the capital contribution agreements dated August 17, 2021 ("**Series A2 Financing**") and December 16, 2021 ("**Series A3 Financing**") entered into among our Company, the Series A2 Financing and Series A3 Financing investors set forth below, and the then Shareholders of our Company, the registered capital of our Company increased to RMB77,183,748 and RMB79,570,874, respectively, and the Series A2 Financing and Series A3 Financing investors agreed to subscribe for a total amount of RMB8,762,696 and RMB2,387,126 in the registered capital of our Company at an aggregate consideration of RMB76,842,105 and RMB21,649,485, respectively, determined based on arm's length negotiations. Considering factors such as our Company's industry, operating performance and growth potential, our Company and all investors negotiated a post-investment valuation of RMB700 million for our Company for this capital increase. In 2020, our Company successfully became a qualified supplier of several global consumer electronics manufacturers. In 2021, our Company was recognized as a national-level "Specialized, Sophisticated, Distinctive and Innovative 'Little Giant'" enterprise. These milestones significantly increased our Company's industry visibility and reputation, attracted heightened attention from the capital markets, and led to the commencement of our Company's Series A2 and Series A3 Financing. As a result, multiple investors expressed willingness to invest in our Company at a premium valuation.

Pursuant to the aforementioned agreements, the respective amounts of registered capital subscribed for and the consideration paid by the Series A Financing investors are set out as follows:

Equity transfers/Subscriptions	Registered capital acquired/ subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Series A1 Financing			
Shenzhen Mic-Power	3,421,052	6,000,000	Based on arm's length negotiations between our Company and the relevant Pre-[**REDACTED**] Investors with reference to agreed valuation at the relevant time of investment.
Series A2 Financing			
Qingdao Meihua Shengkai Equity Investment Partnership (Limited Partnership)* (青島梅花盛開股權投資合夥企業(有限合夥)) ("**Meihua Shengkai**")	2,280,702	20,000,000[1]	
Hubei Meihua Shengshi Equity Investment Partnership (Limited Partnership)* (湖北梅花晟世股權投資合夥企業(有限合夥)) ("**Meihua Shengshi**")	1,578,486	13,842,105	
Xi'an Liantian Qichuang Enterprise Management Consulting Partnership (Limited Partnership)* (西安聯天齊創企業管理諮詢合夥企業(有限合夥)) ("**Liantian Qichuang**")	912,281	8,000,000	Based on arm's length negotiations between our Company and the relevant Pre-[**REDACTED**] Investors with reference to agreed valuation at the relevant time of investment.
Guangdong Minghui Shunying Equity Investment Partnership (Limited Partnership)* (廣東茗暉順盈股權投資合夥企業(有限合夥)) ("**Minghui Shunying**")	1,140,351	10,000,000	
Tianjin Bojia Weizhu Equity Investment Fund Partnership (Limited Partnership)* (天津博佳微著股權投資基金合夥企業(有限合夥)) ("**Bojia Weizhu**")	1,710,526	15,000,000	
Tianze Ruifa	684,210	6,000,000	
Wanlian Guangsheng	456,140	4,000,000	
Sub-total	8,762,696	76,842,105	

Equity transfers/Subscriptions	Registered capital acquired/ subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Series A3 Financing			
Lingwei Energy	2,387,126	21,649,485	Based on arm's length negotiations between our Company and the relevant Pre-[**REDACTED**] Investors with reference to agreed valuation at the relevant time of investment.
Total	**14,570,874**	**104,491,590**	

Note:

1. Meihua Shengkai contributed its 20% equity interest in Jiangxi Mic-Power, corresponding to registered capital of RMB20,000,000 to subscribe for approximately 2.95% equity interest in our Company.

Equity Transfers in June 2022

Our Company underwent Series B1 and B2 Financing through equity transfers and capital increases ("**Series B Financing**"). On June 15, 2022, Zhuhai Micro Energy entered into an equity transfer agreement with Dongguan Qinhe Venture Capital Center (Limited Partnership)* (東莞勤合創業投資中心(有限合夥)) ("**Dongguan Qinhe**") and our Company to transfer 1% of its equity interest in our Company to Dongguan Qinhe at a consideration of RMB13,000,000, determined based on arm's length negotiations. Taking into account factors such as our Company's industry position, operating performance and growth potential, the equity transfer was negotiated based on a Company valuation of RMB1.3 billion. In particular, the valuation reflected our Company's successful entry into cooperation with major international customer, accreditation as one of the Enterprises with Advantages in National Intellectual Property* and the preliminary commercialization progress of its solid-state battery technology. In addition, overall valuation levels within the new energy industry increased in 2022, enhancing market-wide investment appetite.

Series B1 Financing

Under the capital contribution agreement dated July 13, 2022 ("**Series B1 Financing**") entered into among our Company, the Series B1 Financing investor set forth below, and the then Shareholders of our Company, the Series B1 Financing investor agreed to subscribe for a total amount of RMB812,760, in the registered capital of our Company at a consideration of RMB14,300,000. Considering factors such as our Company's expanded cooperation with major international customer, accreditation as one of the Enterprises with Advantages in National Intellectual Property*, the advancement of its solid-state battery technology toward preliminary commercialization and the overall increase in valuation levels within the new energy industry in 2022, our Company and all investors negotiated a post-investment valuation of RMB1.4143 billion for our Company for this capital increase.

Equity Transfers in November 2022

On November 5, 2022, our Company entered into several equity transfer agreements with three of the then Shareholders, being (i) Zhuhai Jiwang, who transferred approximately 0.52% and 0.29% of the equity interest in our Company to Ganzhou Meihua Shunshi Equity Investment Partnership (Limited Partnership)* (贛州梅花順勢股權投資合夥企業(有限合夥)) ("**Meihua Shunshi")** and Quanzhou Minghui Shouhe Venture Capital Partnership (Limited Partnership)* (泉州茗暉守和創業投資合夥企業(有限合夥)) ("**Minghui Shouhe**"), respectively; (ii) Zhuhai Micro Energy, who transferred approximately 0.26%, 0.15% and 0.09% of the equity interest in our Company to Minghui Shouhe, Qingdao Yiqiao Hongzhi Equity Investment Partnership (Limited Partnership)* (青島一橋弘智私募股權投資基金合夥企業(有限合夥)) ("**Qingdao Yiqiao**") and Qingdao Wanshi Jishun Management Consulting Partnership (Limited Partnership)* (青島萬事吉順管理諮詢合夥企業(有限合夥)) ("**Wanshi Jishun**"), respectively; and (iii) Zhuhai Mic-Power, who transferred approximately 0.22%, 0.22% and 0.06% of the equity interest in our Company to Tianjin Bojia Yuewen Equity Investment Fund Partnership (Limited Partnership)* (天津博佳悅聞股權投資基金合夥企業(有限合夥)) ("**Bojia Yuewen**"), Keming Xiangtong and Wanshi Jishun, respectively. The consideration was determined based on arm's length negotiations. Considering factors such as our Company's expanded cooperation with major international customer, its accreditation as one of the Enterprises with Advantages in National Intellectual Property*, the advancement of its solid-state battery technology toward preliminary commercialization and the overall increase in valuation levels within the new energy industry in 2022, the equity transfer was negotiated at a Company valuation of RMB1.35 billion.

Series B2 Financing

Our Company underwent Series B2 Financing through capital increases ("**Series B2 Financing**"). Under the capital contribution agreement dated November 19, 2022 entered into among our Company, the Series B2 Financing investors set forth below and the then Shareholders of our Company, the registered capital of our Company increased to RMB94,880,407 and the following Series B2 Financing investors agreed to subscribe for a total amount of RMB14,496,773 in the registered capital of our Company at an aggregate consideration of RMB261,500,000. Considering factors such as our Company's expanded cooperation with major international customer, its accreditation as one of the Enterprises with Advantages in National Intellectual Property*, the advancement of its solid-state battery technology toward preliminary commercialization and the overall increase in valuation levels within the new energy industry in 2022, our Company and all investors negotiated a valuation of RMB1.45 billion for our Company for this capital increase.

Pursuant to the aforementioned agreements, the respective amounts of registered capital subscribed for and the consideration paid by the Series B Financing investors are set out as follows:

Equity transfers/Subscriptions	Registered capital acquired/ subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Series B1 Financing			
Dongguan Qinhe	812,760	14,300,000	Based on arm's length negotiations between our Company and the relevant Pre-[**REDACTED**] Investors with reference to agreed valuation at the relevant time of investment.

Equity transfers/Subscriptions	Registered capital acquired/ subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Series B2 Financing			
Jinshi Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership)* (金石製造業轉型升級新材料基金(有限合夥)) ("**Jinshi New Materials**")	5,543,699	100,000,000	
Anhui Jiaokong Jinshi Equity Investment Fund Partnership (Limited Partnership)* (安徽交控金石股權投資基金合夥企業(有限合夥)) ("**Jinshi Jiaokong**")	2,771,849	50,000,000	
Anyuan County Urban Development Investment Group Co., Ltd.* (安遠縣城市發展投資集團有限公司) ("**Anyuan Urban Investment**")	1,108,740	20,000,000	Based on arm's length negotiations between our Company and the relevant Pre-[**REDACTED**] Investors with reference to agreed valuation at the relevant time of investment.
Meihua Shunshi	1,108,740	20,000,000	
Bojia Yuewen	942,429	17,000,000	
Gongqingcheng Xinhe Investment Partnership (Limited Partnership)* (共青城馨河投資合夥企業(有限合夥)) ("**Xinhe Investment**")	886,992	16,000,000	
Shenzhen Renzhi Qihang No. 1 Private Equity Venture Capital Fund Partnership (Limited Partnership)* (深圳市仁智啓航一號私募創業投資基金合夥企業(有限合夥)) ("**Renzhi Qihang**")	831,555	15,000,000	
Qingdao Yiqiao	720,681	13,000,000	
Minghui Shouhe	582,088	10,500,000	
Sub-total	14,496,773	261,500,000	
Total	**15,309,533**	**275,800,000**	

Conversion into a Joint Stock Company

On September 9, 2024, a Shareholders' resolution was passed for the conversion of our Company into a joint stock company with its corporate name to be changed into Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源股份有限公司). The registration thereof was completed on October 25, 2024. Upon completion of the conversion, the registered capital of our Company became RMB94,880,407 divided into 94,880,407 Shares with a nominal value of RMB1.00 each.

PRC LEGAL ADVISOR'S CONFIRMATION

As advised by our PRC Legal Advisor, our Company and its subsidiaries and the acquisition of a Vietnam subsidiary have complied with applicable PRC laws and regulations in relation to the changes in shareholdings as set out above in all material aspects.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Mic-Power New Energy Vietnam Company Limited (越南微電新能源有限公司) ("**Mic-Power Vietnam**") was established in Vietnam as a limited liability company on December 16, 2014, which was principally engaged in battery manufacturing and assembly, sales of electronic products, communication equipment, electroacoustic products and phone accessories in Vietnam.

On December 25, 2023, with a view to expand its manufacturing footprint and market presence in Southeast Asia, we entered into a share purchase agreement with Risun (HK) Technology Limited (the "**Seller**") a company incorporated with limited liabilities in Hong Kong and a wholly-owned subsidiary of Risuntek Inc. (廣東朝陽電子科技股份有限公司) (stock code: 002981) which is a company listed on the Shenzhen Stock Exchange, to acquire 100% equity interest in Mic-Power Vietnam at a consideration of US$2.3 million. The consideration was determined based on arm's length negotiations between the parties, with reference to the valuation of the market value of the land and buildings of Mic-Power Vietnam, and was fully settled on December 27, 2023. The completion of the acquisition took place on December 31, 2023 upon which Mic-Power Vietnam became our wholly-owned subsidiary. To the best knowledge of the Directors, the Seller was an Independent Third Party as of the Latest Practicable Date.

Through the addition of Mic Power Vietnam, we gained our Vietnam Production Base. During the Track Record Period, the Vietnam Production Base had limited operations as it was a relatively new establishment and remained subject to environmental approval before commercial operations could begin. No revenue from the Vietnam Production Base was recognized in our Group's consolidated financial statements in 2024 and 2025, while RMB2.1 million was recognized for the six months ended June 30, 2026. See "Business — Production Facilities" for further details.

Our Directors consider that the abovementioned acquisition could establish overseas lithium battery manufacturing bases to optimize the global production capacity layout, enhance supply chain flexibility, and meet international customers' demand for overseas manufacturing facilities. As such, our Directors believe that the terms of the acquisition are fair and reasonable, and in the interests of our Shareholders. As advised by our Vietnam Legal Advisor, we have complied with all applicable Vietnam laws and regulations in connection with the abovementioned acquisition.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of each of the abovementioned acquisitions is less than 25%, our acquisition of Mic-Power Vietnam does not constitute an acquisition of a material subsidiary or business during the Track Record Period and the pre-acquisition financial information of Mic-Power Vietnam is not required to be disclosed under Rule 4.05A of the Listing Rules. Except for the aforesaid acquisition, we have not conducted other acquisitions, disposals, or mergers that we consider to be material to us since our inception.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of our employees' contributions and to better align the interest of our Company and our employees, our Controlling Shareholders established two employee shareholding platforms, namely Huizhou Jiwang and Zhuhai Jiyi, to implement the Employee Incentive Scheme.

For further details about our Employee Incentive Scheme, see the section headed "Statutory and General Information — D. Employee Incentive Scheme" in Appendix IV to this document.

Huizhou Jiwang

Huizhou Jiwang is a limited partnership established in the PRC on June 22, 2021 and owned approximately 4.33% of our issued Shares as of the Latest Practicable Date, with Mr. Chen being its general partner who held approximately 6.40% of its partnership interest. The remaining interest was held by 43 limited partners, including: (i) Mr. Shen Guoliang (沈國良) (our equipment and resources development manager and former supervisor); (ii) Mr. Xu (our general manager and executive Director); (iii) Ms. Luo Hongbing (羅紅兵) (our deputy general manager, secretary of our Board, and our chief financial officer); (iv) 34 other existing employees of our Group; (v) two former employees of our Group; and (vi) four existing or former consultants, who are not employees of our Group. None of the 43 limited partners holds more than 30% interest in Huizhou Jiwang.

As of the Latest Practicable Date, the partners of Huizhou Jiwang are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
Mr. Chen	chairman of our Board and executive Director	6.40%
Mr. Shen Guoliang	our equipment and resources development manager and former supervisor	16.67%
Mr. Xu	our general manager and executive Director	9.17%
Ms. Luo Hongbing	our deputy general manager, secretary of our Board and our chief financial officer	7.55%
Ms. Liu Mingxia (劉明霞)	former sales consultant	3.65%
Mr. Tian Shaozheng (田少正)	sales consultant	3.65%
Ms. Wu Wenyan (吳文燕)	sales consultant	2.93%
Mr. Tong Jian (佟健)	technical consultant	3.65%
36 other limited partners	34 existing employees of our Group	44.02%
	two former employees of our Group	2.31%

Zhuhai Jiyi

Zhuhai Jiyi is a limited partnership established in the PRC on April 1, 2021 and owned approximately 2.07% of our issued Shares as of the Latest Practicable Date, with Mr. Xu being its general partner who held approximately 9.68% of its partnership interest. The remaining interest was held by 34 limited partners, including: (i) Mr. Chen (the chairman of our Board and our executive Director); (ii) Ms. Yuan Li (袁麗); (iii) Mr. Li Zhengdong (李正冬); (iv) Mr. Qiu Kaiqiang (丘凱強); (v) Mr. Chen Lei (陳雷); and (vi) 26 other existing employees of our Group; and (vii) three former employees of our Group. None of the 34 limited partners holds more than 30% interest in Zhuhai Jiyi.

As of the Latest Practicable Date, the partners of Zhuhai Jiyi are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
Mr. Xu	our general manager and executive Director	9.68%
Ms. Yuan Li	our head of Chinese Mainland sales	8.59%
Mr. Li Zhengdong	our head of battery packs R&D	7.64%
Mr. Qiu Kaiqiang	our head of hearing aids project	7.64%
Mr. Chen Lei	our deputy director of equipment development department	5.73%
Mr. Chen	chairman of our Board and executive Director	5.25%
29 other limited partners	26 existing employees of our Group	48.60%
	three former employees of our Group	6.87%

PRC Legal Advisor's View on the Employee Incentive Schemes

Our PRC Legal Advisor is of the view that our Company's equity incentive matters have been approved and adopted by the relevant decision-making body of our Company. The Employee Incentive Schemes are formulated in accordance with the applicable PRC Company Law and other relevant regulations. The relevant equity incentive agreements comply with the provisions of the PRC Civil Code and are legally valid and enforceable.

ACTING-IN-CONCERT AGREEMENTS

Over the course of our business history, Mr. Chen and Mr. Xu have been acting in concert with each other in respect of the management and operation of our Group. On October 31, 2020, Mr. Chen and Mr. Xu entered into the acting-in-concert agreement, pursuant to which, the parties agreed that they shall act in concert in relation to the voting, proposals, nomination or recommendation of directors and senior management at the board meetings and shareholders' meetings, and participation in our Company's operational decision in order to promote stability over the direction, management, operation and development of our Group as a whole. In the event that Mr. Chen and Mr. Xu fail to reach a consensus after sufficient communication, the voting rights subject to the acting-in-concert arrangements shall be exercised in accordance with the direction of Mr. Chen. On December 26, 2025, a supplemental acting-in-concert agreement was entered into by and between Mr. Chen and Mr. Xu to renew the acting-in-concert arrangements with a term until 36 months after the [**REDACTED**].

Therefore, Mr. Chen and Mr. Xu are considered as persons acting-in-concert in respect of our Company within the meaning of the Takeovers Codes and will continue to act in concert with each other in the decision-making of our Group. Mr. Chen (through Zhuhai Jiwang, Huizhou Jiwang and Shenzhen Mic-Power) and Mr. Xu (through Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi) by virtue of the acting-in-concert arrangements among them, were collectively entitled to exercise the voting rights attaching to approximately 55.12% of our total issued share capital as of the Latest Practicable Date, and will be entitled to exercise the voting rights attached to approximately [**REDACTED**]% of our total issued share capital immediately following the completion of the [**REDACTED**]. For further details, please refer to the section headed "Relationship with Controlling Shareholders".

PRE-[REDACTED]

To provide part of the financing required for the business development, capital expenditures and general working capital of our operating entities in the PRC, our Company obtained several rounds of investments from the Pre-[**REDACTED**] Investors.

Principal terms of the Pre-[REDACTED] Investments

The principal terms and details of the Pre-**[REDACTED]** Investments are set out below:

	Series A1 Financing	Series A2 Financing	Series A3 Financing	Series B1 Financing	Series B2 Financing
Date of agreement(s)	August 13, 2019	August 17, 2021	December 16, 2021	July 13, 2022	November 19, 2022
Date on which investment(s) was/were all settled	August 14, 2019	September 7, 2021	February 28, 2022	July 20, 2022	January 12, 2023
Date of completion of registration	September 9, 2019	October 27, 2021	January 20, 2022	July 21, 2022	December 21, 2022
Amount of registered capital and/or shares subscribed and/or transferred	RMB3,421,052	RMB8,762,696	RMB2,387,126	RMB812,760	RMB14,496,773
Amount of consideration paid in connection with the equity subscription and transfers	RMB6,000,000	RMB76,842,105[1]	RMB21,649,485	RMB14,300,000	RMB261,500,000
Approximate cost per RMB1.0 of the registered capital paid before conversion into a joint-stock company/per Share[2]	RMB1.75	RMB8.77	RMB9.07	RMB17.59	RMB18.04
Discount to the **[REDACTED]**[3]	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%
Post-money valuation of our Company[4]	RMB119,736,841	RMB676,901,470	RMB721,707,827	RMB1,413,948,122	RMB1,711,642,542
Basis of determination of consideration	In general, the consideration for each round of the Pre-**[REDACTED]** Investments were determined based on arm's length negotiations among the relevant parties taking into consideration the timing of the investments and our Company's development stage.				
Use of proceeds and whether they have been fully utilized	We utilized the proceeds from the Pre-**[REDACTED]** Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, the net proceeds from the Pre-**[REDACTED]** Investments had been fully utilized.				
Lock-up Period	Under the applicable PRC laws and regulations, within the 12 months following the **[REDACTED]**, all existing Shareholders (including the Pre-**[REDACTED]** Investors) of our Company could not dispose of any of the Shares held by them.				
Strategic benefits of the investors brought to our Company	At the time of the Pre-**[REDACTED]** Investments, the Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-**[REDACTED]** Investors and their market influence, knowledge and experience and (ii) the Pre-**[REDACTED]** Investments demonstrated the Pre-**[REDACTED]** Investors' confidence in the operation and development of our Group.				

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1 Meihua Shengkai contributed its 20% equity interest in Jiangxi Mic-Power, corresponding to registered capital of RMB20,000,000 to subscribe for approximately 2.95% equity interest in our Company.

2 The calculation was based on the amount of consideration paid in connection with the equity/share subscription and transfers by the amount of registered capital/share subscribed and/or transferred.

3 The discount to the **[REDACTED]** is calculated based on the currency translation of HK$1.00 to RMB0.8648 and on the **[REDACTED]** of HK$**[REDACTED]** per Share.

4 Post-money valuation is calculated on the basis of (a) cost per Share; and (b) the total number of Shares our Company upon completion of the relevant round of the Pre-**[REDACTED]** investment.

Rights of the Pre-[REDACTED] Investors

Certain Pre-**[REDACTED]** Investors have been granted certain special rights in relation to our Company, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, information rights, redemption rights, liquidation preference rights, anti-dilution rights, and appointment rights of observers to the Board.

On January 1, 2025, our Company entered into a supplemental agreement to the shareholders' agreement dated November 19, 2022, pursuant to which, (i) all redemption rights cease to have effect as of the date of the execution of the supplemental agreement, and (ii) all special rights, including but not limited to corporate governance, right of first refusal, tag-along right, pre-emptive right, anti-dilution right, liquidation preference, director nomination rights and information and inspection rights shall automatically terminate on the date our Company completes its [**REDACTED**]. Pursuant to the supplemental agreement, the termination of such special rights is permanent, unconditional and irrevocable.

Information about our Pre-[REDACTED] Investors

Set out below are details of our Pre-[**REDACTED**] Investors. To the best of our Company's knowledge, information and belief, and having made all reasonable enquiries, save for Mr. Wang, our non-executive Director, and entities controlled by Mr. Xu and Mr. Chen, all other Pre-[**REDACTED**] Investors are Independent Third Parties.

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

1. Entities controlled by CITIC Jinshi

Each of Jinshi New Materials and Jinshi Jiaokong is a limited partnership established under the laws of the PRC. The general partner of Jinshi New Materials is CITIC Jinshi Investment Co., Ltd.* (中信金石投資有限公司) ("**CITIC Jinshi**"). CITIC Jinshi is wholly owned by CITIC Securities Co., Ltd. (中信證券股份有限公司), a company listed on the Hong Kong Stock Exchange (Stock Code: 6030) and the Shanghai Stock Exchange (Stock Code: 600030). Jinshi New Materials is owned as to 80.36% by National Manufacturing Transformation and Upgrade Fund Co., Ltd.* (國家製造業轉型升級基金股份有限公司), is held by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) and 19 other shareholders, none of which holds more than 30% interest therein.

The general partner of Jinshi Jiaokong is Anhui Huidao Jinshi Private Equity Fund Management Co., Ltd.* (安徽徽道金石私募基金管理有限公司) ("**Anhui Huidao PE**"). Anhui Huidao PE is owned as to 70% by CITIC Jinshi. Jinshi Jiaokong is owned as to 73.06% by Anhui Jiaokong Capital Investment Management Co., Ltd.* (安徽交控資本投資管理有限公司), which is ultimately owned by Anhui Provincial People's Government State-owned Assets Supervision and Administration Commission* (安徽省人民政府國有資產監督管理委員會).

To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

2. Entities controlled by Plum Ventures

Each of Meihua Shengkai, Meihua Shengshi and Meihua Shunshi is a limited partnership established under the laws of the PRC and is managed by its private fund manager, Ningbo Meihua Angel Investment Management Co., Ltd.* (寧波梅花天使投資管理有限公司) ("**Plum Ventures**").

The general partner of Meihua Shengkai, Meihua Shengshi and Meihua Shunshi is Qingdao Meihua Angel Investment Management Co. Ltd* (青島梅花天使投資管理有限公司) ("**Qingdao Meihua**"), Hubei Meihua Angel Equity Investment Partnership (Limited Partnership)* (湖北梅花天使股權投資合夥企業(有限合夥)) ("**Hubei Meihua**") and Gongqingcheng Meihuaxiang Laigancheng Investment Partnership (Limited Partnership)* (共青城梅花香來贛成投資合夥企業(有限合夥)) ("**Gongqingcheng Meihua**"), respectively.

Plum Ventures is a limited liability company incorporated under the laws of the PRC, and is ultimately owned by Mr. Wu Shichun (吳世春), an Independent Third Party.

Qingdao Meihua is directly wholly held by Plum Ventures. Each of Hubei Meihua, Gongqingcheng Meihua is held as to 55.44%, 78%, respectively, by Mr. Wu Shichun as general partner and none of the limited partners holds 30% or more partnership interest therein.

Meihua Shengkai is owned as to approximately 35.02% by Gongqingcheng Plum Blossom Investment Partnership (Limited Partnership)* (共青城梅花盛開投資合夥企業(有限合夥)). Gongqingcheng Plum Blossom Investment Partnership (Limited Partnership)* is held as to 0.12% by Plum Ventures as general partner and none of the limited partners has 30% or more partnership interest therein. Meihua Shengshi is owned as to approximately 40.82% by Zhuhai Gopher Cloud Comfort Equity Investment Fund (Limited Partnership) (珠海歌斐雲舒股權投資基金(有限合夥)), which is held as to 0.02% by Wuhu Gopher Asset Management Co., Ltd.* (蕪湖歌斐資產管理有限公司) ("**Wuhu Gopher**") as general partner, 53.88% by Zhuhai Qilai Equity Investment Center (Limited Partnership)* (珠海麒萊股權投資中心(有限合夥)) ("**Zhuhai Qilai**") as limited partner and 46.10% by Zhuhai Qifang Equity Investment Center (Limited Partnership)* (珠海麒方股權投資中心(有限合夥)) ("**Zhuhai Qifang**") as limited partner. Gopher Asset Management Co., Ltd.* (歌斐資產管理有限公司) ("**Gopher Asset Management**") holds 100% interest in Wuhu Gopher Asset Management Co., Ltd.* and is the general partner holding 0.07% interest in Zhuhai Qilai and 0.08% interest in Zhuhai Qifang. None of the limited partners in Zhuhai Qilai and Zhuhai Qifang holds 30% or more partnership interest therein.

Gopher Asset Management is wholly held by Noah Holdings Ltd, whose shares are listed on the Stock Exchange under the stock code 6686 and New York Stock Exchange under the stock code NOAH. None of the other limited partners has 30% or more partnership interest in any of Meihua Shengkai, Meihua Shengshi and Meihua Shunshi.

To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

3. Entities controlled by Shenzhen Minghui

Each of Minghui Shunying, Minghui Shouhe, Minghui Xinsheng and Minghui Shunwei is a limited partnership established under the laws of the PRC and their general partner is Shenzhen Minghui Fund Management Co., Ltd.* (深圳茗暉基金管理有限公司) ("**Shenzhen Minghui**").

Shenzhen Minghui is a limited liability company incorporated under the laws of the PRC, and is held as to 40.83% by Liu Qingjie (劉清傑), an Independent Third Party, no other shareholder holds more than 30% interest therein.

Except for Mr. Lei Yingjin and Guangdong Minghui Ruixin Venture Capital Partnership (Limited Partnership)* (廣東茗暉睿信創業投資合夥企業(有限合夥))who hold approximately 36.04% and 37.45% in Minghui Shunying and Minghui Xinsheng, respectively, none of other limited partners has 30% or more partnership interest in any of Minghui Shunying, Minghui Shouhe, Minghui Xinsheng and Minghui Shunwei. Guangdong Minghui Ruixin Venture Capital Partnership (Limited Partnership)* is held as to 30% by Mr. Liu Xuanbo (劉宣伯), an Independent Third Party, and none of other limited partners has 30% or more partnership interest in it. To the best knowledge of our Directors, each of the above-mentioned persons and entities is an Independent Third Party.

4. Entities controlled by Wanlian Securities

Wanlian Guangsheng is a limited liability company established in the PRC on August 22, 2018, which is principally engaged in equity investment and venture capital. Wanlian Guangsheng is wholly owned by Wanlian Securities Co., Ltd.* (萬聯證券股份有限公司) ("**Wanlian Securities**"), which is held as to 43.04% by Guangzhou Financial Holdings Group Co., Ltd. (廣州金融控股集團有限公司), a company held as to 90.75% by Guangzhou Municipal People's Government (廣州市人民政府). None of the other shareholders of Wanlian Securities has 30% or more equity interest therein.

Tianze Ruifa is a limited partnership established in the PRC and its general partner is Wanlian Tianze Capital Investment Co., Ltd.* (萬聯天澤資本投資有限公司) ("**Wanlian Tianze**"), holding 20% of its partnership interests therein. Wanlian Tianze is a wholly-owned subsidiary of Wanlian Securities. None of the limited partners of Tianze Ruifa has 30% or more partnership interest therein.

To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

5. Entities controlled by Beijing Bojia

Each of Bojia Weizhu and Bojia Yuewen is a limited partnership established under the laws of the PRC and is ultimately controlled by Beijing Bojia Private Equity Fund Management Co., Ltd.* (北京博佳私募基金管理有限公司) ("**Beijing Bojia**"), which is ultimately controlled by Tian Bo (田博), an Independent Third Party.

Mr. Wang Jianguo (王建國), through his direct wholly-owned company, Beijing Xingdu Century Children's Bicycle Co., Ltd.* (北京興都世紀童車有限公司), holds 33.18% of the partnership interests in Bojia Weizhu. None of the other limited partners has 30% or more partnership interest in any of Bojia Weizhu or Bojia Yuewen.

6. Lingwei Energy

Lingwei Energy is a limited partnership established under the laws of the PRC on December 10, 2021, and its general partner is Ms. Wang Yaqi (王雅琪), an Independent Third Party. Lingwei Energy is held by Ms. Wang Yaqi, as to 0.02%, and one of the limited partners, Ms. Yu Yiling (余依玲), as to 91.59%. Both Ms. Wang Yaqi and Ms. Yu Yiling are Independent Third Parties. Lingwei Energy mainly engages in enterprise management and consulting services.

7. Keming Xiangtong

Keming Xiangtong is a limited partnership established in the PRC on April 6, 2021, and its general partner is Mr. Du Meng (杜朦), an Independent Third Party. Keming Xiangtong, is principally engaged in investment activities. Keming Xiangtong is owned as to approximately 23.23% and 40.40% by Mr. Du Meng and Mr. Tian Chunmiao (田春苗), respectively, of whom both are Independent Third Parties. None of the other limited partners has 30% or more partnership interest therein.

8. Mr. Wang Minglun

For background information of Mr. Wang, please refer to the paragraphs headed "Directors and Senior Management — Directors — Non-executive Directors".

9. Dongguan Qinhe

Dongguan Qinhe is a limited partnership established in the PRC on April 26, 2022, and its general partner is Dongguan Qinhe Qingshi Equity Investment Partnership (Limited Partnership)* (東莞勤合清石股權投資合夥企業(有限合夥)) ("**Dongguan Qinhe Qingshi**") holding 1% partnership interest therein. Dongguan Qinhe Qingshi is held as to 20% by Qing Shi Asset Management (Shanghai) Co., Ltd.* (清石資產管理(上海)有限公司) as general partner, which is wholly owned by Nantong Qinghui Enterprise Management Co., Ltd. (南通清匯企業管理有限公司), a wholly company of Nantong Qingshi Science and Technology Innovation Development Center (Limited Partnership)* (南通清石科創發展中心(有限合夥)). Nantong Qingshi Science and Technology Innovation Development Center (Limited Partnership)* is held as to 60% by Nantong Yanze Technology Development Co., Ltd.* (南通彥澤科技發展有限公司) as general partner and none of the limited partners holds more than 30% partnership interest therein. Nantong Yanze Technology Development Co., Ltd.* is directly wholly owned by Mr. Wu Weiping (吳偉萍), an Independent Third Party. Dongguan Qinhe Qingshi is held as to 45% by Shanghai Moqin Intelligent Technology Co., Ltd.* (上海摩勤智能技術有限公司) and 35% by Mr. Feng Xiaoyong (馮小勇), an Independent Third Party, as limited partners.

Dongguan Qinhe is owned as to approximately 49% and 30% by Shanghai Moqin Intelligent Technology Co., Ltd.* (上海摩勤智能技術有限公司) and Dongguan Emerging Strategic Industries Investment Partnership (Limited Partnership)* (東莞市新興戰略性產業投資合夥企業(有限合夥)). Shanghai Moqin Intelligent Technology Co., Ltd.* is directly wholly held by Huaqin Technology Co., Ltd.* (華勤技術股份有限公司), whose shares are listed on the Shanghai Stock Exchange under the stock code 603296. Dongguan Emerging Strategic Industries Investment Partnership (Limited Partnership)* is held as to 1% by Dongguan Toukong Private Equity Fund Management Co., Ltd.* (東莞市投控私募基金管理有限公司) as general partner, which is ultimately beneficially owned by Dongguan Municipal People's Government State-owned Assets Supervision and Administration Commission* (東莞市人民政府國有資產監督管理委員會). The other 99% partnership interest is held by Dongguan Dongcai Investment Holdings Co., Ltd.* (東莞市東財投資控股有限公司) as limited partner, which is wholly owned by the Dongguan Municipal Finance Bureau (東莞市財政局). To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

10. Anyuan Urban Investment

Anyuan County is a limited liability company established in the PRC on March 26, 2014. Anyuan County is wholly owned by Anyuan County Dongjiangyuan Development Group Co., Ltd.* (安遠縣東江源發展集團有限公司) ("**Anyuan County Dongjiangyuan**"), which is wholly owned by Anyuan County Finance Bureau (安遠縣財政局). Anyuan County principally engages in general investments, land acquisitions, construction of government funded projects, and construction of urban infrastructure. To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

11. Liantian Qichuang

Liantian Qichuang is a limited partnership established in the PRC on June 9, 2020. The general partner of Liantian Qichuang is Xi'an Liantian Enterprise Management Partnership (Limited Partnership)* (西安聯天企業管理合夥企業(有限合夥)) ("**Xi'an Liantian Enterprise**"), which holds 56.25% of partnership interests therein.

Xi'an Liantian Enterprise is a limited partnership established under the laws of the PRC and is held as to 70% by Beijing Dingneng Capital Management Center (Limited Partnership)* (北京鼎能資本管理中心(有限合夥)) ("**Beijing Dingneng**") and 30% by Ms. Zhou Shuangjuan (周霜娟). Beijing Dingneng is held as to 55% by Ms. Zhou Shuangjuan and 45% by Mr. Liu Xiangming (劉向明). To the best knowledge of our Directors, each of Ms. Zhou Shuangjuan, Mr. Liu Xiangming and the above-mentioned entities is an Independent Third Party.

None of the limited partners of Liantian Qichuang has 30% or more partnership interest.

12. Xinhe Investment

Xinhe Investment is a limited partnership established in the PRC on December 8, 2020. The general partner of Xinhe Investment is Mr. Zhang Li (張力). Xinhe Investment is owned as to approximately 3.45% and 75.86% by Mr. Zhang Li and Ms. Zhang Yin (張欣), of whom both are Independent Third Parties.

13. Qingdao Yiqiao

Qingdao Yiqiao is a limited partnership established in the PRC on March 3, 2022. The general partner of Qingdao Yiqiao is Xi'an Yiqiao Private Equity Fund Management Co., Ltd.* (西安一橋私募基金管理有限公司) ("**Xi'an Yiqiao**"). As of the Latest Practicable Date, Xi'an Yiqiao is owned as to 40% by Xi'an Lianxin Kaisheng Enterprise Management Consulting Partnership (Limited Partnership)* (西安聯信鎧盛企業管理諮詢合夥企業(有限合夥)), which is owned as to 50% by Mr. Shi Peng (石鵬) as general partner and 30% by Mr. Xia Peijie (夏沛杰) as limited partner, both are Independent Third Parties. Qingdao Yiqiao is owned as to approximately 31.06% by Qingdao Lianchu Innovation Investment Co., Ltd. * (青島聯儲創新投資有限公司) and none of other limited partners has 30% or more partnership interest therein. Qingdao Lianchu Innovation Investment Co., Ltd.* is owned as to 100% by Lianchuang Securities Co., Ltd.* (聯儲證券股份有限公司) and none of the shareholders of Lianchuang Securities Co., Ltd.* owns more than 30% shares therein. To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

14. Renzhi Qihang

Renzhi Qihang is a limited partnership established in the PRC on October 9, 2021. The general partner of Renzhi Qihang is Shenzhen No.1 Qihang Investment Consulting Partnership (Limited Partnership)* (深圳一號啓航投資諮詢合夥企業(有限合夥)) ("**Shenzhen No.1 Qihang**") holding 4.1% partnership interest therein. Shenzhen No. 1 Qihang is owned as to 9.09% by Qianhai Renzhi Capital Management (Shenzhen) Co., Ltd.* (前海仁智資本管理(深圳)有限公司) as general partner and 90.91% by Shenzhen Qianjiangwan Investment Consulting Co., Ltd.* (深圳前江灣投資諮詢有限公司) as limited partner. Xie Zehuan (謝澤環), an Independent Third Party, directly holds 50% and 99% in Qianhai Renzhi Capital Management (Shenzhen) Co., Ltd.* and Shenzhen Qianjiangwan Investment Consulting Co., Ltd.*, respectively.

Renzhi Qihang is owned as to 35% by Shenzhen Renzhi Lucun No. 2 Investment Consulting Partnership (Limited Partnership)* (深圳市仁智祿存貳號投資諮詢合夥企業(有限合夥)), which is in turn owned as to 96.77% by Shenzhen Leyi Network Technology Co., Ltd.* (深圳市樂易網絡股份有限公司). Shenzhen Leyi Network Technology Co., Ltd.* is owned as to 99.99% by Shenzhen Leyi Holdings Co., Ltd.* (深圳市樂易控股有限公司), none of whose shareholders owns more than 30% shares therein.

None of the other limited partners of Renzhi Qihang has 30% or more partnership interest. To the best knowledge of our Directors, each of the above-mentioned entities is an Independent Third Party.

15. Wanshi Jishun

Wanshi Jishun is a limited partnership established in the PRC on August 25, 2021. The general partner of Wanshi Jishun is Ms. Deng Xueyan (鄧雪豔), an Independent Third Party, holding a partnership interest of 53.07%. Ms. Deng Xueyan has extensive experience in general investments.

None of the limited partners of Wanshi Jishun has 30% or more partnership interest.

16. Mr. Luo

Mr. Luo is an entrepreneur and an Independent Third Party. Mr. Luo invested into our Company after meeting with our management directly and holds investment experiences in electronic and information technology industry.

PRC Legal Advisor's confirmation

As advised by our PRC Legal Advisor, our Company has completed all necessary registration or filings with the relevant local branch of SAMR in respect of the Pre-[**REDACTED**] Investments set out above, and the Pre-[**REDACTED**] Investments were conducted in compliance with the applicable PRC laws and regulations in all material respects.

Confirmation from the Sole Sponsor

On the basis that (i) the [**REDACTED**], being the first day of trading of our H Shares on the Stock Exchange will take place more than 28 clear days after the completion of the Pre-[**REDACTED**] Investments; and (ii) all the special rights granted to the Pre-[**REDACTED**] Investors have been terminated, the Sole Sponsor has confirmed that the terms of the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

[REDACTED]

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming that the [**REDACTED**] is not exercised, (i) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is HK$[**REDACTED**] billion, and the minimum prescribed [**REDACTED**] percentage applicable to our Shares is [**REDACTED**]%; (ii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is HK$[**REDACTED**] billion, and the minimum prescribed [**REDACTED**] percentage applicable to our Shares is [**REDACTED**]%; and (iii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the top end of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is HK$[**REDACTED**] billion, and the minimum prescribed [**REDACTED**] percentage applicable to our Shares is [**REDACTED**]%.

To the best of our Directors' knowledge, information and belief, and having made all reasonable inquiries, (i) Mr. Chen, Mr. Xu, Zhuhai Jiwang, Huizhou Jiwang, Shenzhen Mic-Power, Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi, being our Controlling Shareholders, and (ii) Mr. Wang, being our non-executive Director, are core connect persons of our Group.

[**REDACTED**] H Shares will be converted from [**REDACTED**] Shares controlled by our core connected persons or otherwise fall under the situations as contemplated under Rule 8.24 of the Listing Rules (representing approximately [**REDACTED**]% of our total issued Shares as of the Latest Practicable Date, approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued Shares (upon exercise of the [**REDACTED**] in full)). Therefore, [**REDACTED**] H Shares will not be considered as part of the [**REDACTED**] of our Company in accordance with Rule 8.08 of the Listing Rules.

To the best knowledge and information of our Directors, taking into account the [**REDACTED**], [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares (upon exercise of the [**REDACTED**] in full) (both calculated based on the low-end of the indicative [**REDACTED**]) will be counted towards the [**REDACTED**] of our Company in accordance with Rule 8.08 of the Listing Rules. Therefore, at least 25% of the issued share capital of our Company will be counted towards our [**REDACTED**] immediately upon completion of the [**REDACTED**], and our Company will be able to meet the minimum [**REDACTED**] requirements under Rule 19A.13A of the Listing Rules.

FREE FLOAT

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

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this document shall not be counted towards the free float of the H Shares of our Company at the time of [**REDACTED**]. Based on the [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**], which represent approximately [**REDACTED**]% of our Company's total number of issued Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Company will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

CAPITALIZATION

The following table sets out our shareholding structure on the date of this document and immediately upon the completion of the **[REDACTED]**, assuming that (i) the **[REDACTED]** becomes unconditional and the **[REDACTED]** are issued pursuant to the **[REDACTED]** and (ii) the **[REDACTED]** is not exercised.

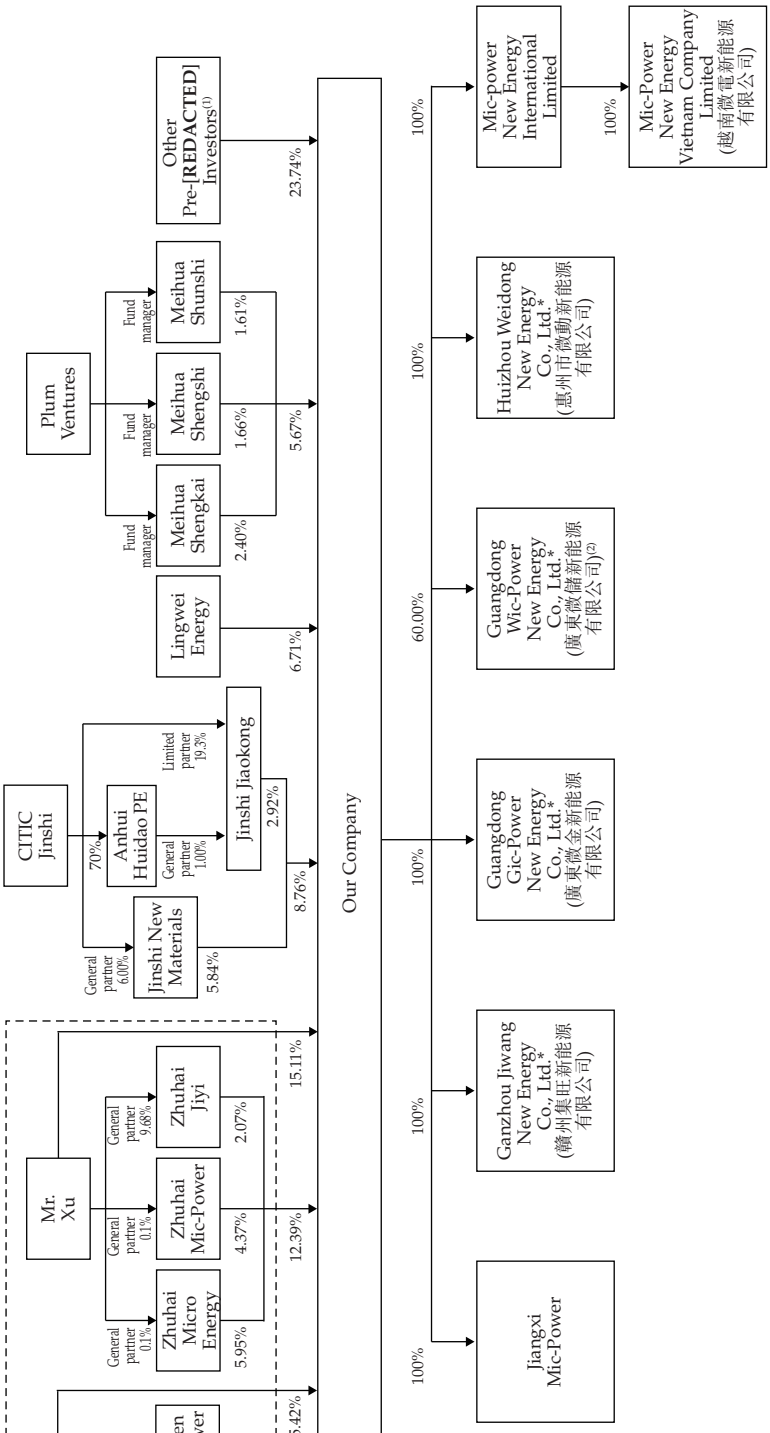
	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]	
Number of Shares	Name of Shareholder	% as to the total issued share capital of our Company	Number of Shares H Shares	% as to the total issued share capital of our Company
Mr. Chen	14,628,421	15.42%	[REDACTED]	[REDACTED]%
Entities controlled by Mr. Chen				
Zhuhai Jiwang	4,245,660	4.47%	[REDACTED]	[REDACTED]%
Huizhou Jiwang	4,105,264	4.33%	[REDACTED]	[REDACTED]%
Shenzhen Mic-Power	3,229,473	3.40%	[REDACTED]	[REDACTED]%
Sub-total	**26,208,818**	**27.62%**	[REDACTED]	[REDACTED]%
Mr. Xu	14,334,210	15.11%	[REDACTED]	[REDACTED]%
Entities controlled by Mr. Xu				
Zhuhai Micro Energy	5,644,478	5.95%	[REDACTED]	[REDACTED]%
Zhuhai Mic-Power	4,144,668	4.37%	[REDACTED]	[REDACTED]%
Zhuhai Jiyi	1,963,684	2.07%	[REDACTED]	[REDACTED]%
Sub-total	**26,087,040**	**27.50%**	[REDACTED]	[REDACTED]%
Entities controlled by CITIC Jinshi				
Jinshi New Materials	5,543,699	5.84%	[REDACTED]	[REDACTED]%
Jinshi Jiaokong	2,771,849	2.92%	[REDACTED]	[REDACTED]%
Sub-total	**8,315,548**	**8.76%**	[REDACTED]	[REDACTED]%
Lingwei Energy	**6,365,670**	**6.71%**	[REDACTED]	[REDACTED]%
Entities controlled by Mr. Wu Shichun				
Meihua Shengkai	2,280,702	2.40%	[REDACTED]	[REDACTED]%
Meihua Shengshi	1,578,486	1.66%	[REDACTED]	[REDACTED]%
Meihua Shunshi	1,525,529	1.61%	[REDACTED]	[REDACTED]%
Sub-total	**5,384,717**	**5.67%**	[REDACTED]	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]	
Number of Shares	Name of Shareholder	% as to the total issued share capital of our Company	Number of Shares H Shares	% as to the total issued share capital of our Company
Entities controlled by Shenzhen Minghui				
Minghui Shunying	1,140,351	1.20%	[REDACTED]	[REDACTED]%
Minghui Shouhe	1,020,179	1.08%	[REDACTED]	[REDACTED]%
Minghui Xinsheng	771,837	0.81%	[REDACTED]	[REDACTED]%
Minghui Shunwei	522,463	0.55%	[REDACTED]	[REDACTED]%
Sub-total	**3,454,830**	**3.64%**	[REDACTED]	[REDACTED]%
Entities controlled by Wanlian Securities				
Tianze Ruifa	1,803,852	1.90%	[REDACTED]	[REDACTED]%
Wanlian Guangsheng	1,202,545	1.27%	[REDACTED]	[REDACTED]%
Sub-total	**3,006,397**	**3.17%**	[REDACTED]	[REDACTED]%
Entities controlled by Beijing Bojia				
Bojia Weizhu	1,710,526	1.80%	[REDACTED]	[REDACTED]%
Bojia Yuewen	1,121,041	1.18%	[REDACTED]	[REDACTED]%
Sub-total	**2,831,567**	**2.98%**	[REDACTED]	[REDACTED]%
Others				
Keming Xiangtong	3,566,294	3.76%	[REDACTED]	[REDACTED]%
Mr. Wang	1,984,211	2.09%	[REDACTED]	[REDACTED]%
Dongguan Qinhe	1,608,469	1.70%	[REDACTED]	[REDACTED]%
Mr. Luo	1,368,421	1.44%	[REDACTED]	[REDACTED]%
Anyuan Urban Investment	1,108,740	1.17%	[REDACTED]	[REDACTED]%
Liantian Qichuang	912,281	0.96%	[REDACTED]	[REDACTED]%
Xinhe Investment	886,992	0.93%	[REDACTED]	[REDACTED]%
Qingdao Yiqiao	839,729	0.89%	[REDACTED]	[REDACTED]%
Renzhi Qihang	831,555	0.88%	[REDACTED]	[REDACTED]%
Wanshi Jishun	119,128	0.13%	[REDACTED]	[REDACTED]%
Investors from the [REDACTED]	–	–	[REDACTED]	[REDACTED]%
Total	**94,880,407**	**100%**	[REDACTED]	**100%**

CORPORATE AND SHAREHOLDING STRUCTURE

Shareholding and Corporate structure immediately before the completion of the [REDACTED]

The following chart sets out the shareholding structure of our Group immediately before completion of the [**REDACTED**]:



Notes:

(1) Other Pre-[**REDACTED**] investors comprise the following:

(a) 1.20% by Minghui Shunying;

(b) 1.08% by Minghui Shouhe;

(c) 0.81% by Minghui Xinsheng;

(d) 0.55% by Minghui Shunwei;

(e) 1.90% by Tianze Ruifa;

(f) 1.27% by Wanlian Guangsheng;

(g) 1.80% by Bojia Weizhu;

(h) 1.18% by Bojia Yuewen;

(i) 3.76% by Keming Xiangtong;

(j) 2.09% by Mr. Wang;

(k) 1.70% by Dongguan Qinhe;

(l) 1.44% by Mr. Luo;

(m) 1.17% by Anyuan Urban Investment;

(n) 0.96% by Liantian Qichuang;

(o) 0.93% by Xinhe Investment;

(p) 0.89% by Qingdao Yiqiao;

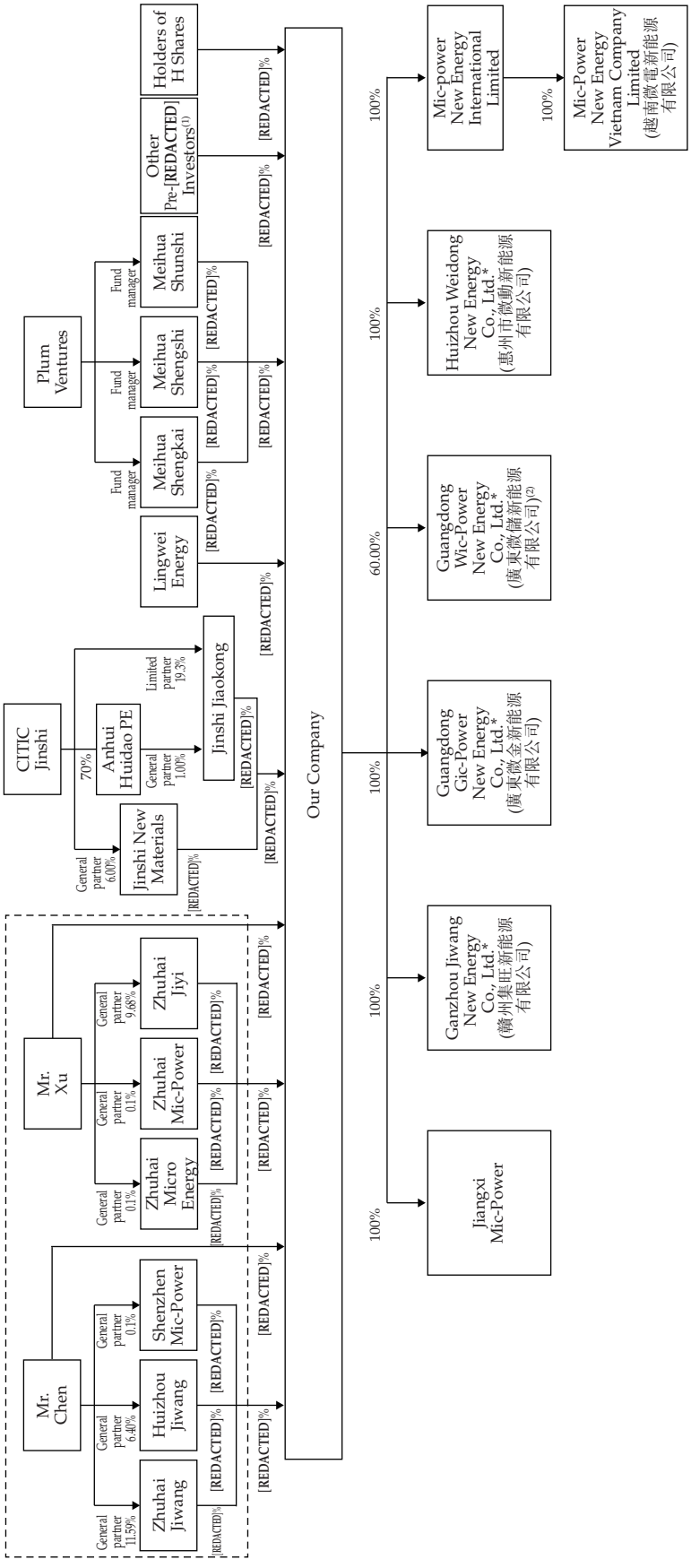
(q) 0.88% by Renzhi Qihang; and

(r) 0.13% by Wanshi Jishun.

(2) Guangdong Wic-Power New Energy Co., Ltd.* (廣東微儲新能源有限公司) was held as to 60.0% by our Company and 40% by Xinyue New Energy Technology (Shenzhen) Partnership (Limited Partnership)* (心悦新能源科技(深圳)合夥企業(有限合夥)), which is an Independent Third Party.

Shareholding and Corporate structure immediately following the completion of the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the **[REDACTED]** (assuming no exercise of the **[REDACTED]**):



Notes:

(1) Other Pre-**[REDACTED]** investors comprise the following:

(a) **[REDACTED]**% by Minghui Shunying;

(b) **[REDACTED]**% by Minghui Shouhe;

(c) **[REDACTED]**% by Minghui Xinsheng;

(d) **[REDACTED]**% by Minghui Shunwei;

(e) **[REDACTED]**% by Tianze Ruifa;

(f) **[REDACTED]**% by Wanlian Guangsheng;

(g) **[REDACTED]**% by Bojia Weizhu;

(h) **[REDACTED]**% by Bojia Yuewen;

(i) **[REDACTED]**% by Keming Xiangtong;

(j) **[REDACTED]**% by Mr. Wang;

(k) **[REDACTED]**% by Dongguan Qinhe;

(l) **[REDACTED]**% by Mr. Luo;

(m) **[REDACTED]**% by Anyuan Urban Investment;

(n) **[REDACTED]**% by Liantian Qichuang;

(o) **[REDACTED]**% by Xinhe Investment;

(p) **[REDACTED]**% by Qingdao Yiqiao;

(q) **[REDACTED]**% by Renzhi Qihang; and

(r) **[REDACTED]**% by Wanshi Jishun.

Please refer to note (2) in the paragraph headed "— Shareholding and Corporate structure immediately before the completion of the **[REDACTED]**" in this section.

OVERVIEW

We are a leading provider of integrated, high-performance, safety-enhanced mini-size lithium-ion batteries, dedicated to tackling the core challenges in mini-size battery materials and battery design and addressing the limitations of other currently available lithium-ion formulations and technologies. According to CIC, in 2025, we ranked fourth globally, and second among PRC suppliers, in consumer mini-size lithium-ion batteries by shipment volume, holding a 4.1% global market share, and second globally, and first among PRC suppliers, in mini-size lithium-ion batteries used in wireless headphones by shipment volume, holding a 7.5% global market share. Our products are based on our self-developed safety design, supplemented with innovative battery designs as well as systems and pack technologies that increase the performance and scalability of battery systems used for high-power applications. As a result, while other mini-size battery solution providers offer competitive performance in some metrics, we believe our batteries and battery systems embody multiple key characteristics, such as improved safety and thermal management, fast charge capability, long cycle and calendar life, solid state, high energy density, low power degradation and compelling balance of cost and performance.

Diversified Product Portfolio. As our technology has advanced and integrated more tightly with application-specific solutions, our product portfolio falls under five main mini-size lithium-ion battery product types: (i) button, (ii) cylindrical, (iii) prismatic and bent, (iv) modules, and (v) others. Across these five product types, we enable a wide range of intelligent devices that are prevalent in daily life and in various industries. We leverage our self-developed knowhow and technologies, and automated manufacturing to expand our product offerings while aligning each product type to certain priority application scenarios: (i) wearable devices, (ii) personal smart medical devices, (iii) portable energy storage battery packs, (iv) smart educational and entertainment devices, and (v) others. This categorization reflects both manufacturing form factors and such forms' commercialization scenarios. We believe our products are among the most important components of smart devices and serve as an essential facilitator of human/device interactions.

Comprehensive Spectrum of Industry Solutions. Our extensive suite of products enables us to deliver highly integrated mini-size lithium-ion batteries products to meet our customers' ever-changing needs. We have established advanced technological capabilities that underline our comprehensive product offerings, making us one of the few solution providers with a significant presence across each of the application scenarios of our respective products. Within each, we deliver our products with an application-specific solution approach. We configure our products to the specific application scenarios while integrating safety, fast charge capability, lifecycle reliability, and meeting global standards. All of our modularized products can be readily integrated and assembled with other components to create an application-specific solution. We offer customization services for most of our products. We typically tailor our products by iterating existing versions or by developing new designs, tailoring to the end-customers' specific application requirement and forthcoming product strategies. We are also actively expanding with new products tailored to market trends.

Significant Market Opportunities. The mini-size lithium-ion batteries market has witnessed secular growth under technology megatrends, including AI, IoT, 5G, and cloud. Driven by the proliferation of miniaturization and wireless smart devices, mini-size lithium-ion batteries components have become essential to the interactions between human and devices. According to CIC, the global mini-size lithium-ion batteries reached 2,914.8 million units in 2025, and is expected to grow at a CAGR of 7.7% from 2026 to 2030, outpacing the broader lithium-ion battery market. We have captured significant market opportunities during the Track Record Period. Our revenue increased by 51.7% from RMB351.2 million in 2023 to RMB532.9 million in 2024, increased by 6.1% to RMB565.3 million in 2025. Our revenue increased by 18.0% from RMB285.9 million for the six months

ended June 30, 2025 to RMB337.2 million for the same period in 2026. Our net profit increased from RMB6.8 million in 2023 to RMB58.1 million in 2024, we achieved a net profit of RMB31.5 million in 2025, and a net profit of RMB26.9 million in the six months ended June 30, 2026.

Renowned End-Customer Base. We have attracted a broad end-customer base comprising world-leading and internationally renowned smart device and consumer electronics brands, and leading players in other targeted consumer and industrial verticals, see "Business — Representative Case Studies" for further details. Our revenue attributable to such end-customers were RMB328.7 million, RMB487.3 million, RMB507.0 million, and RMB288.9 million in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. In addition, our dedicated service teams that work closely with such end-customers to cater to their specific design requirements and product development processes, collecting first-hand industry insights which in turn inspire our overall R&D efforts. In turn, we are able to penetrate a wide spectrum of such customers, foster long-term and stable partnerships, and maximize customer value. We believe that such strong relationships enable us to stay at the forefront of industry development and reinforce our technological leadership, which creates a powerful cycle unlocking continued innovation and the delivery of increased value to our customers.

Technology and Innovation. We believe our core technologies and IP portfolio have established a solid foundation for our technology innovation across a variety of sectors and are crucial to our long-term success. We have built a multi-tiered R&D system that includes a research institute, a product development center, and an engineering technology center, staffed by over 400 R&D personnel. As of the Latest Practicable Date, we have accumulated more than 700 intellectual property right applications, including 692 in China (including 171 invention patents), 23 in Europe and the United States, and 28 international PCT applications. These patents cover areas such as safety design, material systems, and manufacturing processes.

Automated Manufacturing Capabilities. We have three production bases ((1) Huizhou, Guangdong, (2) Ganzhou, Jiangxi, and (3) Bac Giang, Vietnam) ensuring stable supply and innovation capability. Our two fully operational production bases in Huizhou and Ganzhou provide a combined production capacity of approximately 129.0 million sets, 171.1 million sets, 182.0 million sets, and 87.7 million sets of batteries in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. Our third base in Bac Giang, was established in 2024 and currently operates four production lines. Furthermore, our self-developed flexible automated production facilities have increased our manufacturing efficiency and support rapid product changeovers and multi-variety customization needs. These lines feature automated winding, precision coating and laser sealing, which are critical for serving niche markets like smart consumer electronics and custom medical devices. Integrated with an MES system for end-to-end traceability, the lines ensure consistent quality while reducing production costs, solidifying our ability to scale innovations from lab to market. We hold ISO 9001, ISO 13485, ISO 14001, ISO 45001, ISO 14064, QC 080000 and other international certifications, complying with global safety norms like UL 1642 and IEC 62133.

OUR STRENGTHS

As a competitive player in sectors of the global mini-size lithium-ion battery industry, we have built a competitive edge rooted in market positioning, product diversity, R&D foundations, and operational excellence.

Deep penetration across key end markets, with tailored products for different application scenarios

Our key strength is our ability to align our product portfolio with the needs of high-growth end markets, ensuring we deliver solutions that solve real customer pain

points. According to CIC, in 2025, we ranked fourth globally, and second among PRC suppliers, in consumer mini-size lithium-ion batteries by shipment volume, holding a 4.1% global market share, and second globally, and first among PRC suppliers, in mini-size lithium-ion batteries used in wireless headphones by shipment volume, holding a 7.5% global market share. Our strong product adaptability is reflected in the fact that our batteries are incorporated into a broad range of end-products across our principal application scenarios.

Our end-market focus is primarily on the following application scenarios:

Wearable Devices

In wearable devices, we focus on power solutions for high-fidelity, low-noise applications, including TWS/OWS headphones, earbuds, and professional audio peripherals. Button and cylindrical batteries serve as core cells for earbuds and charging cases, combining fast charge performance with electromagnetic interference suppression for audio quality. Prismatic and bent batteries complement acoustics modules in space-constrained designs such as smart glasses. Modules are deployed in charging cradles and accessory bases to enable consistent end-user experience. Our design wins with brands such as Bose, Shokz, Xiaomi, and vivo validate our leadership in this segment. Representative end-products incorporating our batteries in this application scenario include TWS earphones, charging cases and over-ear headphone products associated with BOSE; TWS earphones, charging cases, smart bands, smart watches and audio devices associated with Xiaomi; TWS earphones, charging cases and ear-clip headphone products associated with vivo; and bone conduction headphones, ear-clip headphones, hanging-style headphones and charging cases associated with shokz.

Personal Smart Medical Devices

In personal smart medical devices, we address stringent safety and reliability requirements for hearing aids, glucose monitoring tools, sleep aids, and handheld medical tools. Button batteries engineered for hearing aids have long-life cycle and are manufactured under strict environmental controls to ensure medical-grade consistency. Cylindrical batteries power portable diagnostic devices requiring stable, high-rate performance, while prismatic and bent batteries enable miniaturized, skin-contact wearables where form factor is critical. For multi-cell needs, modules are configured with integrated safety and thermal management aligned to medical device standards. Representative branded end-products incorporating our batteries in this application scenario include hearing aid products associated with ReSound.

Portable Energy Storage Battery Packs

In portable energy storage battery packs, we design and supply modules and integrated packs for backup and portable storage. The products incorporate our cells into sub-modules with redundant protection and thermal management to meet reliability and safety requirements. Cylindrical and prismatic batteries are selected based on energy density, charge rate, and thermal profiles, while button batteries may be deployed for ancillary low-power controls. Our pack systems are tailored for rapid deployment, robust mechanical performance, and end-user safety. Our ability to deliver such integrated solutions is supported by our established track record in this application scenario, as reflected by our revenue generated during the Track Record Period. Representative branded end-products incorporating our batteries and module products in this application scenario include portable energy storage battery packs associated with a leading global portable power and consumer electronics brand.

Smart Educational And Entertainment Devices

In smart educational and entertainment devices, we support AI-enabled toys, learning tools, and handheld gaming systems. Button batteries provide compact

power for toys and sensors, while cylindrical batteries serve handheld gaming consoles and smart input devices such as styluses that requiring fast charge and consistent discharge at higher C-rates. Prismatic battery and bent battery solutions enable thinner, compact device designs, and modules are used in hub-based educational kits that require multi-domain power management. We have also co-developed, in accordance to the end-customer's requirements, a specific model with a global leading toy manufacturer for an AI toy, and have received sample orders for this model, demonstrating our product customization cadence in this vertical.

R&D as a driver of market leadership

Our ability to serve diverse end markets is underpinned by ongoing R&D investment, which enables us to develop products tailored to each segment's unique needs. For example, we produce fast charging and high energy density solutions for TWS/OWS headphones, provide miniaturized solutions and safety protection for hearing aids, and offer tailored designs for smart educational and entertainment devices. This R&D foundation ensures we stay ahead of competitors in addressing unmet demand across markets.

In addition, we engage with globally leading clients beyond the traditional customer relationships, actively participating in their end product design and R&D phases to align our solutions with their specific needs and intended purposes. This collaborative model has led to long-term partnerships with brands such as Shokz (for sports open-ear headphones), Xiaomi (for a variety of wearable products), and ReSound (part of GN and for hearing aids). These partnerships help us expand into new markets through trusted referrals and joint innovation.

Authoritative industry recognition

Our technical expertise and operational standards have earned us key certifications, including designations such as "Little Giant" Enterprise (2021), Recommended National "Little Giant" Enterprise (2022), National Intellectual Property Advantage Enterprise (2022), and Guangdong Provincial Manufacturing Single Champion (2023). These honors underscore our focus on niche market excellence and consistent quality.

Independent R&D Capabilities Covering the Entire Value Chain

Our R&D capabilities span every link of the battery lifecycle, enabling us to deliver integrated solutions and maintain a 99% self-supply rate for core cells, an industry-leading level of vertical integration.

Forward-looking material R&D

We invest heavily in developing advanced material systems to push performance limits. For cathodes, we adopt high-voltage materials to boost energy density; for anodes, we use silicon-carbon composites to enhance capacity. For battery casings, we have tested and applied aviation aluminum, high-purity stainless steel, and titanium alloy — materials that improve durability, reduce weight, and ensure compatibility with ultra-compact devices.

High-precision and advanced automated process capability

We have overcome major production bottlenecks to achieve greater miniaturization and efficiency. We have advanced production equipment which are customized with designed parameters based on our R&D efforts and achievements. For instance, we have advanced winding technology which allows to produce extra-thin batteries in large quantities, with better consistency and less waste than traditional production methods.

Our self-developed flexible automation lines allow us to make quick product changeovers, thereby minimizing switching costs. This flexibility allows us to efficiently fulfill both high-volume orders and custom small-batch projects. See "— Our Business Model and Manufacturing Capabilities" and "— Our Technology" for further information on our advanced manufacturing capabilities.

Systematic product innovation by customer collaboration

Based on our deep understanding of market application scenarios, we have developed a diverse portfolio of mini-sized lithium ion battery products through meticulous optimization of battery structure and dimensions combined with process innovation. Our product line encompasses multiple form factors, including metal cased button batteries, pouch-type button batteries, pin-type batteries, metal-cased cylindrical batteries, metal-cased prismatic batteries, pouch-type prismatic batteries, and pouch-type bent batteries. To address the continuous demand for enhanced energy density and charging power in micro batteries, we advance product performance iteration through annually updated technology roadmaps, thereby consolidating and strengthening our product competitiveness on an ongoing basis.

We have also identified the market's increasing demand for battery life and modularized assembly trends facing micro batteries in consumer electronics. By strategically allocating our R&D resources, we developed and commercialized the industry's most compact metal-cased prismatic battery. We co-developed dedicated manufacturing equipment with our supply chain partners, enabling such product to deliver industry-leading performance in both energy density and structural strength, and thereby ultimately supporting the end-customers' development of distinctive end-products.

Industry Leading Product Performance with Core Technical Barriers

Our products excel in key performance indicators, addressing critical industry pain points:

Uncompromising safety

We invented metal button batteries with a dual-safety mechanism in 2019, which adopts a three-point localized sealing riveting structure to create a passive pressure release channel, solving the long-standing issue of fire/explosion in traditional lithium batteries under overcharging or high temperatures. Our batteries maintain stable operation even under extreme testing conditions, including various thermal abuse tests.

High energy density

Through material and structural innovations, we have doubled the energy density of our headphone batteries over the past five years. Our fully sealed 5.8 mm-diameter button batteries, launched in 2023, exceeded energy density limits in ultra-compact spaces which is critical for hearing aids and miniaturized medical sensors. Our model 5850 (5.8 mm in diameter and 5.0 mm in thickness), the world's smallest rechargeable lithium-ion button battery at the time of its launch in 2024, delivers reliable power at the energy density of 294 Wh/L in devices where every millimeter matters.

Fast charging and long lifespan

We use high-performance fast-charging anode materials, pre-coated foils, and advanced conductive agents to support 5–8C ultra-fast charging — meaning a TWS headphone battery can charge to 80% in just 10 minutes. For hearing aids, we have achieved life cycles over 1,500 charge-discharge cycles by controlling production conditions, for example, humidity levels and milligram-level electrolyte management, and using picosecond laser welding which minimizes thermal damage to battery components.

Scenario-specific customization

We do not just build "one-size-fits-all" batteries. We provide solutions to technological hurdles faced by our customers and the end-customers, translating solutions into products and innovations across safety, energy density, charging and life cycles.

Our technological advancement continuously expands the boundaries of our mini-size lithium-ion battery capabilities, as highlighted below:

- In 2019, we launched the world's first three-point crimping metal button battery, a patented safety innovation that resolved the long-standing risk of thermal runaway in compact batteries. Please refer to "Business — Uncompromising safety" for further details.

- In 2020, we introduced ultra-long-life hearing aid batteries tailored to the medical device sector's demand for reliability. These batteries support over 1,500 charge-discharge cycles (at 0.5C rate) and a 10-year calendar life, outperforming industry average for hearing aid batteries.

- In 2021, we launched the 4mm-thick rechargeable button battery, the thinnest of its kind at the time. Breaking form factor constraints for ultra-compact devices, this battery maintained competitive capacity despite its slim profile, enabling sleeker designs for hearing aids, small wearables, and miniaturized medical sensors.

- In 2022, we achieved two key milestones: First, the low-noise fixed-tab button battery, which addressed a major pain point for audio devices by eliminating magnetic interference and delivering a "zero-noise" experience. Second, we launched the 100°C-cycling cylindrical solid-state battery, a mini-size solid-state solution capable of stable operation at extreme temperatures. By replacing liquid electrolytes with a solid matrix, this battery eliminated leakage risks and maintained consistent performance through repeated cycles at 100°C — a critical advantage for enclosed high-temperature environments and applications in close proximity to the human body.

- In 2024, we launched the world's smallest rechargeable lithium-ion button battery (model 5850), measuring just 5.8 mm in diameter and 5.0 mm in thickness. This ultra-miniature battery achieved unprecedented energy density in a tiny footprint, thanks to high-precision laser sealing (1,064nm fiber laser, 0.2mm seam width) that reduced material waste and maximized internal space. Used in hearing aids and ultra-compact wearables, it replaces traditional non-rechargeable batteries, cutting user costs and extending device lifespans while adhering to global environmental standards.

- In 2025, we released the semi-solid drone battery, targeting the emerging low-altitude aircraft sector. This battery leverages a semi-solid electrolyte to deliver 680 Wh/L energy density (37.5% higher than liquid-electrolyte cells) and 8–10C fast charging, supporting drones' high-power propulsion needs and extending flight time. With 2,000-cycle capacity retention of 85%, it meets the rigorous reliability requirements of commercial and industrial drones.

Sustained Technological Innovation Driven by High R&D Investment

Innovation is embedded in our development philosophy, supported by consistent resource input and systematic mechanisms.

Continuous R&D investment

We allocate at least 10% of annual revenue to R&D. This investment funds our over 400 R&D personnel and supports breakthroughs including advances in chemical material systems, product performance enhancements, innovations in product structure and form factors, and upgrades to production equipment and manufacturing processes.

Efficient patent output

We file numerous new patents annually, with a focus on actionable innovations. For example, our 2022 patent for "low-noise fixed-tab button batteries" eliminated magnetic interference in audio devices, making our button batteries more attractive in such application scenarios.

Academia collaboration

We collaborate with leading academic institutions, such as Central South University for battery material research, and we have contributed to The Hong Kong Polytechnic University for research on battery novel structure and lifetime. Such efforts are aimed to bridge lab innovations to product commercialization.

Wide Market Reach and High-end Customer Stickiness

We have a sales network that reaches end-customers around the world, which helps facilitate further market expansion and deep customer bonding.

Diversified end-customer base

Our customers span across various industries including in consumer electronics, medical devices and smart toys and entertainment applications. Such diversity helps mitigate the impact of market fluctuations in any single sector. We focus on direct sales of our products to customers engaged in the consumer electronics industry and medical devices industry in China. We also have sales and service representatives in the U.S., Europe, Mexico, China Hong Kong, and China Taiwan, and a production base in Bac Giang, Vietnam — one of the few battery companies that produce battery cells in Vietnam, which differentiates us from a significant number of mini-battery competitors that primarily rely on domestic production or outsourcing. Establishing our presence in Vietnam brings us geographically closer to the customers we serve in the region, and it can provide customers with a flexible option to source non-PRC origin products, supporting supply chain stability amid tariff volatility and other cross-border considerations.

Customer-centric management

For every end-customer, we assign a dedicated project manager who acts as the main point of contact, coordinating with R&D, production, and quality teams to deliver custom solutions. We deeply involve ourselves and participate in our end-customers' product development where possible, so as to be able to produce customized battery solutions to address issues they may encounter. This collaboration model improves customer retention, as specifications, testing protocols and workflows become more integrated, allowing us to be well positioned for our customers' future projects or subsequent upgrades. For example, when a leading toy manufacturer needed a small, durable battery for its AI smart toys, our team worked with their team for over six months to develop a specific battery model — now in pre-production. We have also maintained our partnership with other leading industry players on a long term basis. See "— Our Business Model and Manufacturing Capabilities — Representative Case Studies".

Visionary and Professional Management Team

Our success is ultimately driven by a team of experienced leaders and specialized talent, united by a shared focus on solving industry challenges and delivering value to clients.

Experienced leadership

Our founder and Chairman, Mr. Chen Zhiyong, has over 20 years of experience in lithium batteries and wearable devices industries. He led the development of China's first rechargeable button battery and one of the world's leading chip-type battery — guiding our growth from a small R&D firm to a major player in the mini-size lithium-ion battery industry. His strategic vision, centered on "addressing real industry pain points," shapes our product development and business decisions, ensuring we remain focused on innovation that matters.

Top-tier R&D talent pool

Our R&D team, comprising 406 personnel, is anchored by seasoned professionals with extensive industry expertise. Among them, three core professionals possess a cumulative experience span of eight to 15 years across the battery and related technology sectors, with a combined portfolio of over 149 filed patents that underpin our technological competitiveness. The team has driven key breakthroughs across multiple critical R&D domains. It has spearheaded the development of core battery products including button and prismatic batteries, specialized in the R&D and system matching of high-voltage and silicon-rich materials, served as a pivotal force behind the our semi-solid battery development initiatives and led efforts to enhance battery energy density, and developed our low-noise battery pack design and testing solutions, establishing technical advantages for our business.

Talent development

We also collaborate with renowned universities through industry-university-research programs, focusing on material system R&D while continuously attracting top talent in R&D and engineering to adapt to the dynamic market environment.

OUR STRATEGIES

To consolidate our strengths and leading position to capture new opportunities, we have developed a clear roadmap guided by industry-leading competitiveness, focusing on growth, innovation, and global sales expansion, aligning with industry trends.

Further Penetrate Existing Applications and Expanding into New Applications

Further penetrate existing applications

- *Wearable devices*: We are committed to maintaining our leadership in TWS/OWS headphones, smart watches and bracelets by iterating our metal-cased mini-size batteries to meet EU requirements for end-user-replaceable batteries, positioning us to capture share as those requirements take effect. We will also leverage partnerships with leading consumer-electronics end-customers to expand into the smart glasses and smart ring market.

- *Personal smart medical devices*: We plan to increase our global market share by further promoting our long-life hearing-aid batteries and applying this technology to other medical devices, such as diabetes monitors and blood pressure meters, as well as maternal and infant equipment. We will further extend our ultra-thin bent batteries to miniaturized, skin-contact devices.

- *Portable energy storage battery packs*: We engage in module and integrated-pack deployments for backup and portable storage in family-use energy storage solution. We will offer standard and customized systems using modular building blocks, co-develop solutions with end-customers through our R&D Center, and leverage our production bases equipped with dedicated module production lines and pack assembly areas, to support residential and commercial applications.

- *Smart educational and entertainment devices*: We plan to grow with AI-enabled toys and portable gaming by supplying custom metal-cased mini-size batteries for AI smart toys and cylindrical batteries for handheld game consoles.

Expand into other potential high-growth new applications

- *Others*: We plan to accelerate the deployment of our advanced batteries and modules in emerging high worth application scenarios, primarily targeting frontier markets such as low-altitude aircrafts and robotics, deepen cooperation with leading manufacturers through joint R&D, and support AI accessories and other specialized devices. We have completed the research and development of our ultra-thin bent batteries with leading customers and have entered the mass production stage. We also plan to expand the deployment of our ultra-thin bent batteries targeting wearable devices, including smart rings. We aim to roll out our semi-solid stacked batteries (launched in 2025) into drones and robots, markets driven by rising demand for high-rate, safe power solutions. By developing customized battery solutions with high reliability and enhanced safety for target industries, our strategic approach is to enter "blue ocean" markets characterized by both high growth potential and high technical barriers, thereby strengthening our core competitiveness in high end industrial power supply industry. See "— Our Product Portfolio — Our Battery Solutions Across Key Application Scenarios" for further details.

The aforementioned strategy is expected to be principally supported by approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], or HK$[**REDACTED**] million, which will be allocated for the development of mini-size batteries for AI-powered terminals. For details, see "Future Plans and [**REDACTED**]" in this document.

Continue to invest in R&D to Consolidate Technical Leadership

We will maintain at least 10% of our revenue for R&D investment to stay ahead of technical trends and meet client needs.

Prioritize solid-state/semi-solid batteries

We will accelerate the commercialization of semi-solid batteries for drones and robots, and develop fully solid-state batteries for wearables — targeting 800 Wh/L energy density by 2027. The semi-solid battery commercialization effort will build on our existing pilot production at the Ganzhou base. For fully solid-state batteries, we will first focus on wearables because their compact size demands the safety and miniaturization benefits of solid-state technology. We have recently launched battery products for smart ring applications and aim to launch battery products for AI glasses applications in 2026.

Optimize manufacturing via R&D

We will use AI to improve our flexible production lines to improve production efficiency. Currently, our AI integration will focus on two key areas: first, AI-driven defect detection in electrode coating — using computer vision to identify micro-cracks or uneven thickness in real time, which will boost yield rates by catching issues before they reach final assembly. Second, AI-powered process parameter optimization for winding technology — algorithms will analyze historical production data to calibrate winding speed and tension, reducing the minimum seal-cut width (critical for ultra-thin batteries) while maintaining structural integrity.

Collaborate to innovate

We will expand our industry-academia research partnerships to focus on sustainable materials — aligning with sustainability goals, and in turn reinforcing the performance of our products. We will focus on our existing collaborations with Central South University and The Hong Kong Polytechnic University. For example, with Central South University, we are researching specific anode materials to improve energy density and intend to extend this research to cathode materials, with the aim of reducing reliance on rare metals and lowering material costs.

The aforementioned R&D strategy is expected to be principally supported by approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], or HK$[**REDACTED**] million in aggregate, which will be allocated for: (i) the construction and fitting-out of our R&D headquarters and related staff accommodation (approximately [**REDACTED**]%, or HK$[**REDACTED**] million); (ii) the development of mini-size batteries for AI-powered terminals (approximately [**REDACTED**]%, or HK$[**REDACTED**] million); and (iii) the development of high-power battery solutions for emerging, high-value sectors (approximately [**REDACTED**]%, or HK$[**REDACTED**] million). For details, see "Future Plans and [**REDACTED**]" in this document.

Enhance Manufacturing and Supply Chain Capabilities

We will upgrade our production and supply chain capabilities to support global sales growth and reduce risks:

Enhance supply chain layout

By leveraging our existing three production bases in Huizhou, Ganzhou, and Vietnam, we aim to achieve localized production, reduce supply chain risks, and meet the needs of high-end overseas markets.

Capacity and production synergy

We will continue to expand production capacity and improve utilization rates to enhance economies of scale, while dynamically allocating resources to optimize supply chain efficiency.

Digital management upgrading

The deepening application of digital intelligent analysis significantly enhances production efficiency and quality control. This includes product quality analysis and early warning through real-time data monitoring and batch comparison, enabling proactive issue detection. For example, we use a Manufacturing Execution System (MES) and a warehouse management system (WMS) to track every unit from raw material intake to shipment. It also involves closed-loop management of production processes and customer quality requirements, which improves product consistency and yield. Real-time analysis of on-site yield and efficiency supports timely optimization of production

management. Equipment performance is monitored continuously, with fault diagnosis and early warnings powered by big data modeling. Additionally, precise cost management is achieved by establishing product-specific cost models and collecting real-time data, which allows accurate accounting for every production stage and batch. These digital intelligence applications collectively drive smarter, more responsive, and cost-effective manufacturing operations.

The aforementioned strategy is expected to be principally supported by approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], or HK$[**REDACTED**] million, which will be allocated for the expansion of our production capabilities through the construction of new production lines, including: (i) button battery production lines in Huizhou (approximately [**REDACTED**]%, or HK$[**REDACTED**] million); (ii) mini-size irregular battery production lines (approximately [**REDACTED**]%, or HK$[**REDACTED**] million); (iii) replaceable hard-case battery production line (approximately [**REDACTED**]%, or HK$[**REDACTED**] million); and (iv) high-power stacked battery production line (approximately [**REDACTED**]%, or HK$[**REDACTED**] million). For details, see "Future Plans and [**REDACTED**]" in this document.

Advancing Global Sales Strategy

We will accelerate our globalization efforts to capture opportunities in both high-end and emerging markets by optimizing our global resource allocation based on regional demand. For the high-end EU and U.S. markets, we plan to expand our presence through targeted sales efforts. We are committed to increasing our overseas income. We will leverage our existing relationships with global leading brands to gain traction and build new partnerships with leading tech companies in emerging segments.

We will invest more resources into emerging markets including South America, India, and Africa to expand our sales channels. These markets are expected to grow strongly, offering significant opportunities for expansion. We will also share best practices between our domestic and overseas teams to ensure consistent quality and service across all regions. By balancing high-end market penetration with expansion in emerging markets, we are committed to building a resilient global business capable of withstanding regional economic fluctuations.

The Group does not currently intend to designate a separate standalone portion of the net [**REDACTED**] solely for the advancement of its global sales strategy. Rather, such strategy is expected to be advanced principally through the proceeds allocated to production capability expansion and, to a lesser extent, working capital and general corporate purposes, as these are expected to support the Group's broader global sales expansion. For details, see "Future Plans and [**REDACTED**]" in this document.

Attracting and Retaining Top Talent

To fuel our innovation and globalization goals, we will prioritize attracting and retaining top global talent over the next 3 to 5 years. We plan to recruit at least 50 additional R&D engineers with expertise in solid-state battery technology, material science, and AI-driven R&D, as well as more than 10 supply chains and global operations experts to support our expanding footprint. We will launch a specialized leadership training program — "Technical Talent Leadership Training Program" — to develop high-potential employees, equipping them with the skills needed to lead our technical and business initiatives.

To retain key talent, we will offer competitive compensation packages that include performance-based bonuses, stock options, and professional development opportunities. We will foster an innovation-focused culture that encourages collaboration, creativity, and risk-taking — hosting annual technical workshops and innovation challenges to engage employees and recognize top contributions. By building a diverse, global team of experts and investing in their growth, we will ensure we have the talent needed to execute our strategic goals and maintain our competitive edge in the global market.

The aforementioned strategy is expected to be supported in part by the allocation of [**REDACTED**] from the [**REDACTED**] for R&D capabilities, which includes the construction of our R&D headquarters and related staff accommodation, and general corporate purposes. For details, see "Future Plans and [**REDACTED**]" in this document.

OUR BATTERY SOLUTIONS

Mini-size lithium-ion batteries and battery systems face heightened challenges arising from constrained space, including safety and thermal management, fast-charging capability, and) balancing energy density with performance and longevity.

We believe our mini-size batteries and battery systems address the limitations of other currently available lithium-ion formulations and technologies. Our solution is based on self-developed, patented safety design, supplemented with innovative battery material designs as well as systems and pack technologies that increase the performance and scalability of battery systems used for high-power applications. As a result, while other mini-size battery solution providers offer competitive performance in some metrics, we believe our batteries and battery systems embody the following key characteristics. See "— Our Technology" for a detailed description of the core technology strengths of our products.

Improved Safety Thermal Management and Design

Leveraging our patented double safety design, our batteries are more resistant than conventional and other advanced lithium-ion batteries to failures under certain conditions, including overcharge, overheating and physical damage. Specifically, our batteries are equipped with a thermal sensitive gasket, which shrinks at 170 ± 20°C, functioning as an energy releasing path to avoid possible safety issues. In addition, our batteries contain a patented 3-point crimping structure with an opening pressure at 2MPa± 1MPa. When the inner pressure of the battery increases to 2MPa± 1MPa, the 3-point crimping opens and gas pressure gets released.

Fast Charge Capability

Our self-developed battery chemistry and design enable some of our batteries to reach 80% charge from a fully discharged state within six minutes at an 8 to 10C rate.

Long Cycle and Calendar Life

Our batteries are designed to retain their power and energy over 1,500 recharge cycles and for up to five years of calendar life, allowing them to meet or exceed customer requirements in our target markets.

Solid State

Solid-state batteries are viewed as the next generation of rechargeable battery technology. We believe that solid-state batteries present a significant advantage to all products currently on the market, with the potential to be lighter, smaller, safer and cheaper. We achieved commercialization of the world's first mini-size solid-state batteries in 2024. Since our founding, our research team, led by our founder and chairman of the Board, Jason Chen, has been developing solid-state cell manufacturing technology and we aim to be a fully vertically integrated solid-state battery solution provider. We have successfully tested and are currently in the process of optimizing the composite materials that comprise the cathode, anode and electrolyte of the all-solid-state battery. In addition, we are one of the only companies to focus on a true solid-state chemistry that conducts lithium with sufficiently high conductivity and cycles lithium phosphate against graphite with positive results, and are in the process of developing more complicated solidified electrolyte materials to maximize our cycling and power results.

High Energy Density

Our self-developed battery chemistry and design, in particular, our proprietary anode materials enables a higher energy density. For example, we have developed a battery with the energy density that is 37.5% higher than those of the same size. As such, our batteries provide more usable energy for a given size than many batteries based on other chemistries.

Low Power Degradation Over Life

Our batteries lose less storage capacity than many competing batteries after repeated charging and exposure to high operating temperatures. As a result, less excess capacity needs to be added to our battery systems in order to account for power degradation over calendar life and still meet minimum end-of-life power requirements.

OUR PRODUCT AND SERVICES PORTFOLIO

Our Battery Solutions Across Key Application Scenarios

We provide battery solutions designed to optimize the performance of products in different key application scenarios, as depicted below.

Applications



Wearable Devices. The transition of mobile devices into wearable formats promises to improve personal health and fitness, replace wallets for identification and payments and enhance communications. We believe increased energy density is essential to enable this transition by extending battery life and enabling enhanced features and new form factors. We secured multiple design wins in this market with leading industry players, such as Bose, Xiaomi, Shokz and vivo.

Personal Smart Medical Devices. Our battery products power personal smart medical devices including hearing aids, glucose monitors, sleep aids and handheld medical tools. As advised by our PRC Legal Adviser, under the applicable PRC laws and regulations, the production and sale of batteries used in medical devices do not require any special licence or mandatory product testing specifically by reason of their intended use in medical devices. Nevertheless, our batteries are engineered to meet safety and reliability requirements, they deliver medical-grade consistency, stable high-rate performance for portable diagnostics, and optimal form factors for miniaturized

skin-contact wearables. Multi-cell modules also feature integrated safety and thermal management aligned with medical device standards. According to CIC, the shipment volume of the personal smart medical devices is expected to experience the fastest growth among consumer smart terminals, with shipment expected to increase from approximately 172.6 million units in 2026 to 273.5 million units in 2030, representing a CAGR of approximately 12.2%. New and improved hearing aid designs require reliable and powerful batteries. We secured multiple design wins in this market with leading industry players, such as ReSound.

Portable Energy Storage Battery Packs. We design and supply modules and integrated packs for backup and portable storage, producing an energy storage solution primarily for family use that incorporates our batteries into sub-modules with a redundant, fault-tolerant design and air-cooled safety systems. We offer both standard systems and custom systems using a modular design based on standard building blocks. For end-customers with specific needs, we co-develop customized modules via our R&D Center to fit non-standard form factors or extreme operating conditions.

Smart Educational and Entertainment Devices. This is a segment driven by AI toys and portable gaming, where compact designs and long runtime are critical to user experience. We primarily offer custom metal-cased mini-size batteries for AI smart toys designed for durability and low power consumption to support continuous play and reliable operation. We also supply cylindrical batteries for handheld gaming consoles and smart input devices such as styluses, supporting fast charging to minimize downtime while maintaining stable performance. Tailored designs for smart educational and entertainment devices are underpinned by our system-level engineering in thermal management, energy consumption control and lifespan management, which extend battery life and improve reliability in demanding real-world use. As of the Latest Practicable Date, we have entered into agreements and secured multiple design collaboration orders with certain customers, including a global leading toy manufacturer, electronic games developer and an AI intelligent camera brand manufacturer, including the following:

- *Global leading toy manufacturer.* In May 2025, we entered into a development and supply agreement with a global toy manufacturer for the development, design and supply of customized mini-size batteries for its AI-enabled smart toy products. The forecasted order volume stands at approximately 10.0 million units, and mass production deliveries are scheduled to commence in 2027. Revenue to be generated under this agreement is expected to be recognized as overseas sales.

- *Electronic games developer.* We received a purchase order in April 2026 from a leading electronic games developer for steel-cased lithium-ion batteries. The order involves the development of the batteries, for which we will receive non-recurring engineering fees, before actual production and sale commence. As of the Latest Practicable Date, the project is at the proof-of-concept sample development stage and has not yet entered mass production. Revenue from this arrangement is expected to be recorded as overseas sales.

- *AI intelligent camera brand manufacturer.* In 2023, we entered into a supply agreement with a global manufacturer of professional sports action cameras for the supply of batteries for its AI-enabled professional sports camera products. The estimated order volume for 2026 is approximately 12,000 units, with a total estimated value of approximately RMB2.6 million. Revenue to be generated under this agreement is expected to be recognized as overseas sales. As of the Latest Practicable Date, we had commenced mass production deliveries.

Development Services. In the early stages of customer engagement, we typically undertake customer-specific development work, which may include product design and development, prototyping, pilot production, production planning, and charge non-recurring engineering fees, certification fees, sample fees and/or other development service fees on a project-by-project basis, as applicable. Once a product design has been finalized and accepted by the customer, it transitions to standardized mass production at agreed per-unit prices. We charge development service fees on a project-by-project basis, subject to completion and/or customer acceptance, determined with reference to costs and expenses incurred for the relevant projects. Development services form an ordinary and recurring activity of our business, as we continuously undertake new development projects for new and existing customers.

Others. We also recorded certain revenue attributable to this segment from large-scale energy storage solutions, scrap material sales and batteries for atomizers.

Other potential high-growth applications

Emerging AI-powered Smart Terminals (such as AI rings and AI glasses). The explosive growth of AI-powered terminal devices remains limited by suboptimal battery life. Large batteries add bulk, and increase strain on the user and force the use of inelegant form factors. Delivering large gains in energy density is key to allowing designers of emerging AI-powered smart terminal products to develop devices that combine both the features and the form factors necessary to give these products mass market appeal. As of the Latest Practicable Date, we have commenced mass production of bent batteries for smart rings.

Low-Altitude Aircrafts. Low-altitude aircrafts primarily use lithium-ion batteries due to their high energy density and lightweight. Li-ion batteries are favored for electric propulsion and modern systems like drones, because they have the highest energy density for their weight, long lifespan with minimal capacity loss after many charge cycles. As of the Latest Practicable Date, we have entered into substantive cooperation with several Chinese manufacturers of consumer and industrial drones and robotics, covering joint R&D initiatives and mass production.

Robotics. The core battery needs for robotics are closely linked to their dynamic, unpredictable working patterns. These applications need batteries that can deliver ultra-high power and instant energy output to support sudden movements, have long lifespan and stable performance to handle frequent start-stop cycles and partial charging or discharging, and feature custom shapes and integrated structures that fit complex mechanical designs. Under these conditions, safety is an overarching baseline requirement. Batteries must prevent thermal runaway when dealing with high-intensity pulse discharge and complex mechanical stress. This is done using advanced heat management systems, inherently safe materials and smart real-time monitoring. As of the Latest Practicable Date, we have already started R&D collaborations with leading manufacturers in this specialized field.

Lithium-Ion Battery Types

Our lithium-ion battery products can be classified into five types based on structure: (i) button, (ii) cylindrical, (iii) prismatic, (iv) bent and (v) modules.

Button batteries are small, flat, circular batteries used in small electronic devices like hearing aids, watches, smart earbuds and smart glasses, and is designed to be compact and lightweight. Button batteries are deployed predominantly in wearable devices and personal smart medical devices. These products emphasize dual-safety sealing, low-noise characteristics, and long-cycle life aligned to close-to-body use.

Cylindrical batteries are tubular in shape and are commonly used in smart glasses, styluses, handheld medical devices such as portable oxygen concentrators, and handheld

game consoles. Cylindrical batteries are applied in wearable devices charging cases, personal smart medical devices requiring handheld power, and smart educational and entertainment devices such as handheld consoles where high-rate performance and thermal stability are required.

Prismatic cells are rectangular metal-cased prismatic batteries, which are commonly used in smart glasses, smart watches and smart toys, and bent cells are ultra-thin bent batteries for curved or miniaturized designs such as smart rings and curved wearable sensors. Both types of batteries maximize volumetric efficiency and enable integration in curved or ultra-compact devices. The metal-cased prismatic architecture removes redundant pouch seals to free up volume and improve thermal conduction, while our bent type batteries address curved-device constraints in applications such as smart glasses and smart rings. Such form factors enable thinner designs, compliance with user-removability requirements, and improved capacity.

Modules constitute the integrated packs and sub-systems of portable energy storage battery packs. Their designs integrate power electronics, safety systems, and thermal management solutions. Where purchased battery cells are used, they are mainly deployed in our battery packs and modules, rather than in our core mini-size battery cell products. The battery cells used in our portable energy storage battery packs and single cell pack products are large-capacity standardized cells that are widely available as mature, commoditized products in the market. Given the ready availability of such cells at competitive market prices, in-house production of such cells would not offer a meaningful cost advantage and would require capital expenditure on production equipment outside the scope of our core mini-size lithium-ion battery business. In addition, such cells are typically procured through customer-designated supply chains. Accordingly, we consider it more commercially efficient to procure such cells externally and to focus our manufacturing resources and R&D capabilities on our core mini-size lithium-ion battery products. Our value-add in this segment is not mere assembly, but lies in our application-scenario matching, module and system design, and related software configuration, structural design, thermal management, safety and protection design, testing and validation, and customer specific engineering for different product specifications. Accordingly, even where certain battery cells are externally sourced, the relevant products continue to embody our system-level engineering and customization capabilities. We offer a variety of fully packaged systems as well as sub-module building blocks for use in battery packs and energy storage solutions. Our development of integrated systems includes not only the packaging of our batteries, but also power electronics, safety systems, thermal management, testing, production and qualification. Our energy storage modules for household and small commercial use integrate our cells into sub-modules with redundant protection, air-cooling, and built-in safety controls, supporting the portable energy storage battery packs application scenarios. While demand for our portable energy storage battery pack products increased in 2024, we have proactively adjusted our product strategy to focus on other segments of our business after evaluating our overall profitability and value-add profile. In particular, compared with our core mini-size lithium-ion battery products, this segment generally involves a relatively higher proportion of OEM/ODM processing and purchased materials and therefore contributes lower margins. Accordingly, we will continue to serve selected customer needs in this segment, but will adopt a more selective approach and allocate resources more prudently, with a greater emphasis on products and directions that offer stronger self-developed technology content and higher profitability. As a result of the foregoing strategic adjustment, we expect the contribution of portable energy storage battery packs to our overall revenue mix to remain limited and to decline as a proportion of our total revenue over time. This is not expected to have a material adverse impact on our overall business. Going forward, we intend to focus more on our core mini-size lithium-ion battery products and other self-developed battery solutions with higher value-add, stronger profitability and greater long-term strategic significance.

We generally recognize revenue on a gross basis for the sale of modules incorporating third-party battery cells, in line with the revenue recognition model for our

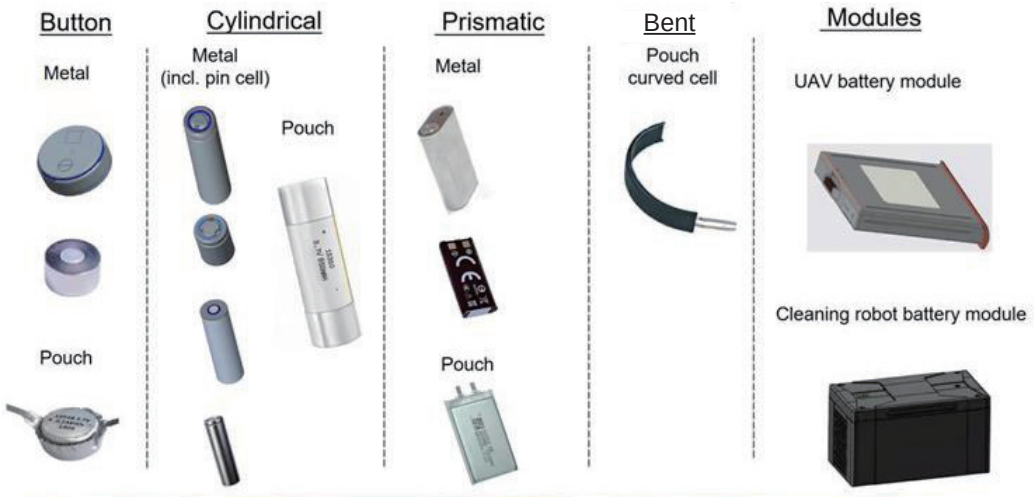
other products. For sales of modules incorporating third-party battery cells where the customer designates the supplier from whom we are to procure the relevant battery cells, we act as both a processor and manufacturer and recognize revenue on a net basis. During the Track Record Period, revenue attributable to the sale of products incorporating battery cells procured from third-party suppliers amounted to approximately RMB24.0 million, RMB20.2 million, RMB20.1 million, and RMB7.3 million for the years/period ended December 31, 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively, representing approximately 6.8%, 3.8%, 3.6%, and 2.2% of total revenue for the respective periods.

For revenue recognized on a net basis, except for certain raw materials procured by us, the customer designates the supplier from whom we are to procure the battery cells and specifies the relevant battery cells to be procured. Although we bear the procurement cost upfront, the procurement price of such battery cells is determined by the customer. After procuring the relevant battery cells, we assemble them, together with other raw materials where applicable, into finished products and sell such finished products to the customer. The selling price is determined based on the procurement cost of the relevant battery cells plus a processing fee, including fees attributable to raw materials procured by us. We recognized such revenue on a net basis for only one customer amounting to nil, RMB13.5 million, RMB11.8 million, and RMB494 thousand for the years/period ended December 31, 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively.

In parallel, we co-develop device-specific battery packs with end-customers for robotics and other specialized tools under other emerging application scenarios, tailoring pack geometry, thermal interfaces, and BMS integration to end-customer requirements. For non-standard form factors, our R&D Center collaborates with such end-customers to deliver customized modules that meet mechanical, thermal, and regulatory constraints. In addition, we also recorded certain revenue from providing battery solutions for large-scale energy storage solutions, and scrap material sales.

Going forward, we aim to provide other energy storage solutions, and batteries and modules for devices in other emerging application scenarios, including certain accessories and specialized or prototype units not attributable to the other four application categories; accessories, components, and ancillary SKUs sold independently of core cells and modules, R&D prototypes and pilot runs that do not fall within the four primary product types, and specialized units for drones, robotics, AI accessories, and industrial sensors.

Product Offerings



The table set forth below summarizes the key metrics of our current battery product offerings. While our operational focus is on mini-size lithium-ion batteries (≤1,000 mAh), certain product types, including modules and certain prismatic batteries, have capacities exceeding 1,000 mAh.

	Product Type				
	Button	Cylindrical	Prismatic	Bent	Modules
Key Metrics					
Nominal capacity (mAh)	10.5-105	56-270	35 - 2,000[1]	5-23.5	2,000-45,000[2]
Nominal voltage (V)	3.8	3.2	3.8	3.87	3.2
Energy (Wh)	0.42	0.86	7.11	0.09	144.00
Power/energy ratio	1	10	3	1.5	2
Electrode type	LCO	LCO	LCO	LCO	LFP
Capability Trend	High capacity, more compact	Pin cell, more slim, quick charge	High ED, quick charge & discharge rate	High ED, quick charge	High voltage, high discharge rate
Primary application areas	TWS earphones, hearing aids	Headphones, atomizers	Earbuds charging cases	Smart rings	Outdoor portable power, robot vacuum cleaners, lawn mowers, and two-wheel electric vehicles

Notes:

(1) While our operation focus is on mini-size lithium ion batteries with capacity of less than or equal to 1,000 mAh, we are able to produce a higher range of capacity for prismatic batteries.

(2) The nominal capacity for modules represents the combined nominal capacity of integrated batteries or sub-systems comprising multiple cells.

OUR KEY OPERATING AND FINANCIAL DATA

The following table sets forth a breakdown of our revenue from our products and services by main application scenarios for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Wearable devices	268,772	76.5	417,937	78.4	427,099	75.5	211,506	74.1	227,218	67.4
Personal smart medical devices	28,275	8.1	46,813	8.8	61,138	10.8	28,986	10.1	39,960	11.9
Portable energy storage battery packs	27,881	7.9	33,383	6.3	25,473	4.5	16,392	5.7	13,438	4.0
Smart educational and entertainment devices	–	–	410	0.1	2,168	0.4	353	0.1	1,147	0.3
Development services	4,200	1.2	1,672	0.3	12,325	2.2	5,341	1.9	38,071	11.3
Others[1]	22,034	6.3	32,644	6.1	37,146	6.6	23,274	8.1	17,329	5.1
Total	**351,162**	**100.0**	**532,859**	**100.0**	**565,349**	**100.0**	**285,852**	**100.0**	**337,163**	**100.0**

Note:

(1) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers. See "— Standardized and Customized Products" and "— Revenue from Development Services" for further details.

Our revenue increased from RMB351.2 million in 2023 to RMB532.9 million in 2024, mainly due to higher order volumes from customers following design wins and mass-production ramp-up. See "Financial Information — Period to Period Comparison of Results of Operations" for further details.

The following table sets forth a breakdown of our sales volume and average selling price by main application scenarios for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
		RMB		*RMB*		*RMB*		*RMB*		*RMB*
	(sales volume in thousands)									
Wearable devices	58,029	4.6	100,355	4.2	114,534	3.7	55,707	3.8	53,140	4.3
Personal smart medical devices	1,655	17.1	3,070	15.2	4,208	14.5	2,001	14.5	2,876	13.9
Portable energy storage battery packs	403	69.2	619	53.9	394	64.7	277	59.1	456	29.4
Smart educational and entertainment devices	–	–	37	11.1	277	7.8	31	11.2	102	11.2
Development services[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others[2]	2,183	12.0	4,205	8.2	3,993	9.3	2,673	8.7	1,462	17.2

Note:

(1) Due to differences in the scope, complexity and customization requirements of individual development projects, the sales volume and average selling price of development services are not indicative of any general volume or pricing trend. During the Track Record Period, the average revenue generated per development project generally ranged from RMB0.1 million to RMB6.3 million.

(2) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

The average selling price of our batteries used in wearable devices decreased from 2023 to 2025, mainly because of (i) a change in the battery mix sold within this segment, primarily due to increased sales volumes of certain lower-priced products, despite overall pricing remaining relatively stable, and (ii) a decrease in raw materials prices. It subsequently increased from RMB3.8 for the six months ended June 30, 2025 to RMB4.3 for the six months ended June 30, 2026, primarily due to upward pricing adjustments for certain customers and an increase in the sales contribution of certain higher-priced products, mainly pouch batteries used in earbud charging cases.

The average selling price of our batteries used in personal smart medical devices decreased during the Track Record Period, mainly because of a change in the battery mix sold within this segment, primarily due to increased sales volumes of the lower-priced products, despite overall pricing remaining relatively stable.

The average selling price of our batteries sold for portable energy storage battery packs fluctuated from 2023 to 2025, primarily due to the limited sales volume and small-batch orders during the initial development of this relatively new segment. In 2025, we increased sales of certain battery modules for home and outdoor energy storage, which generally commanded higher selling prices. The average selling price decreased from RMB59.1 for the six months ended June 30, 2025 to RMB29.4 for the six months ended June 30, 2026. As the selling prices of batteries sold for portable energy storage battery packs generally depend on the number of battery cells incorporated therein, such decrease was primarily attributable to a change in product mix following a strategic adjustment to our product portfolio in 2026, which resulted in increased sales volumes of energy storage modules for end products such as speakers, cameras and dashboard cameras that contained fewer battery cells than those for outdoor energy storage applications primarily sold in 2025.

The average selling price for our batteries sold for smart educational and entertainment devices fluctuated as this was also a relatively new segment. We will continue diversifying our offerings into further applications.

No clear trend could be identified in the average selling price of products classified under others, due to the diverse mix of products included in this category.

In addition to the average selling price, during the Track Record Period, the selling price ranges by main application scenario were approximately RMB3 to RMB59 for wearable devices, RMB10 to RMB1,504 for portable energy storage battery packs (the size and volume of such battery packs vary, hence the large price range), RMB6 to RMB36 for personal smart medical devices and RMB6 to RMB42 for smart educational and entertainment devices.

The following table sets forth the revenue and corresponding percentage breakdown by our major product types for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,	
	2023		2024		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in millions)							
Button	243.2	70.3	342.7	64.8	345.3	62.8	166.6	56.3
Cylindrical	66.4	19.2	113.5	21.5	112.7	20.5	59.6	20.1
Prismatic	9.9	2.9	33.9	6.4	62.1	11.3	56.3	19.0
Modules	26.4	7.6	38.7	7.3	30.0	5.5	9.5	3.2
Bent	–	–	–	–	–	–	3.8	1.3

The following table sets forth the breakdown of product type by sales volume and average selling price for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(in thousands)	*(RMB)*	*(in thousands)*	*(RMB)*	*(in thousands)*	*(RMB)*	*(in thousands)*	*(RMB)*
Button	53,415	4.6	84,892	4.0	94,652	3.6	40,108	4.2
Cylindrical	6,352	10.4	10,232	11.1	10,368	10.9	5,600	10.6
Prismatic	2,027	4.9	9,841	3.4	17,006	3.7	11,780	4.8
Modules	72	367.3	1,190	32.4	369	81.3	203	46.7
Bent	–	–	–	–	–	–	230	16.7

The average selling price of our button batteries sold decreased over 2023, 2024 and 2025 mainly due to postponed deliveries of certain higher margin products to certain overseas customers. Such postponed deliveries refer to arrangements under which certain overseas customers requested the Group to defer delivery or pick-up of products for a period of time due to tariff-related uncertainty or their internal inventory/logistics planning. The relevant arrangements were agreed with customers on a case-by-case basis. The Group subsequently fulfilled the relevant deliveries in accordance with the agreed delivery schedule. Such arrangements did not result in cancellation of the relevant orders or material loss of customers during the Track Record Period and up to the Latest Practicable Date. Rather, it afforded the relevant customers flexibility to manage the timing of shipment and import customs clearance while tariff policies remained uncertain, including the possibility of waiting for further clarification of applicable tariff measures, adjusting inventory levels, or coordinating alternative logistics arrangements. The increase in average selling price of our button batteries sold during the six months ended June 30, 2026 was primarily due to upward adjustments to the selling prices of certain button battery products.

The average selling price of our cylindrical batteries sold increased in 2024 and remained relatively stable in 2025 and in the six months ended June 30, 2026. The increase was mainly primarily due to increased sales volumes of the higher-priced models relative to other products.

The average selling price of our prismatic and bent batteries sold decreased from 2023 to 2025 primarily due to increased sales volumes of the lower-priced models. The average selling price of the same batteries sold increased from 2025 to the six months ended June 30, 2026 primarily due to the commencement of commercial sales of bent batteries for smart rings, which commanded a higher average selling price, and upward pricing adjustments for certain prismatic battery models to reflect increases in raw material costs, particularly lithium cobalt oxide.

The average selling price our battery modules sold fluctuated during the Track Record Period mainly because we only had small batch sales initially given that this line of business was relatively new. In addition, module specifications vary for different end-products and their prices vary significantly.

In addition to the average selling price of our products, the selling price of our representative products varied during the Track Record Period depending on product type, application scenario, technical specifications and order size. Based on our top-selling products, the selling price ranges by product type were approximately RMB2 to RMB48 for prismatic batteries, RMB2 to RMB20 for button batteries, and RMB3 to RMB78 for cylindrical batteries.

OUR BUSINESS MODEL AND MANUFACTURING CAPABILITIES

Production Model

We sell our lithium-ion battery solutions primarily to electronics manufacturers in various application scenarios, including OEMs and ODMs. Our core products are mini-size lithium-ion batteries, which accounted for the substantial majority of our revenue during the Track Record Period. See "—Our Product Portfolio". We typically engage with customers under a make-to-order arrangement. Depending on such customer's ongoing demand, we may move to a make-to-stock basis to support on-going volume production. This approach optimizes lead times, inventory costs, and can better adapt to demand volatility across our diverse product lines.

Typically, when onboarding key industry end-customers, we develop products tailored to their requirements and secure month-ahead product shipment plans from them. We then arrange internal procurement and production processes based on their specifications and deliver in accordance with the requested order schedules. The process typically starts with client specification confirmation, followed by prototype validation (through rigorous testing), and then mass production. This model lays the groundwork for long-term cooperation by directly addressing the end-customer's application needs.

In recent years, we have leveraged various digital systems to more accurately monitor production progress across all manufacturing stages, enabling us to continuously engage in make-to-order operations. This model allows us to maintain an inventory level that is relatively low within the industry, reducing capital occupation and lowering product costs (notably, battery products are subject to power degradation after a certain period in storage, which would otherwise incur additional scrapping or rework procedures). For new customers or those with evolving technical needs, this model enables us to co-develop solutions that match their required specifications, fostering trust and demonstrating our technical capabilities before scaling up collaboration.

Typically, once a customer relationship matures, with stable demand requests, validated product specifications, and expanded order volumes, we would consider producing our products to stock to support a more efficient and large-scale supply, as well as faster delivery times. We typically maintain an inventory of key semi-finished battery cells equivalent to 2-4 months of expected demand based on our operational and projected needs. This allows for scaling mature customer relationships, with stock levels dynamically monitored and adjusted via our integrated ERP systems to balance inventory costs and supply stability. This enables us to readily accept short-lead-time orders from the Chinese market.

Standardized and Customized Products

Our products are customized at the design and development stage and standardized at the mass production stage. In the early stage of customer engagement, we typically undertake customized development, charging mould fees, non-recurring engineering fees, certification fees and/or sample fees as applicable. Once a product design has been finalized and accepted by the customer, it transitions to standardized mass production at agreed perunit prices.

Revenue from Development Services

Revenue generated from development services is derived primarily from customer-specific design and development, prototyping, pilot production, acceptance testing support, production planning and/or product supply services. We charge fees on a project-by-project basis, subject to completion and/or customer acceptance. Such revenue is recognized upon completion of the relevant deliverable and acceptance by the customer. R&D services forms as an ordinary activity of our business and, we continuously undertake new development projects for new and existing customers, and such revenue was recurring in nature.

Representative Case Studies

BOSE

Our collaboration with BOSE began in 2019. Facing growing demands in the high-end market for battery performance and supply chain responsiveness, BOSE was seeking a reliable partner to support the development of its flagship products. Leveraging our expertise in battery R&D and manufacturing, we promptly responded to the client's needs and engaged in in-depth technical alignment and process reviews with the BOSE team.

To meet customer's high standards for product consistency and long-term reliability, we established a dedicated production line and a high-standard aging test laboratory, fully covering the associated testing costs to ensure stable delivery. At the same time, we continuously optimized battery design based on BOSE's product feedback, steadily improving energy density and endurance performance.

Since achieving mass production in 2020, we have consistently supplied batteries for customer's flagship earphones, whose battery life has been well recognized in the market. This partnership has not only strengthened the trust between BOSE and our company but also demonstrated our comprehensive capabilities in the high-end customized battery sector, laying a solid foundation for our expansion into the international high-end market.

GN

Our partnership with GN, a Nordic audio technology company with over a century of history, began in 2019. Against the backdrop of the audio industry's continuous pursuit of higher performance and reliability, GN was actively seeking battery technology partners aligned with its long-term development goals. Leveraging our technical expertise in button batteries and rapid response capabilities, we provided GN with a fully validated battery solution, demonstrating solid performance and consistency. To further strengthen the partnership and accommodate GN's supply needs for global market expansion, both sides jointly explored further collaboration. Through resource integration and shared risk, we efficiently completed the construction and enhancement of dedicated production capacity, strongly supporting customer's rapid business growth. In this process, we gradually established a relationship of high mutual trust and deep collaboration.

Oura

Our collaboration with Oura, a leading brand in the global smart ring market, began in late 2024, when we commenced the development of a highly customized battery solution for Oura's next-generation smart ring. Smart rings impose particularly demanding requirements on battery performance because they must combine an compact form factor with reliable endurance, high energy density and consistent performance. Leveraging our technical expertise and accumulated experience in mini-size lithium-ion

batteries, we worked closely with Oura throughout the product development and validation process to develop a battery solution tailored to these requirements.

Following the successful completion of product development and validation, we commenced mass-production deliveries to Oura in the second quarter of 2026. The collaboration demonstrates our ability to translate our technical capabilities into commercially scalable solutions for emerging wearable applications. Through close technical coordination and supply-chain collaboration, we have established a long-term partnership with Oura, enabling us to support the commercial rollout of Oura's next-generation smart rings and further strengthen our presence in the rapidly developing global market for AI-enabled health-tracking wearables."

Xiaomi

Throughout our collaboration with Xiaomi, we have witnessed and participated in a period of rapid growth in China's consumer electronics industry. In the early stages of our partnership, leveraging our focused expertise and solid technical accumulation in the button battery sector, we first partnered with Xiaomi in wearables to bring our products to market. With our batteries' stable and reliable performance, we gradually built mutual trust with Xiaomi. As our cooperation deepened, we went on to support the development and supply of batteries for multiple headphone product lines of the customer. Throughout the collaboration, we have remained customer demand-oriented, actively aligned with project timelines, and consistently ensured product quality and delivery stability. When faced with common industry challenges related to production capacity and supply chains, we demonstrated our ability to respond quickly and deploy resources flexibly, successfully meeting the client's supply needs during critical project phases.

vivo

We are committed to establishing long-term, stable partnerships with leading industry customers. Our collaboration with vivo is a key embodiment of this philosophy. The partnership originated in the development phase of vivo's early TWS earphone products. Leveraging our technical accumulation in the miniaturized battery sector and our rapid-response capabilities, we actively participated in the R&D and delivery of key battery solutions. We maintained a consistent performance during testing and validation, gradually earning the customer's recognition.

As the collaboration deepened, we became one of the primary suppliers of batteries for vivo TWS earphones starting from 2020, and have continued to support multiple generations of the customer's products ever since. Throughout the partnership, we have upheld stringent quality management standards and reliable delivery guarantees, maintaining a consistent track record of dependable supply over the years/period. This sustained and in-depth collaboration has not only driven the advancement of our own technical capabilities and service system, but also helped us build a solid reputation in the consumer electronics sector, laying a firm foundation for the acquisition of more high-quality customers in the future.

Shokz

Since 2024, our company has officially become a core battery supplier for Shokz headphones. As a well-known company in the Open-Ear Headphone (OWS) sector, Shokz has provided us with a high-level cooperation platform through its innovative products and market influence. Under this strategic partnership, we have leveraged our independently developed battery innovation technologies and highly responsive service system to help Shokz continuously enhance user experience in terms of battery life, safety and product lightweight design. Meanwhile, by deeply participating in the development of Shokz's cutting-edge products, we have gained abundant design inspiration and technical insights. This process has enabled us to accumulate critical product know-how,

further guiding our R&D direction in the battery technology field. In turn, we can more precisely and efficiently empower future smart wearable devices and a broader range of smart hardware products, continuously exploring new possibilities for energy solutions.

Customer Collaboration

During the Track Record Period, we collaborated with customers primarily comprising international companies across the following industries: (i) consumer electronics and smart devices; (ii) medical devices (in particular, hearing aids); and (iii) portable energy storage products. These counterparties are headquartered in Switzerland, Singapore, the United States and other overseas jurisdictions, and include both end-brand owners and sourcing agents acting on behalf of end-brand owners. Under these collaboration arrangements, the Group provided customer-specific design and development, prototyping, pilot production, acceptance testing support, production planning and/or product supply services in accordance with agreed specifications, assignment schedules, statements of work and purchase orders. The contractual duration of collaboration agreements generally ranges from one to five years for framework agreements, with some automatically renewing for successive 12-month periods unless terminated by either party on prior written notice ranging from one to nine months. Certain development agreements are terminable by mutual agreement or by the customer upon not less than three months' prior written notice. Project-specific agreements or statements of work under these frameworks typically track the relevant project timeline and deliverables.

The salient terms of the Group's collaboration agreements generally include provisions on the scope of services or products, pricing and payment, delivery and acceptance, confidentiality, intellectual property ownership, and termination. In particular, the fee arrangements vary depending on the nature of the collaboration: for development projects, the Group typically charges service fees on a project-by-project basis, subject to completion and/or customer acceptance, for supply arrangements, the Group generally charges on a per-unit basis or according to the prices set out in the relevant purchase orders, statements of work or product-specific agreements, with payment terms commonly requiring settlement within 60 to 90 days after invoicing. With respect to collaboration projects, we do not have cost sharing arrangements with our customers. Instead, we conduct such projects by charging development service fees to customers. We determine the development service fees payable by customers with reference to the costs and expenses incurred for the relevant projects, such as non-recurring engineering fees, tooling costs and product certification fees. Such development service fees are recognized as revenue upon acceptance of the relevant research and development project. The related costs and expenses incurred by us are recognized as cost of sales.

These collaboration agreements also generally contain customary confidentiality provisions requiring each party to keep the other party's confidential information confidential, limit disclosure on a need-to-know basis and return or destroy confidential materials upon termination, while certain agreements also restrict publicity and impose enhanced asset protection measures. The agreements also generally distinguish between background intellectual property and newly developed intellectual property: background intellectual property remains with the originating party, while newly developed intellectual property is generally assigned to the customer, and the customer grants back to us a royalty-free license to use such intellectual property solely on products manufactured by us for that customer. We do not participate in any revenue sharing arising from such intellectual property. To protect our intellectual property under these arrangements, we clearly delineate background and newly developed intellectual property in each collaboration agreement, ensuring that our pre-existing technology base is not inadvertently transferred to the customer. The scope of each license granted is limited to the purposes specified in the relevant agreement, preventing unauthorized use beyond the agreed scope. Our collaboration agreements also contain confidentiality

undertakings that survive termination, restricting each party's use and disclosure of the other party's proprietary information. No revenue has been generated from license-back or cross-licensing arrangements during the Track Record Period.

The Group monetised these collaboration arrangements through development service fees, prototyping and pilot production fees and/or commercial sales revenue, as applicable, and revenue generated from such collaboration arrangements during the Track Record Period amounted to approximately RMB4.2 million, RMB1.7 million, RMB12.3 million, and RMB38.1 million in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively, all of which was recorded as revenue generated from development services.

Production Facilities

Our manufacturing system is built around three production bases (Huizhou, Guangdong; Ganzhou, Jiangxi; and Bac Giang, Vietnam), each optimized to produce specific battery types while ensuring consistency in quality, efficiency, and compliance with regional regulations. From raw material procurement to final pack assembly, we implement end-to-end traceability and automation to meet the diverse needs of our clients.

The following table sets forth a summary of our production facilities:

Production Base	Core Machinery	Automation	Machine Quantity	Production Usage
Huizhou Production Base	Electrode sheet production and winding machine	Fully automatic	26	Production of metal cased button batteries and cylindrical batteries
	Winding machine	Semi-automatic	5	General purpose and production of cylindrical batteries
Ganzhou Production Base	Electrode sheet production and winding machine	Fully automatic	25	Production of metal cased button batteries, cylindrical batteries and hearing aid batteries
	Electrode sheet production and winding machine	Fully automatic	16	Production of pouch-type prismatic batteries
	Winding machine	Semi-automatic	53	General purpose and production of cylindrical batteries and prismatic batteries
Vietnam Production Base.	Electrode sheet production and winding machine	Fully automatic	2	Production of metal cased button batteries and cylindrical batteries
	Electrode sheet production and winding machine	Semi-automatic	1	Production of pouch-type prismatic batteries

The following table sets forth our production capacity, production volume, and capacity utilization rate of our production facilities for the periods indicated:

	For the year ended December 31									For the six months ended June 30,		
	2023			2024			2025			2026		
	Production Capacity[1]	Production Volume	Capacity Utilization Rate	Production Capacity[1]	Production Volume	Capacity Utilization Rate	Production Capacity[1]	Production Volume	Capacity Utilization Rate	Production Capacity[1]	Production Volume	Capacity Utilization Rate
	(Sets in thousands)		*(%)*	*(Sets in thousands)*		*(%)*	*(Sets in thousands)*		*(%)*	*(Sets in thousands)*		*(%)*
Huizhou Production Base	52,305.3	38,840.8	74.3	59,417.1	49,822.4	83.9	63,855.0	48,873.5	76.5	36,975.9	25,901.4	70.0
Ganzhou Production Base	76,674.6	33,897.5	44.2	111,585.2	69,937.5	62.7	118,155.1	91,297.1	77.3	50,717.8	38,922.5	76.7
Total (Chinese Mainland)[2]	**128,979.9**	**72,738.3**	**56.4**	**171,002.3**	**119,759.9**	**70.0**	**182,010.0**	**140,170.6**	**77.0**	**87,693.7**	**64,823.9**	**73.9**
Vietnam Production Base	–	–	–	–	–	–	7,823.1	412.2	5.3	5,210.1	787.6	15.1

Note:

(1) Calculated by multiplying the designed capacity of our production machinery as of the period end by 16 operating hours per work day (including two shifts), and 300 working days per year or approximately 141 days for the six months ended June 30, 2026, as applicable. An aging-factor adjustment has been applied to such production capacity.

(2) Being the aggregate of the Huizhou Production Base and the Ganzhou Production Base.

The production capacity across Group's production bases in Chinese Mainland (comprising the Huizhou Production Base and the Ganzhou Production Base) increased over the Track Record Period. Such increase was primarily due to the addition of new machinery to cater to increased customer demands. In particular, total winding machines in the Ganzhou Production Base increased from approximately 57 in 2023 to 86 by the end of 2024. As a result of increased customer demand and production ramp up, the total capacity utilization rate of the Group's production bases in the Chinese Mainland (comprising the Huizhou Production Base and the Ganzhou Production Base) increased from approximately 56.4% in 2023 to approximately 70.0% in 2024, to approximately 77.0% in 2025. The capacity utilization rate of the Group's production bases in Chinese Mainland decreased to approximately 73.9% in the six months ended June 30, 2026. Such decrease was primarily attributable to the addition of new production machinery for bent batteries in the Huizhou Production Base during the six months ended June 30, 2026, where such machinery had not yet reached full production capacity during the period.

By establishing one of the earlier battery cell factories in Vietnam, we aim to position ourselves as a qualified supplier of non-PRC origin products and to enhance the resilience of our global supply chain. Certain overseas customers have indicated their interests for products of non-PRC origin to diversify supply chain risks and reduce exposure to potential tariff increases or other cross-border trade restrictions affecting goods originating from Chinese Mainland. Our Vietnam production base would enable us to accommodate such requests in the future and serve as a qualified alternative-origin supplier within our end-customers' global supply chains. We do not intend for the Vietnam Production Base to replace the production capacity of our Huizhou Production Base or the Ganzhou Production Base in this regard. Rather, this is a strategic positioning that we believe will enhance our competitiveness for future overseas sales opportunities.

During the Track Record Period, the utilization rate of the Vietnam Production Base was relatively low at approximately 5.3% and 15.1% in 2025 and the six months ended June 30, 2026, respectively. This was primarily because operations at the Vietnam Production Base were principally limited to trial production, sample testing, equipment commissioning and other preparatory activities and had not commenced commercial operations at the production facility prior to Mic-Power Vietnam obtaining the requisite environmental permit. Mic-Power Vietnam has since obtained the environmental permit required for the operation of the Vietnam Production Base under applicable Vietnam environmental laws (the "**Permit**") (No. 1288/GPMT-UBND) on May 19, 2026. For further details, see "Business — Legal Proceedings and Compliance — Environmental permit matter relating to Mic-Power Vietnam."

The following table sets forth the production capacity, production volume, and capacity utilization rate of our module production from the Huizhou Production Base during the periods indicated:

	For the year ended December 31,									For the six months ended June 30,		
	2023			2024			2025			2026		
	Production Capacity[(1)]	Production Volume	Capacity Utilization Rate	Production Capacity[(1)]	Production Volume	Capacity Utilization Rate	Production Capacity[(1)]	Production Volume	Capacity Utilization Rate	Production Capacity[(1)]	Production Volume	Capacity Utilization Rate
	(kWh)		*(%)*	*(kWh)*		*(%)*	*(kWh)*		*(%)*	*(kWh)*		*(%)*
Modules	4,825.3	617.1	12.8	12,960.1	10,344.8	79.8	49,750.9	11,934.5	24.0	24,875.4	5,015.1	20.2

Note:

(1) Calculated based on the monthly designed capacity of our production machinery, multiplied by 12 months for each year or six months for the six months ended June 30, 2026. An aging-factor adjustment has been applied to such production capacity.

The production of modules is a relatively new business for us, and the production volume of our modules fluctuated during the Track Record Period. We accepted certain batch orders for modules in 2024 resulting in a higher utilization rate in 2024. We expanded the production capacity of modules from 2023 to 2025 in anticipation of expanding our business into additional application scenarios such as the drone and robotics markets.

Our Advanced Equipment and Production Capabilities

We operate a production network that covers both domestic and overseas markets, with our facilities equipped with advanced production lines and technologies to manufacture a full range of mini-size battery products, as well as related energy storage modules and packs. Our production facilities are fitted with a combination of highly automated and semi-automatic production lines, including automated winding lines, flexible prismatic battery winding lines, special laser sealing lines, and dedicated module production lines that support integrated manufacturing from battery cells to finished modules. We adopt a series of advanced technologies and equipment in our manufacturing processes, such as fully automated electrode finishing and winding integrated machines for tab winding, fiber laser welding machines for battery sealing, fully automated X-ray detectors for defect inspection, and automated stacking for prismatic battery electrode assemblies, which help us achieve production precision.

Our production relies on some of our flagship equipment, as described below:

Automatic Winding All-in-One Machine

This equipment supports the stable production of micro batteries with better consistency and higher quality. Its high precision and automation enables real-time monitoring and automatic adjustment during production, reduces manual errors, lowers production costs, and ensures every product can be fully traced for quality management.

Automatic Assembly Line

This assembly line improves production accuracy and stability for high-end micro batteries. It effectively reduces noise and quality issues during use, automatically identifies defects during production, and ensures only qualified products are delivered, meeting strict quality requirements for high-end applications.

Automatic Laser Sealing Line

This production line focuses on precise, stable and reliable battery sealing. It enables single-pass, high-quality welding of miniature cell casings and ensures consistent

welding quality, removes impurities that affect sealing performance, and conducts comprehensive inspections after sealing. This greatly improves battery safety and long-term reliability.

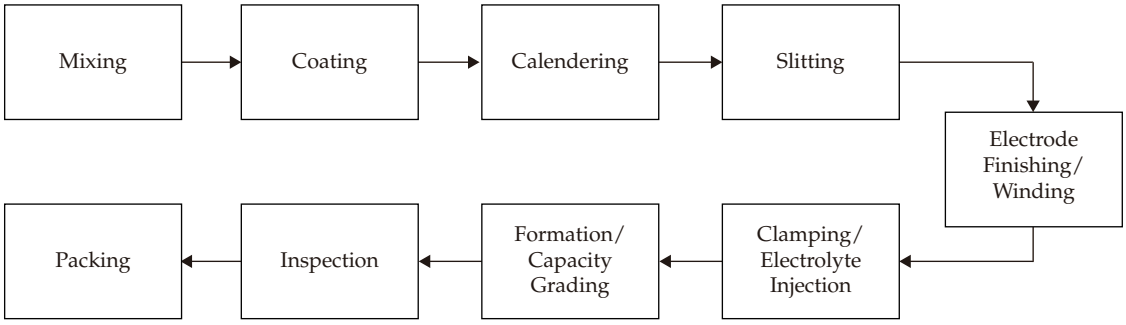
Industrial Computed Tomography (CT)

This is advanced non-destructive testing equipment that checks the internal structure of batteries without damage. It accurately identifies tiny internal defects, helping to optimize production processes and ensure overall product quality and safety.

End-to-End Production Process

Our production process is divided into three core stages — battery manufacturing, inspection and testing, and pack assembly — with customized production processes for each battery type to ensure quality and due delivery. We use a Manufacturing Execution System (MES) and a warehouse management system (WMS) to track every unit from raw material intake to shipment, enabling full traceability and real-time process monitoring.

Battery Manufacturing Process



The battery manufacturing process generally starts with slurry preparation and proceeds through electrode making, cell assembly with electrolyte filling and sealing, and formation and post-process screening, with certain steps varying by cell type:

- ***Material Preparation (Mixing):*** We carefully mix the key raw materials used in batteries to create uniform pastes for both the positive and negative electrodes. This ensures the materials are well-blended and ready for further production.

- ***Electrode Making (Coating):*** We evenly apply the prepared pastes onto metal foils to form the positive and negative electrodes. The electrodes are then dried and inspected to ensure they meet our quality standards.

- ***Calendering (Rolling):*** We compress the dried electrodes to a consistent thickness and density, which helps improve battery performance and stability.

- ***Slitting:*** We cut the electrodes into the appropriate widths needed to make different types of batteries.

- ***Electrode Finishing and Winding (Core Formation):*** We add connecting tabs and protective materials to the electrodes, then wind them together with insulating layers to form the main internal structure of the battery.

- ***Clamping and Electrolyte Injection:*** We place the battery core into a protective casing, seal it, and inject the necessary liquid electrolyte in a controlled environment. The battery is then fully sealed to ensure safety and reliability.

- ***Formation and Capacity Grading:*** We charge the batteries to activate their internal materials and test their actual capacity. Batteries are then sorted according to their performance levels.

- ***Inspection:*** We test the batteries after aging to check their voltage stability and identify any potential defects. Unstable or defective batteries are removed to ensure only safe and reliable products are delivered.

- ***Packing:*** We assemble qualified batteries into finished products, making secure connections and adding protective components where needed. This ensures the batteries are safe, durable, and ready for use.

Battery Module Production Process

- *Cell Sorting & Grouping*: We use automated equipment to group batteries with similar performance together. This ensures the battery modules work steadily and consistently.

- *Module Stacking & Bonding:* We use automated equipment to arrange and fix batteries into module structures. Different assembly methods are used for different applications to improve safety, heat dissipation and stability.

- *Thermal Management Integration*: We add heat control systems to the modules to keep them working at a safe temperature and avoid overheating.

- *Module Testing and Validation*: We carry out strict reliability tests on the modules to check their electrical performance, temperature resistance and ability to withstand physical impacts. Only modules that pass these tests are used for final assembly:

Pack Assembly Process

Pre-tested modules are combined into complete, ready-to-use systems based on each customer's specific needs, using automated production lines and custom tools, with key steps including:

- *Cell Sorting:* We carefully group batteries by their performance to ensure consistency and stable operation.

- *Module Assembly*: We connect the batteries into modules using secure connections and fix them onto cooling structures. We also install the battery management system and necessary wiring to enable real-time monitoring of the battery pack.

- *Housing Installation*: We place the modules into strong, protective outer casings to keep them safe during use. Different types of protective cases are used based on customer needs and intended applications.

- *Reliability Testing*: We conduct functional testing on finished packs.

We engage contract manufacturers to supplement our in-house production capacity for non-core, labour-intensive packaging and simple assembly processes, while retaining all core cell design and manufacturing technologies within the Group to safeguard our key intellectual property and process know-how. Such contract manufacturers are mainly responsible for the assembly of battery cells and auxiliary materials into finished batteries for our product models with large sales volumes that do not involve complex assembly processes, especially during periods when our assembly capacity is tight.

Each contract manufacturer is required to enter into a purchase agreement, a quality control agreement and a confidentiality agreement prior to the commencement of any outsourcing arrangements. The processing fees payable to contract manufacturers are determined with reference to the estimated costs of comparable self-manufacturing processes and are subject to the principle that the outsourced processing price shall not exceed our self-manufacturing cost for similar products. The contracts are generally renewed upon expiry. However, we have the right to terminate the outsourcing arrangements early in the event of material breach, including failure to meet contractual quality, delivery, environmental, social responsibility or confidentiality obligations, and may also reduce or suspend orders in light of its own capacity utilisation, customer demand and performance of the relevant contract manufacturer.

We have established internal control procedures over our outsourcing arrangements to ensure that the assembly quality of products processed by contract manufacturers is consistent with the Group's standards. Outsourced manufacturers are required to organise their production strictly in accordance with the Group's bill of materials and process documents, and to conduct initial inspections on the first batch of products for each new model or process before mass production. Production carried out by contract manufacturers is subject to the Group's on-site supervision and quality management procedures. In addition, incoming quality control conducts random checks and testing on finished products delivered by contract manufacturers, and only products that pass such inspections are accepted and put into storage or further processing.

Such contract manufacturers are mainly located in Guangdong and Jiangxi provinces in China. During the Track Record Period, we engaged 14, 16, 23 and 23 contract manufacturers in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. The outsourced processing costs in 2023, 2024, 2025, and in the six months ended June 30, 2026 were RMB15.5 million, RMB28.0 million, RMB43.9 million, and RMB23.0 million, respectively, representing approximately 6.2%, 8.1%, 11.4%, and 10.1% of the Group's cost of sales for the same periods. The measured increase in the use of outsourcing allows the Company to flexibly manage capacity while maintaining stringent quality and confidentiality standards. The outsourced services mainly included button battery packaging, simple assembly of battery cells and auxiliary materials and single cell pack products. Contract manufacturers are selected based on production capability, quality control system, delivery performance, confidentiality protection, cost competitiveness and compliance record. Our relationship with the contract manufacturers ranges from one to five years. To the best of the Company's knowledge, all contract manufacturers are Independent Third Parties.

The Group outsourced certain processes mainly to: (i) match specific customer requirements or delivery schedules; (ii) leverage contract manufacturers' specialised capabilities for particular products or processes; (iii) manage temporary or product-specific capacity constraints; (iv) improve production flexibility during periods of changing product mix and customer demand; and (v) address seasonal fluctuations in order volume, as during peak seasons when order volumes exceed the capacity that can be handled by the Group's internal workforce, outsourcing these processes enables the Group to fulfill customer orders in a timely manner without the need to recruit and train additional temporary labour, whereas during off-peak periods the Group's existing workforce is sufficient to complete such processes internally. The outsourced processes are primarily back-end auxiliary tasks which are characterised by low technical requirements and simple operations, but which require a significant amount of manual labour. Given the labour-intensive nature of such processes, the Directors consider that outsourcing these tasks to contract manufacturers represented a more cost-effective and operationally efficient approach than deploying the Group's internal resources, which could be better allocated to higher value-added production activities. The Directors consider that such arrangements allowed the Group to allocate internal resources more efficiently and respond flexibly to customer requirements.

The salient terms of typical agreements with contract manufacturers include a contract duration of approximately 24 months. The pricing is based on a fixed settlement

price as agreed by the parties in written orders, and payments are generally made by monthly instalments. Products are delivered to the location designated by the Company in accordance with the delivery schedule specified in the Company's purchase orders. The contract manufacturers are responsible for repairing, reworking or otherwise addressing defective or non-conforming products confirmed by the Group, and are liable for losses caused by quality issues, improper handling of materials or failure to comply with agreed specifications.

Quality Testing & Shipment

All of our products undergo multi-stage testing before shipment, including:

- *Incoming Quality Control (IQC)*: Raw materials are tested for purity, structural dimension accuracy, and electrical performance.

- *In-Process Quality Control (IPQC)*: Every key process parameters (e.g., coating thickness, sealing temperature) are monitored in real time, with X-ray scans to detect internal defects (e.g., electrode misalignment) in cells.

- *Outgoing Quality Control (OQC)*: Finished products are tested for appearance, capacity, and safety (such as drop, short-circuit and thermal abuse). A designated amount of sample from of each batch is subjected to ORT reliability testing to validate performance and lifespan.

OUR TECHNOLOGY

Our core technological advantages in mini-size lithium-ion batteries are deeply integrated with certain primary battery types we offer — button (micro/ultra-micro), cylindrical, and prismatic and bent batteries, as well as solid-state/semi-solid state battery solutions. Each battery type is designed with innovations tailored to our end-customers' application scenarios, meeting needs from high-safety, long-life hearing aids to high-power robots and drones, while meeting global standards for safety, reliability, and practicality.

Core Technologies by Battery Type

Button Batteries (Micro and Ultra-micro)

As a flagship product line, button batteries are engineered to solve three core industry pain points for miniaturized devices — delivering high capacity in limited space together with high safety for close-to-body use, minimizing noise and electromagnetic interference to precision components, and mitigating shortened lifespan under high-frequency use. We have implemented targeted technical optimizations for our metal-cased categories.

- *Patented Dual-Safety Design and High-Precision Laser Sealing*

Our metal button batteries have a dual safety design to prevent fires or explosions in extreme heat or pressure. The main safety feature is a patented crimping structure that creates a pressure-release path: the battery's cap and case are tightly sealed, and when internal pressure hits 2 MPa ± 1 MPa, the seal opens automatically to release gas and avoid rupture. We also use a heat-sensitive seal ring that shrinks at 170°C ± 20°C, creating a second pressure-release path. This dual protection has passed many extreme heat tests and thermal stability tests that are stricter than the industry average, making them safe for tough use cases.

  - *Volumetric Energy Density Optimization* – We use 0.15 mm ultra-thin caps (compared to traditional 0.5 mm) and laser sealing to eliminate extra space, making room for more energy-storing materials.

- *Directional Winding and Electromagnetic Interference Suppression* – For micro batteries, we use precise winding technology to control the position of the battery's connecting tabs (tension fluctuation ≤ ±0.5 N, tab angle accuracy ±5°) which reduces electrical interference, making the batteries work well with sensitive devices like headphones and precision sensors.

- *Ultra-Micro Button Battery: Long-Cycle, Long-Runtime Medical Battery for Hearing Aids*

To meet the need for continuous power during long wear for hearing aids, and medical-grade reliability, we developed an ultra-long-life electrochemical system and manufacture it under strict temperature and humidity control. At 23 ± 2°C, the battery maintains at least 80% of its capacity after 1,500 deep charge-discharge cycles, supporting a service life of up to 5 years. This exceeds the national standard of 1,000 cycles.

We launched the M5850 ultra-micro button battery (diameter 5.8 mm × thickness 5.0 mm), setting a new smallest-size record for rechargeable lithium-ion button batteries at the time of its launch on July 1, 2024. The ultra-small size can reduce overall hearing-aid dimensions.

Cylindrical Batteries

Cylindrical batteries are designed for high-power, long-runtime application scenarios such as smart glasses, styluses, and handheld medical devices like portable oxygen concentrators. The technical focus is to lower internal resistance and reduce heat generation at high C-rates to meet frequent-use needs.

- *Metal Cylindrical Batteries: High-Precision Winding and Innovative Anode System*

  - *High-precision winding technology.* Metal cylindrical batteries use high-precision automated winding, keeping layer alignment within ±0.1 mm. This increases the cathode's effective reaction width, raises active-material utilization and increases battery capacity.

  - *Silicon-carbon composite anode innovation*. By incorporating 10% to 15% silicon into the silicon-carbon composite anode, we have overcome the capacity bottleneck of conventional graphite only anodes. Compared with pure graphite anodes, this innovation delivers a 13% to 18% increase in capacity and drives a more than 8% improvement in volumetric energy density.

  - *High-rate fast-charge and discharge system*. Our batteries support 5C charging and 10C high-rate discharging. At 25 ± 2°C, they reach at least 80% capacity in 10 minutes of 5C charging, and retain at least 90% capacity under 10C discharge.

Prismatic Batteries

A high-capacity, high-safety alternative to traditional pouch batteries, tailored for application scenarios such as smart glasses, smart watches, and smart toys. They use an integrated metal casing instead of the extra seals found in pouch batteries, making better use of internal space.

With the same overall package volume, active material fill increases by 8%–10%, directly raising capacity by about 10%. If capacity is kept the same, the battery thickness can be reduced by 0.8–1.0 mm to support thinner wearable designs. At the same time, the metal casing also improves thermal conductivity.

Bent Batteries

We developed bent battery technology to fit curved, ultra compact wearables such as smart rings and sensors, where flat batteries cannot be used. This technology has received a design-win from a leading European smart-ring company.

- *Winding Process vs Stacking Process.* Traditional curved battery makers use a stacking process. It is complex, and each electrode sheet requires its own current collector. Our winding method uses fewer non-active parts than traditional stacking, freeing up 8%–10% more space for energy materials and boosting capacity density.

- *In-House Winding Equipment and Scaled Manufacturing.* Our self-developed automated production ensures high precision and stability, with electrode alignment within ±0.15 mm. The fully automated line achieves high throughput and yield above 98.5%, enabling mass production with consistent quality and lower cost.

- *Liquid-Cooled Synchronous Sealing: Low Damage with High Reliability.* Our high-speed, liquid- cooled sealing process minimizes heat damage to the battery. The heat-affected zone is kept within 0.3 mm preventing electrolyte decomposition and electrode structure damage, and internal resistance is 15%–20% lower than traditional heat-sealing.

- *Ultra-Narrow Edge Seal and Miniaturized Structure.* Our precision process achieves an ultra-narrow seal of 0.75 mm, 0.15–0.25 mm narrower than standard products. This creates 6%–8% more space for active materials and boosts capacity, supporting extremely small sizes for smart rings.

Solid-State Batteries

We achieved commercialization of the world's first mini-size solid-state batteries in January 2024 that addresses the safety and energy density limitations of traditional liquid-electrolyte lithium-ion batteries. Solid-state batteries are not a distinct form factor of batteries, but rather a more advanced battery technology classified by the state of the electrolyte used. This technological framework can be applied to batteries of various physical forms, including the mini-size batteries developed by us.

Solid-state batteries replace liquid electrolytes with two proprietary solutions: in-situ polymeric electrolytes (mass-produced since 2024 third quarter) and flame-retardant gel electrolytes (scheduled for launch in 2027). The in-situ polymeric electrolyte is formed by polymerizing a liquid precursor inside the battery, creating a solid, flexible matrix that eliminates leakage risks. The flame-retardant gel electrolyte includes a phosphorus-based additive that suppresses combustion, even if the battery is punctured. Both have passed high temperature safety tests (130~250°C) with no fire or explosion and can still charge and discharge steadily at 100°C.

Long-Term R&D Roadmap Across Battery Platforms

Our long-term R&D strategy focuses on leveraging core technologies across product lines, meeting regulatory and customer requirements, and advancing technological breakthroughs, with R&D tightly aligned to production and quality to support scalable commercialization. Building on proven innovations — such as patented full laser sealing for steel-case button batteries, wound bent-battery technology and polymer-electrolyte solid-state technology — we aim to translate application driven development into high-quality, efficient mass production.

For button batteries, we are pursuing performance upgrades and compliance: by 2026 we plan to adopt more advanced high-precision fiber-laser sealing to increase micro button-battery energy density by over 20% (e.g., M1254X targeting 108 mAh vs. 90 mAh),

supported by extensive cycle testing and UL-aligned safety validation, and by 2027 we plan to launch an ultra-micro, fully recyclable hearing-aid battery to meet EU replaceable-battery requirements and extend life from 5 to 7 years.

For bent batteries, we are developing a metal-cased "battery casing–product casing" integrated design to reduce structural increase active-material loading, targeting ~30% higher volumetric energy density and verifying end-device fit in 2026 ahead of commercialization in wearables and smart medical devices.

For cylindrical and prismatic batteries, we are adopting stacked or multi-tab structures combined with laser sealing to reduce resistance and enable high-rate performance, targeting 8C charging and 15C discharging by 2027, and we are increasing silicon content in silicon–carbon anodes to 30%–35% to achieve ~20% higher capacity while managing volume expansion.

Building on our commercialization of solid-state batteries in 2024, we plan to mass-produce flame-retardant gel electrolytes in 2026 to increase energy density by ~20% and extend cycle life to ~1,500 cycles, and to launch a lithium-metal solid-state battery around 2028 targeting 900 Wh/L and 400 Wh/kg for low-altitude aircraft and robotics, supported by >1,000-cycle validation. We also expect such technology development to support application scenarios including drones and robotic platforms that require high energy density, extended cycle life, rapid charging and enhanced safety performance.

OUR QUALITY CONTROL SYSTEM

We maintain a full-lifecycle quality control system, with a focus on safety, reliability, and compliance. Our quality management framework is certified to ISO 9001, ISO 13485 (medical devices), and QC 080000 (hazardous substance control), and we adhere to global standards such as UL 1642, IEC 62133, and GB 31241 to ensure our products meet regional requirements.

Quality Management System & Certifications

Our quality management system (QMS) is built around four core principles: prevention, traceability, continuous improvement, and customer service. The QMS is overseen by a dedicated Quality Department (led by a quality manager with 15 years of battery industry experience) and supported by cross-functional teams. Key components of QMS include:

- *Supplier Quality Management*: Suppliers are audited annually. New suppliers undergo a 3-month qualification period, during which samples are tested for conformity and reliability.

- *Process Standardization*: We maintain detailed standard operating procedures (SOPs) for every production step, with regular training to ensure compliance. Process changes are validated through pilot runs and risk assessments.

- *Hazardous Substance Control*: We comply with RoHS, REACH, and California Prop 65, with incoming tests for restricted substances (e.g., lead, mercury, chromium and cadmium) using X-ray fluorescence (XRF) analyzers.

Multi-Layered Inspection & Testing

We implement a "three-level inspection" mechanism — Incoming Quality Control (IQC), In-Process Quality Control (IPQC), and Outgoing Quality Control (OQC) — to identify and address quality issues at every stage. Safety testing is a priority, with type-specific tests designed to mitigate the risks of thermal runaway, leakage, and mechanical failure.

Safety Testing

All finished products undergo rigorous safety testing to ensure they can withstand real-world conditions, with certain tests tailored to battery type:

- *Button Batteries*:
  - *Explosion safety testing*: This test is designed to validate the structural integrity of the cell's crimped seal. During the test, internal pressure is gradually increased to 2MPa±1MPa, verifying the seal's ability to release pressure safely; the pass criteria require no explosion and that any built-up gas is released within 5 seconds to prevent structural failure.
  - *Hot plate test*: This evaluation mimics extreme temperature exposure scenarios to ensure button batteries remain safe in daily operation. Cells are placed on a preheated hot plate maintained at 220°C and held for 30 minutes; the test passes only if there is no fire, no explosion, and no visible degradation of the cell's outer casing.
  - *Short-circuit test*: After the battery is fully charged, it is place in an environment at 57°C ± 4°C. It is further maintained at such temperature for an additional 30 minutes. After ensuring the total external resistance is 80 mΩ ± 20 mΩ, we monitor the temperature and terminate the test when either: (a) the battery temperature drop reaches 20% of the maximum temperature; or (b) the short-circuit duration reaches 24 hours (the stricter criterion shall apply in case of uncertainty). The battery passes the test only if it does not explode nor ignite during the test.
- *Cylindrical Batteries*:
  - *Drop test*: Replicating real-world impact events common with IoT wearable devices. We drop a cylindrical battery from a height of 1.2 meters onto a hard concrete surface repeatedly. To pass, the battery must not explode nor ignite post-impact.
  - *Crush test*: Evaluating resistance to external pressure, this test applies approximately 13KN force to the cylindrical battery. To pass, there must be no explosion nor ignition.
- *Prismatic Batteries*:
  - *Thermal cycling test*: During the thermal cycling tests, the prismatic batteries are cycled 10 times between 72°C and -40°C, a cycle holds the cell for 6 hours at each of the temperature levels. This test is conducted in accordance with the GB/T 2423.22 national standard. To pass, the cell must not explode, nor ignite, and there must not be electrolyte leakage.

- *Vibration test*: Mimicking continuous vibration forces in high-movement applications, prismatic batteries are subjected to vibration at a certain range of frequencies for 3 hours. To pass, the cell must not explode, nor ignite, and there must not be electrolyte leakage.

- *Solid-State Batteries*:

  - *Thermal abuse test*: Reflecting the higher thermal stability requirements of solid-state technology, this test exposes cells to extreme heat (130°C) for 0.5 hour, far beyond the thermal limits of traditional lithium-ion cells. The test passes only if there is no fire, no explosion, and no breakdown of the solid electrolyte.

  - *Nail penetration test*: Validating the cell's resistance to physical damage, a 2.5mm-3.0mm-diameter nail is driven through the center of the solid-state cell at a controlled speed. The test passes only if there is no explosion and no ignition — key safeguards to prevent safety hazards in real applications.

RAW MATERIALS AND INVENTORY MANAGEMENT

Raw Material Procurement & Management

We source raw materials from a network of qualified suppliers, prioritizing stability, quality, and cost efficiency to support our production. Our procurement process is managed by a cross-functional team that evaluates suppliers based on technical capability, equipment readiness, financial stability, and compliance with environmental and social standards.

Core Raw Materials & Supplier Partnerships

Our raw materials are categorized into chemical materials, structural components, and auxiliary parts, with key suppliers and applications as follows:

- *Cathode Materials*: We primarily use lithium cobalt oxide (LCO) and nickel-cobalt-manganese (NCM) cathodes. LCO cathodes are used in button and cylindrical batteries for their high energy density, while NCM cathodes are reserved for cylindrical batteries requiring higher power output.

- *Anode Materials*: Graphite anodes (for standard batteries) are procured under long-term supplier contracts, ensuring consistent supply and price stability. Silicon-carbon composite anodes (for high-energy-density batteries) are procured from specialized suppliers, with doping levels tailored to specific battery types.

- *Structural Components*: We adopt ultra-thin, high-strength metal steel casings for button batteries, certain prismatic batteries and certain cylindrical batteries; for prismatic pouch batteries, cylindrical pouch batteries and other battery types, we use aluminum-plastic films

- *Auxiliary Parts*: We employ ultra-thin, flexible tabs and high-conductivity connecting wires, thus ensuring the rate performance and fast-charging capability of the batteries

Procurement Processes & Inventory Management

We have standardized end-to-end warehousing, logistics and inventory procedures, from material receipt and stock-in to returns of manufacturing materials and finished goods delivery. Supported by regular procedure updates, internal publication, and staff training to ensure compliance and timely anomaly reporting. Inventory locations are tracked to improve efficiency and achieve full traceability, with step -by-step verification, cycle counts and annual stocktakes, plus ongoing monitoring of slow-moving items; qualified logistics providers support safe and timely deliveries. The Group primarily engages independent third-party logistics providers for the transportation and delivery of its products to end customers, pursuant to standard logistics service agreements typically on an annual renewable basis. Under these arrangements, title to and risk in the products generally pass to the end customer upon delivery and signing of the delivery note at the customer's premises, confirming receipt in satisfactory condition. During transit, the logistics providers bear responsibility for any loss, damage or delay to the products and are contractually obligated to compensate the Group for the amount of such loss, with the Group bearing responsibility only for product quality issues inherent prior to handover to the logistics provider. The fees payable to the Group's logistics providers are generally determined based on quotation schedules provided by each provider, which may be adjusted from time to time to reflect changes in market conditions. For certain domestic logistics services, fees are charged in accordance with the provider's published standard pricing schedule. For cross-border logistics services, fees are quoted on an all-inclusive, tax-inclusive basis covering transportation, insurance and all related costs, with a contractual commitment to offer the Group the most favorable pricing available for the PRC region. Payment terms vary by provider and service type. For domestic logistics providers, payment is typically settled on a monthly basis with a credit period of 30 days after the end of each billing cycle. For cross-border logistics services, payment is due within 90 days from the date of customs declaration filing, with settlement made within 10 working days upon receipt of invoice. The logistics providers are required to maintain adequate cargo insurance coverage during transit to cover potential losses up to the full invoice value of the products.

The Group has established a comprehensive internal control system covering the entire logistics process, with safety and compliance, clear responsibilities, closed-loop processes, and controllable risks as its core principles. This system rigorously manages all aspects of logistics and customs clearance, through carrier qualification requirements, compliance assessments for dangerous goods transportation, and standardized packaging and warehousing management. Clear division of labor and approval authority among departments are defined, and multiple verification processes, including quotation review, document verification, and electronic customs declaration filing, are implemented to ensure document consistency, cargo consistency, and process traceability. A mechanism for full-process on-the-go tracking, arrival receipt archiving, and emergency response is established to promptly address risks such as transportation delays, customs inspections, and cargo damage. Furthermore, the implementation of these systems is incorporated into training and performance evaluations, and customs declaration files are retained for at least 5 years.

During the Track Record Period, the Group has not experienced any material delays, loss, or disruptions attributable to logistics providers.

For procurement, we run competitive bidding for materials purchased over RMB1.0 million (with at least three qualified vendors) and use 1-3 year contracts with fixed price bands for specialized materials to manage volatility. The fixed price bands refer to pre-agreed price ranges, comprising both an upper bound and a lower bound, within which the contract price may be adjusted based on market price movements of the relevant raw materials during the contract term. They do not refer to a single fixed price or a price cap. This mechanism provides both parties with price predictability while allowing limited flexibility to reflect fluctuations in raw material prices. We enter into

such one- to three-year procurement contracts primarily to (i) secure a stable supply of specialized materials with limited alternative sources; (ii) achieve cost predictability for our production planning; and (iii) strengthen our relationships with key suppliers to help secure priority allocation during periods of tight supply. These contracts do not impose any minimum purchase commitments or exclusivity obligations on our Group, and our purchase volume in any given period is determined based on our actual production needs. According to CIC, one- to three-year procurement contracts with fixed or range-bound pricing for specialized raw materials are common practice among lithium-ion battery manufacturers. Payment terms vary by supplier (including 30% advances for new suppliers, COD for small orders, and 30/60/90/120-day settlements for established partners). Equipment purchases follow a "3241" schedule (30%/20% /40%/10% with a 12-month quality holdback). Raw materials are typically managed on a 24 week cycle with strict controls to avoid overstock, and real-time ERP/BI monitoring integrated with production planning to trigger replenishment when inventories fall below safety thresholds.

RESEARCH AND DEVELOPMENT

R&D Investment

We adhere to R&D leadership as the cornerstone of our business, and adopt a long-term strategy of investing no less than 10% of our annual operating income in R&D expenses. Our recent R&D expenses were RMB38.1 million in 2023, RMB54.3 million in 2024, RMB93.5 million in 2025, and RMB47.9 million in the six months ended June 30, 2026, respectively.

The increase in our R&D expenses in 2025 was mainly attributable to our decision to strengthening our technical capabilities across multiple dimensions, including (i) improving the fundamental performance of our battery platforms, (ii) upgrading battery preparation and manufacturing methods, and (iii) developing batteries for new application scenarios and new form factors. In particular, our major R&D efforts in 2025 included projects relating to curved batteries for smart rings, high-temperature long-cycle battery systems and storage-life improvement, full laser-welding and fully sealed battery technologies, detachable battery projects and medium- to large-sized stacked pouch battery projects intended for drone and other emerging applications. These projects resulted in higher personnel costs, materials consumption, depreciation and other supporting R&D expenses in 2025.

Although such R&D expenses are incurred upfront during the product development stage, we are generally able to recover these investments through subsequent commercial sales once the relevant products achieve mass production for the applicable customer. Accordingly, our R&D investment supports both technological advancement and future revenue generation. We believe these investments are consistent with our long-term strategy of sustaining technological leadership and expanding into higher-value application scenarios.

R&D Model

We have established a R&D model dominated by independent R&D and supplemented by external cooperation. We generally adopt a fully independent R&D model for product R&D and engineering technology development, and cooperate with renowned universities on thematic research in materials R&D. This approach not only maintains the advanced nature of our technologies, but also ensures the independence of our products.

R&D System

Our R&D system comprises three core modules: the Research Institute, the Product R&D Center and the Engineering Technology Center. Among them, the Research Institute:

focuses on the R&D of battery materials, including cathode materials, anode materials, electrolytes and separators. Through the R&D of various materials and the formulation of optimized combination schemes, it achieves battery performance such as high voltage, high energy density, high safety and long cycle life. The Product R&D Center's primary function is to develop high-performance batteries for various smart products based on the form factors and application scenarios of end products. The Engineering Technology Center focuses on developing advanced equipment and manufacturing processes to enable us to mass-produce high-quality specific products efficiently. By establishing the aforementioned R&D system, we ensure the orderly conduct of our overall R&D activities, continuously roll out new battery chemical systems and battery products, and effectively realize large-scale production.

R&D Facilities

We set up our R&D centers in Huizhou, Guangdong in 2018 and in Anyuan, Jiangxi in 2021. Among them, the Huizhou R&D center serves as our R&D headquarters and main base, covering approximately 2,000 square meters of R&D premises and laboratories, with main R&D directions including materials R&D, steel-shell button batteries, flexible batteries, detachable batteries and portable energy storage battery modules; the Anyuan R&D center focuses on pouch batteries, drone batteries, cylindrical batteries and other related directions. As of the Latest Practicable Date, the R&D facilities and related staff accommodation at both our Huizhou and Ganzhou locations are situated on leased premises. For details of our plans to construct self-owned R&D headquarters and staff accommodation, see "Future Plans and [**REDACTED**]". Our laboratory in Huizhou provides full-chain testing from materials to finished batteries. We conduct safety tests such as overcharge, short-circuit, nail penetration and extrusion tests, and perform electrochemical performance tests on capacity, charge cycle life, rate capability and low-temperature performance. Our Huizhou laboratory was awarded the title of Key Laboratory of Huizhou City in 2025. Our R&D headquarters has been recognized as a Guangdong Provincial Technology Center, and our Anyuan R&D center has been honored as a Jiangxi Provincial Technology Center.

R&D Team

As at the Latest Practicable Date, our R&D team has 406 personnel, with professional expertise spanning materials science, electrochemistry, structural design and automation. The core members of the R&D team have an average of eight to 15 years of industry experience, ensuring the stable and efficient progress of technological R&D. Furthermore, we recruit outstanding graduates from key universities every year for training, forming a solid echelon of technical talents.

During the Track Record Period, Mr. Chen Zhiyong, our chairman of the Board and executive Director, was primarily responsible for overseeing our R&D department. The day-to-day management of our R&D department was undertaken by Mr. Chen Zhiyong from January 2023 to March 2023, and thereafter by Mr. Tong Jian from March 2023 to December 2025, following which he retired and assumed a consultancy role within the Group. As of the Latest Practicable Date, Ms. Fan Yanan serves as the head of the R&D department. In addition, Mr. Luo Weiguang served as the intellectual property engineer of the R&D department throughout the Track Record Period. The relevant personnel coordinated the work of the Research Institute, Product R&D Center and Engineering Technology Center, and oversaw product development, technology iteration, intellectual property clearance and risk review at key stages of product development and commercialization.

Intellectual Property Rights

We attach great importance to the independence and autonomy of intellectual property rights. We maintain a record of filing numerous new intellectual property right

applications each year/period during the Track Record Period. As of the Latest Practicable Date, we have accumulated more than 700 intellectual property right applications. In 2022, we were awarded the title of Enterprise with Advantages in National Intellectual Property.

Key Technological Achievements

We have developed our self-developed three-point sealing and structural safety technology. This technology activates multiple protection mechanisms under extreme conditions such as overheating or short-circuit, achieving zero fire and zero explosion incidents, and has become a key factor for us to access the global corporate supply chain.

By improving the formulations of cathode materials, electrolytes and anode materials, we have increased the energy density by more than 40%. Our automated metering and intelligent monitoring systems reduce process errors and improve product consistency, and these upgrades provide support for high-quality mass production.

Our laboratories provide full-chain testing from materials to finished batteries. We conduct safety tests including overcharge, short-circuit, nail penetration and extrusion tests, and carry out electrochemical performance tests on capacity, charge cycle life, rate capability and low-temperature performance. Meanwhile, we utilize scanning electron microscope (SEM), inductively coupled plasma spectrometer (ICP) and electrochemical workstation for materials analysis. These capabilities help us meet strict safety standards.

For further information, see "— Our Technology".

Academia collaboration

Such academia collaboration projects are principally for research and development support. The detailed scope of each project is set out in the relevant collaboration agreement and is generally determined based on specific technical issues encountered in our product development, manufacturing process optimization, quality control or performance enhancement efforts. Project scopes are typically divided into several stages, with each stage specifying the relevant research objectives, testing or simulation work, milestone deliverables and final technical reports or acceptance procedures.

In particular, we have entered into several collaboration arrangements with Central South University in relation to lithium-ion battery technologies, including research on the mechanism by which trace moisture affects battery performance, the causes and mechanisms of storage degradation, and electrode potential distribution and optimization during charge and discharge cycles. The contractual terms for our typical academia collaboration range from approximately 12 months to 24 months, and may be extended while fees range from approximately RMB0.6 million to RMB1.2 million. Such fees are payable by us in instalments according to project progress, generally comprising an initial payment upon signing, further payments upon completion of agreed interim milestones, and final payment upon project completion.

Under these arrangements, our Group generally provides research funding, battery samples, product specifications, process parameters, relevant production and testing conditions and technical liaison support. The academic institutions are generally responsible for proposing the research plan, carrying out laboratory testing, technical analysis, numerical simulation or other research work, and preparing interim reports, testing reports and final technical reports. Unless otherwise agreed, each party generally retains ownership of the fixed assets, equipment and materials it provides or purchases, while technical materials generated or exchanged during the collaboration are generally shared between the parties.

Such agreements also typically contain confidentiality obligations covering agreed confidential technical information during the project term and for a specified period after project completion, commonly two years. In respect of intellectual property, the parties generally share patent application rights in respect of collaboration results, with our Group being designated as the first patent right holder and having the right to use the resulting patent achievements. Academic institutions are generally granted priority in academic publication or research achievement application, subject to compliance with confidentiality requirements and protection of our commercial and technical interests. Subsequent improvements or derivative technologies developed based on the collaboration results are generally owned by the party completing such improvements, while our Group typically has a priority right to acquire or use such improved technologies on comparable terms.

These arrangements do not typically involve any cost sharing, funding or reimbursement by our customers, and the relevant research costs are borne by our Group. Accordingly, payments made to academic institutions, together with internal costs incurred by us in providing samples, testing conditions and technical support, are recognized as research and development expenses in our consolidated statements of profit or loss when incurred. No revenue or customer reimbursement was recognized in connection with these collaboration projects during the Track Record Period. Such academia collaboration projects did not directly contribute revenue during the Track Record Period, but we believe that they have strengthened our technological capabilities, process optimization and quality control, thereby enhancing our long-term competitiveness.

OUR CUSTOMERS

Our Customers

During the Track Record Period, our primary customers include leading domestic and international OEMs and ODMs.

The following table sets forth the background information of our five largest customers for each period during the Track Record Period.

For the six months ended June 30, 2026

Customer	Background	Revenue	Percentage of total revenue	Major products/ services purchased from us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Customer A . .	A company established in 2004 in Shenzhen. It is primarily engaged in electronic products, communication equipment and wearable smart devices. Through its operating business, it focuses on acoustic products and is known for bone-conduction headphones, while also expanding into smart wearables.	42,786	12.7%	Button batteries, prismatic batteries, cylindrical batteries	China	2023
2. Customer B . .	A company established in 2013 in Shenzhen. It is primarily engaged in the R&D and design of acoustic earphones and related smart hardware and software. Its products include true-wireless, over-ear and open-ear earphones, audio equipment and smart wearable products.	27,859	8.3%	Button batteries, prismatic batteries, cylindrical batteries	China	2022
3. Customer C . .	A Shanghai Stock Exchange-listed company established in 2005. It is primarily engaged in providing intelligent hardware services, covering smartphones, tablets, laptops, smart wearables, AIoT, data-center products and automotive electronics.	26,045	7.7%	Button batteries, prismatic batteries	China	2023
4. Customer D . .	A company established in 1975 in Taiwan, China. It is primarily engaged in the manufacturing of electroacoustic products, including earphones, speakers, microphones, hearing aids and batteries.	24,914	7.4%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
5. Customer E . .	A company established in 1869 in Denmark. It is primarily engaged in intelligent hearing, audio, video and gaming solutions.	24,361	7.2%	Button batteries and prismatic batteries	Denmark	2019
Total		**145,966**	**43.3%**			

For the year ended December 31, 2025

Customer	Background	Revenue	Percentage of total revenue	Major products/ services purchased from us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Customer F . .	A company established in 2015. It is primarily engaged in the R&D, production and sales of consumer electronics, including wireless audio, smart wearables, bone conduction devices and microphones.	70,054	12.4%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
2. Customer C . .	A Shanghai Stock Exchange listed company established in 2005. It is primarily engaged in providing intelligent hardware services, covering smartphones, tablets, laptops, smart wearables, AIoT, and automotive electronics.	55,368	9.8%	Button batteries, prismatic batteries	China	2023
3. Customer D . .	A company established in 1975 in Taiwan, China. It is primarily engaged in the manufacturing of electroacoustic products, including earphones, speakers, microphones, hearing aids and batteries.	50,951	9.0%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
4. Customer E[(1)] .	A company established in 1869. It is primarily engaged in advanced hearing healthcare solutions.	38,269	6.8%	Button batteries	Denmark	2019
5. Customer G . .	A company established in 2016. It is primarily engaged in the R&D, manufacturing and sales of lithium battery packs, power adapters and energy storage products.	34,599	6.1%	Button batteries	China	2018
Total		**249,241**	**44.1%**			

For the year ended December 31, 2024

Customer	Background	Revenue	Percentage of total revenue	Major products/ services purchased from us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Customer F . .	A company established in 2015. It is primarily engaged in the R&D, production and sales of consumer electronics, including wireless audio, smart wearables, bone conduction devices and microphones.	78,456	14.7%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
2. Customer G . .	A company established in 2016. It is primarily engaged in the R&D, manufacturing and sales of lithium battery packs, power adapters and energy storage products.	46,597	8.7%	Button batteries	China	2018
3. Customer H . .	A company established in 2011 and is currently listed on the Shenzhen Stock Exchange. It is primarily engaged in intelligent hardware, covering charging and energy storage, smart innovation, and audio-video products.	41,174	7.7%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
4. Customer E[(1)] .	A company established in 1869. It is primarily engaged in advanced hearing healthcare solutions.	38,232	7.2%	Button batteries	Denmark	2019
5. Customer C . .	A Shanghai Stock Exchange listed company established in 2005. It is primarily engaged in providing intelligent hardware services, covering smartphones, tablets, laptops, smart wearables, AIoT, and automotive electronics.	37,387	7.0%	Button batteries, prismatic batteries	China	2023
Total		**241,846**	**45.4%**			

For the year ended December 31, 2023

Customer	Background	Revenue	Percentage of total revenue	Major products/ services purchased from us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Customer G[3] .	A company established in 2016. It is primarily engaged in the R&D, manufacturing and sales of lithium battery packs, power adapters and energy storage products.	73,651	21.0%	Button batteries	China	2018
2. Customer I[2] .	A company established in 2007 in Taiwan, China. It is primarily a trading intermediary that acts as an agent for the sale of domestic and international electronic components and circuit modules.	40,096	11.4%	Button batteries	China	2021
3. Customer H . .	A company established in 2011 and is currently listed on the Shenzhen Stock Exchange. It is primarily engaged in intelligent hardware, covering charging and energy storage, smart innovation, and audio-video products.	31,324	8.9%	Button batteries, prismatic batteries, cylindrical batteries	China	2019
4. Customer J . .	A company primarily engaged in providing electronics contract manufacturing services, and providing design, creation, transportation and maintenance solutions.	19,963	5.7%	Button batteries, cylindrical batteries	Singapore	2021
5. Customer K . .	A company established in 2019. It is primarily engaged in the R&D, manufacturing and cross-border e-commerce sales of 3C digital accessories and energy storage products.	16,596	4.7%	Modules	China	2022
Total		**181,630**	**51.7%**			

Notes:

(1) Customer E is not an OEM and arranges its own production after receiving our products.

(2) Our relationship with Customer I is of a trading nature. Customer I initially played a referral role when we first established its business relationship with a global leading professional audio brand (an Independent Third Party). At our early stage, we faced cash-flow pressure as Customer I offered 30-day payment terms, whereas the designated contract manufacturer of such end-customer, Customer D (an Independent Third Party), required 120-day payment terms. We adopted such arrangements to improve our cash collection cycle. The arrangement operates as follows: we sell products to Customer I, which then on-sells to Customer D for incorporation into the end-customer's products. The transactions between us and Customer I are conducted in the form of purchase orders. We do not pay any fees, commissions or other consideration to Customer I; rather, we provide a price concession of approximately 4% to Customer I as a trading margin. As our financing capability improved, we gradually phased out such arrangements, and only one to two product models remain subject to such arrangements as of the Latest Practicable Date. Customer I does not further customize or process our products before reselling them. The end-customer and Customer D are each Independent Third Parties. According to CIC, such

intermediary/distributor arrangements are common in the mini-size lithium-ion battery industry, particularly for smaller or early-stage battery manufacturers seeking to access large international OEM customers with longer payment cycles. The PRC Legal Advisor has confirmed that the arrangement with Customer I is legal and valid under PRC law. Save for Customer I, we did not enter into similar intermediary/distributor arrangements with other customers during the Track Record Period and up to the Latest Practicable Date.

(3) Although Customer G is primarily engaged in the manufacturing and sales of lithium battery packs and energy storage products, it purchases battery cells from us because certain end-customers require battery cell manufacturers and battery pack assembly manufacturers to be separate suppliers for quality accountability, supply chain risk diversification and cost control purposes. This separate-supplier model is an industry practice adopted by certain consumer electronics brands.

During the Track Record Period, our top five customers accounted for RMB181.6 million, RMB241.8 million, RMB249.2 million, and RMB146.0 million, accounting for 51.7%, 45.4%, 44.1%, and 43.3% of our total revenue in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. During the Track Record Period, we maintained stable business relationships with our five largest customers in each year/period.

As of the Latest Practicable Date, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest customers in each year/period during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year/period during the Track Record Period was an Independent Third Party.

Key Sales Agreements with Our Major Customers

We typically enter into framework sales agreements with our major customers, pursuant to which customers will enter into individual purchase orders with us. Such agreements are legally binding and have not been subject to material breaches during the Track Record Period and up to the Latest Practicable Date.

Our framework sales agreement typically contains the following key terms:

Key Terms	Description
Technological Specification	Our customers usually set relevant technical parameters and technological specification of the batteries in the sales contract. Those parameters and technological specification set out certain characteristics and requirements of the products to be delivered.
Price and price adjustment mechanism	We specify the unit price and/or total price of each product and service provided to the customer in the framework sales agreement. We negotiate with customers a price adjustment mechanism that varies by product type, business model and cooperation cycle, and is linked to market prices of key raw materials (e.g., lithium iron phosphate). Initial pricing is set using a benchmark raw-material price at the time of agreement, and is adjusted before delivery based on changes in average market prices versus the benchmark (and actual purchase volume). According to CIC, this mechanism is common in the industry.

Key Terms	Description
Payment term	We grant customer credit terms based on credit profile, track record and purchase volume, typically 60–90 days for major customers. We also maintain a systematic credit control mechanism to identify and mitigate accounts-receivable risks during contract performance.
Delivery term	Depending on the product type and business model, we specify corresponding order delivery mechanisms or delivery cycles in our framework sales agreements. For domestic customers, we generally bear the costs and risks associated with bringing the goods to the named place of destination. For international customers, we generally deliver our products free on board.
Inspection	Product inspection may take place within a specified period after delivery to customer. Our customers may require us to replace the defective products.
Term, termination and renewal	The term of the agreement generally ranges from 1 to 3 years and may vary on a case-by-case basis. The renewal of framework agreements is dependent on the outcomes of our negotiations with different customers.
Minimum purchase requirement	We generally do not have minimum purchase requirements for our customers.

Pricing

Product pricing is critical to our operating results. We set and periodically review prices based on input and manufacturing costs, customer specifications, order volume/product mix, delivery requirements, and commercial terms, while monitoring market and competitor pricing to remain competitive and preserve margins; prices may be adjusted by product and order to reflect transaction economics and risk. Our internal policy generally requires sales teams to initiate price adjustment negotiations when raw material costs rise significantly after contract signing.

During the Track Record Period, fluctuations in the prices of key raw materials, in particular lithium cobalt oxide, electrolyte and graphite, affected our production costs to some extent, but the overall impact on our profitability was limited.

The procurement prices of these materials also varied differently over time. The average purchase price of lithium cobalt oxide was approximately RMB235.0/kg in 2023, RMB155.7/kg in 2024, RMB285.3/kg in 2025, and RMB339.4/kg in the six months ended June 30, 2026. For the same years/period, the average purchase price of electrolyte was approximately RMB99.1/kg, RMB81.7/kg, RMB66.8/kg and RMB65.7/kg, respectively, and the average purchase price of graphite was approximately RMB76.9/kg, RMB64.4/kg, RMB56.9/kg and RMB60.4/kg, respectively.

Our framework sales agreements generally contain price adjustment mechanisms linked to market prices of key raw materials. During the Track Record Period, we selectively activated such mechanisms where commercially justified, although whether

and to what extent we sought customer-side adjustments depended on contractual terms, customer relationships, order cycles and the materiality of the underlying cost movement. In addition, we mitigated raw material price fluctuations through centralized procurement, supplier diversification, flexible purchasing arrangements, moderate safety stock build-up at lower price levels, process and yield improvements, and product and R&D initiatives to improve material utilization. We believe these measures helped us manage raw material price volatility during the Track Record Period.

Looking forward, we intend to maintain and enhance our profitability through a combination of product-mix optimization, proactive product customization in response to market changes and evolving industry demand, technology upgrading, cost control and disciplined customer selection. First, we intend to continue allocating resources toward battery products and application scenarios with stronger self-developed technology content, higher customization requirements and better margin profile, including selected wearable, personal smart medical and emerging high-value application scenarios. Second, we expect continued R&D investment to improve the performance, yield and manufacturability of our products, including through better material utilization, lower process loss, higher automation and upgraded battery design. Third, we will continue to strengthen procurement management, supplier diversification and centralized purchasing to mitigate cost volatility. Fourth, we will continue to manage pricing and customer mix in a disciplined manner, including by selectively using contractual price adjustment mechanisms where commercially appropriate and by prioritizing long-term customer relationships and products with more sustainable profitability. Finally, we believe our multi-location production base, flexible manufacturing capability and digitalized production management will continue to improve efficiency and support margin resilience as our business scales.

Overseas Sales

During the Track Record Period, the Group's direct revenue exposure to the United States and other non Asian markets remains minimal, accounting for only approximately 2.0%, 1.5%, 3.1%, and 12.5% of our total revenue in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively, and U.S. revenue representing merely 0,23%, 0.55%, 1.14%, and 1.50% of our total revenue for the same years/period.

Our overseas operations are limited to contractual sales and support arrangements without substantial fixed investments, allowing flexible adjustment to changing regulatory environments. As our mini-sized lithium ion battery product represent a low value yet essential component in end-consumer electronic products, trade tariffs and restrictions have mainly caused short term shifts in delivery timing rather than permanent order losses or material cost pressures, and end customers have generally absorbed or mitigated such impacts without switching suppliers. Such postponed deliveries were initiated by customers as a proactive decision based on the international situation and market conditions in consultation with the Group, rather than being caused by logistics disruptions. Certain overseas customers temporarily reduced their late 2025 purchase volumes due to tariff uncertainty, but indicated their intention to resume normal volumes once the tariff situation stabilized.

There may be uncertainties regarding tariff policies in the United States. See "Risk Factors Trade restrictions, tariff, or sanctions on our products or the end products in which our batteries are installed may adversely affect our business." Accordingly, we closely monitor development in tariff policies and has been implementing measures to respond to potential tariff increases that may affect our end-customers. To mitigate potential geopolitical risks, we have set up production capacity in our Vietnam Production Base to enable flexible order reallocation should the need arises. Certain overseas customers have indicated interests for products of non-China origin in order to diversify their supply chain risks, and our Vietnam Production Base could provide the flexibility to accommodate such requests. Our customer contracts generally do not contain

automatic tariff pass-through clauses; pricing adjustments in response to tariff changes are primarily managed through periodic re-quotation and re-negotiation on a case-by-case basis. In late 2025, three overseas customers temporarily reduced purchase volumes citing tariff-related uncertainty, which we accommodated through flexible production scheduling. The aggregate revenue attributable to such customers amounted to approximately RMB30.4 million, representing approximately 5.4% of our total revenue in 2025. Such adjustments were short-term in nature and did not result in permanent order cancellations or customer losses, and the relevant customers have subsequently resumed normal ordering levels. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any permanent customer losses attributable to tariffs or trade restrictions.

We source key raw materials primarily from mainland China and other Asian markets with multiple suppliers available. We have not experienced any permanent customer losses due to geopolitical tensions since our inception. In particular, all customers who temporarily reduced or postponed orders during the Track Record Period and up to the Latest Practicable Date have subsequently resumed normal order levels. Our international sales expansion remains prudent and risk controlled, and we have no imminent plans to establish production facilities in other jurisdictions.

Accordingly, we consider the impact of the current U.S. China geopolitical tensions and recent European policy developments on our business operations, financial performance and development strategies to be limited and manageable.

Customer Service

We prioritize customer service and provide comprehensive, high-quality, and timely support through an extensive service network, with an initial response to feedback or complaints typically within 24 hours. We also offer additional noise testing for smart wearable devices involving our batteries and provide mitigation solutions to enhance customer satisfaction and stickiness.

We maintain clear product return and replacement procedures, generally accepting returns for quality defects within the contractual warranty period (typically 12 months). During the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints or product returns, nor any material product returns or order cancellations due to product defects.

OUR SUPPLIERS

Our Suppliers

The raw materials that we purchase from our suppliers mainly include lithium cobalt oxide, cathode, anode and steel shells. Other materials include structural parts and electronic parts, equipment, among others.

During the Track Record Period, purchase from our top five suppliers amounted to RMB59.2 million, RMB72.3 million, RMB91.6 million, and RMB59.5 million, accounting for 43.3%, 35.4%, 38.2%, and 40.2% of our total purchase in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. During the Track Record Period, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period, there have been no quality issues with our raw materials that significantly impacted our operations.

The following table sets forth the background information of our five largest suppliers for each period during the Track Record Period.

For the six months ended June 30, 2026

Supplier	Background	Procurement amount	Percentage of total procurement	Major products/ services sold to us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Supplier A . .	A company established in 2002. It is primarily engaged in the research, development and industrialized production of lithium-ion battery materials.	28,612	19.3%	Lithium cobalt oxide	Tianjin	2022
2. Supplier B. . .	A company established in 2020 in Shenzhen. It is primarily engaged in the R&D and sales of batteries, battery packs, battery materials, battery management systems and energy storage products.	11,985	8.1%	Lithium cobalt oxide	Guangdong	2022
3. Supplier C . .	A company established in 2013 in Dongguan. It is principally engaged in the R&D, production and sales of new-energy lithium battery protection boards and battery management systems.	7,676	5.2%	Protection boards	Guangdong	2023
4. Supplier D . .	A company established in 2008. It is primarily engaged in the manufacturing of power electronic components, mould manufacturing and battery pack processing and metal products.	6,047	4.1%	Battery pack processing and aluminum posts	Hubei/ Guangdong	2023
5. Supplier E. . .	A company established in 2021. It is primarily engaged in the production, processing and sales of electronic products, lithium-ion batteries and energy storage batteries.	5,199	3.5%	Battery cells	Guangdong	2021
Total		**59,519**	**40.2%**			

For the year ended December 31, 2025

Supplier	Background	Procurement amount	Percentage of total procurement	Major products/ services sold to us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Supplier A . .	A company established in 2002. It is primarily engaged in the research, development and industrialized production of lithium-ion battery materials.	30,288	12.6%	Lithium cobalt oxide	Tianjin	2022
2. Supplier F. . .	A company established in 2017. It is primarily engaged in the sales and production of electronic products, electronic components and related accessories.	21,227	8.9%	Battery cells	Hunan	2019
3. Supplier G . .	A company established in 2014. It is primarily engaged in the stamping of precision metal structural components.	14,999	6.3%	Steel casing and seal ring	Guangdong	2021
4. Supplier D . .	A company established in 2008. It is primarily engaged in the manufacturing of power electronic components, mould manufacturing and battery pack processing and metal products.	13,900	5.8%	Battery pack processing and aluminum posts	Hubei/ Guangdong	2023
5. Supplier E. . .	A company established in 2021. It is primarily engaged in the production, processing and sales of electronic products, lithium-ion batteries and energy storage batteries.	11,228	4.7%	Battery cells	Guangdong	2021
Total		**91,642**	**38.2%**			

For the year ended December 31, 2024

Supplier	Background	Procurement amount	Percentage of total procurement	Major products/ services sold to us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Supplier F. . .	A company established in 2017. It is primarily engaged in the sales and production of electronic products, electronic components and related accessories.	25,503	12.5%	Battery cells	Hunan	2019
2. Shandong Ruisi Precision Industry Co., Ltd.	A company established in 2004. It is primarily engaged in the manufacturing of IC packaging components, MEMS packaging shields, consumer electronics components and power devices.	12,434	6.1%	Steel casing and seal ring	Shandong	2021
3. Supplier G . .	A company established in 2014. It is primarily engaged in the stamping of precision metal structural components.	11,874	5.8%	Steel casing and seal ring	Guangdong	2021
4. Supplier A . .	A company established in 2002. It is primarily engaged in the research, development and industrialized production of lithium-ion battery materials.	11,696	5.7%	Lithium cobalt oxide	Tianjin	2022
5. Supplier E. . .	A company established in 2021. It is primarily engaged in the production, processing and sales of electronic products, lithium-ion batteries and energy storage batteries.	10,832	5.3%	Battery cells	Guangdong	2021
Total		**72,339**	**35.4%**			

For the year ended December 31, 2023

Supplier	Background	Procurement amount	Percentage of total procurement	Major products/ services sold to us	Location of headquarters	Year of commencement of business relationship
		(RMB in thousands)				
1. Supplier H . .	A company established in 2017. It is primarily engaged in battery manufacturing, battery component production and energy storage technology services.	18,013	13.2%	Battery cells	Jiangxi	2022
2. Shandong Ruisi Precision Industry Co., Ltd.	A company established in 2004. It is primarily engaged in the manufacturing of IC packaging components, MEMS packaging shields, consumer electronics components and power devices.	12,037	8.8%	Steel casing and seal ring	Shandong	2021
3. Supplier A . .	A company established in 2002. It is primarily engaged in the research, development and industrialized production of lithium-ion battery materials.	11,091	8.1%	Lithium cobalt oxide	Tianjin	2022
4. Supplier E. . .	A company established in 2021. It is primarily engaged in the production, processing and sales of electronic products, lithium-ion batteries and energy storage batteries.	9,751	7.1%	Battery cells	Guangdong	2021
5. Supplier I . . .	A company established in 2017. It is primarily engaged in lithium battery pack processing.	8,272	6.1%	Battery pack processing	Guangdong	2022
Total		**59,164**	**43.3%**			

As of the Latest Practicable Date, Mr. Wang Minglun, our non-executive Director, is indirectly interested in 43.58% equity interest in Shandong Ruisi Precision Industry Co., Ltd.* (山東睿思精密工業有限公司) ("**Shandong Ruisi**"). Save for the aforesaid, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the **[REDACTED]** had any interest in our five largest suppliers in each period during the Track Record Period. Save for Shandong Ruisi, to the best knowledge of our Directors, each of our five largest suppliers in each period during the Track Record Period was an Independent Third Party. See "Continuing Connected Transactions" for further details.

During the Track Record Period, battery cells procured from Supplier E, Suppler F and Supplier H were mainly used for portable energy storage battery packs and single cell pack products. These are not the same as the Group's core mini-size lithium-ion batteries. Such purchases are made through customer-designated supply chains. Even where such batteries are sourced from third parties, the Group adds significant value through customer-focused R&D and design adaptation, as well as quality inspection, cell matching, component integration, assembly, testing and quality control, with value-add costs covering direct materials, labor, manufacturing overheads and other inputs.

During the Track Record Period, the Company had transactions with Luxshare Precision Industry Co., Ltd.* (立訊精密工業股份有限公司) ("**Luxshare Precision**") in connection with the sale of the Company's products. Luxshare Precision is owned as to approximately 37.49% by Luxshare Limited (立訊有限公司), which is in turn owned as to (i) 50% by Ms. Wang Laichun (王來春), the mother of Mr. Yi Lei, our non-executive Director, and (ii) 50% by Mr. Wang Laisheng (王來勝), the brother of Ms. Wang Laichun. Luxshare Precision does not constitute a majority-controlled company held by Mr. Yi Lei's family member(s) under Rule 14A.12(2)(a), nor does it constitute a majority-controlled company held by his family member(s) and/or relative(s) under Rule 14A.21(1)(b). It is therefore not a connected person of the Group. The relevant transactions arose from the ordinary course of the Company's business with an end customer's supply chain arrangement. Under such arrangement, Luxshare Precision acted as the relevant ODM/supplier designated by the end customer. The Company confirms that the transactions with Luxshare Precision were conducted in the ordinary and usual course of business and on normal commercial terms. The pricing, payment terms and other principal commercial terms were determined with reference to ordinary commercial considerations. To the best of the Company's knowledge, Luxshare Precision is primarily engaged in electronic components manufacturing and its products are used in various applications including, consumer electronics, communications and data centers, and automotive electronics.

Overlapping Customer and Supplier

In 2023, 2024, 2025, and in the six months ended June 30, 2026, our purchase amount attributable to one of our top five suppliers, Shandong Ruisi, amounted to RMB12.0 million, RMB12.4 million, RMB8.9 million, and RMB4.3 million, which accounted for 8.8%, 6.1%, 3.7%, and 2.9% of our total purchases in such periods, respectively. We had sales attributable to Shandong Ruisi of RMB0.04 million in 2023, which accounted for 0.01%, of our total sales amount in such year.

In 2023, 2024, 2025, and in the six months ended June 30, 2026, our sales attributable to Customer H amounted to RMB31.3 million, RMB41.2 million, RMB22.2 million, and RMB11.1 million, which accounted for 8.9%, 7.7%, 3.9%, and 3.3% of our total revenue for such periods, respectively. Our procurement amount attributable to Supplier F, a subsidiary of Customer H, amounted to nil, RMB25.5 million, RMB21.2 million, and RMB0.5 million, representing nil, 12.5%, 8.9%, and 0.4% of our total procurement amount in 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively. Customer H and Supplier F are members of the same corporate group.

Shandong Ruisi was principally a supplier to us during the Track Record Period. On the procurement side, we procured steel casings, steel shells and seal rings, rubber rings from Shandong Ruisi. On the sales side, sales to Shandong Ruisi were insignificant and mainly involved certain sales of raw materials to them which we had purchased on its behalf through a third-party manufacturer. Specifically, in 2023, we purchased one type of raw material from a third-party manufacturer on behalf of Shandong Ruisi for an aggregate amount of approximately RMB40,000. We did not charge any mark-up and did not generate any gross profit from this transaction. This arrangement arose because Shandong Ruisi did not have a direct supply relationship with such third-party manufacturer at the relevant time, and we facilitated the purchase as a one-off accommodation. Save as disclosed above, there were no other similar arrangements or transactions between our Group and Shandong Ruisi during the Track Record Period and up to the Latest Practicable Date.

By contrast, the corporate group comprising Customer H and Supplier F represented a substantive commercial counter party relationship on both the sales side and the procurement side. On the sales side, Customer H purchased button batteries, prismatic batteries and cylindrical batteries from us. On the procurement side, as designated by the relevant customer, Supplier F, being a member of the same corporate group as Customer H, supplied to us larger battery cells used for modules.

Such transactions were conducted in the ordinary and usual course of business and on normal commercial terms, and were generally subject to the same internal approval, pricing and procurement procedures applicable to our transactions with other customers and suppliers. The terms, including pricing and other key commercial terms, and the gross profit margin of sales to overlapping customers were not materially different from those of other comparable transactions conducted by us in the ordinary course of business.

According to CIC, having such overlap is common in the industry. The transactions that we entered into with the overlapping supplier-customer were on an arm's-length, mutually independent basis under normal commercial terms. The sales and purchases were neither interconnected nor inter-conditional. The key terms of our sales and supply agreements with the overlapping supplier-customer were substantially similar to those with our other customers and suppliers.

Given that our relationship with the supplier-customer is unlikely to materially deteriorate or terminate, we believe that the supplier-customer overlap during the Track Record Period would not hinder our business prospects.

Supply Chain Management

We aim to build a resilient supply chain focused on efficiency, innovation, cost reduction and green, low-carbon practices. We maintain a supplier management system covering qualification, tiered management, performance evaluation and exit procedures, and have developed a shortlist of suppliers with long-term partnerships with key suppliers.

To manage raw material price and supply risks, we monitor supply-demand and price movements of key inputs, use forward-looking procurement, and secure supply through a mix of long-term procurement agreements and selective upstream integration, including in-house production of certain key raw materials alongside external sourcing. Specifically, as part of our supply chain management measures, our upstream integration strategy focuses on electrolyte, for which we have established in-house research and development capabilities and developed proprietary formulations that are provided to qualified suppliers for manufacturing. The selection of such raw materials for in-house development is primarily based on their strategic importance, impact on product quality and performance, supply stability and cost efficiency. This arrangement is intended to enhance our control over the formulations and quality specifications of these critical inputs. For other raw materials where external sourcing is more cost-effective or specialized manufacturing expertise is required, we continue to procure from qualified third-party suppliers under our standard procurement framework, which includes supplier qualification, quality inspection, price comparison, separate quotation or tendering for different raw materials or production processes where appropriate, and ongoing supplier evaluation. Such separate sourcing and quotation process is intended to enhance cost transparency and bargaining power, and to mitigate potential hidden premiums that may be embedded in bundled quotations. This combined sourcing arrangement allows us to balance supply security, cost efficiency and product quality. We also strengthen supplier relationships through favorable payment terms, our reputation, and annual supplier conferences to share technology roadmaps and explore collaboration, including strategic and other cooperation agreements where appropriate.

Key Terms of Agreement with Our Major Suppliers

During the Track Record Period, we carefully select external suppliers and require them to meet certain evaluation and assessment standards. We procure only from suppliers on our qualified list, who are comprehensively assessed on factors such as qualifications, quality, service, quality control, capacity and logistics, and are subject to ongoing management and quarterly /annual evaluations to promote strong performers

and remove underperformers, supporting quality and cost-effective procurement. Our framework procurement agreements set out general cooperation terms, raw material specifications and quality standards, quantities, payment obligations and delivery methods; they are legally binding and were not subject to material breaches during the Track Record Period and up to the Latest Practicable Date. We did not enter into any exclusive supply agreements during the Track Record Period.

The key terms in our framework procurement agreements and orders with suppliers typically include:

Key Terms	Description
Purchase Order	We typically include purchase amount, the type, specification, unit price, quantity and date of delivery in the purchase order.
Pricing	Depending on the type of raw material and suppliers involved, prices are determined/adjusted taking into account the then prevailing market price when placing orders.
Payment and credit term	Credit terms and payment methods shall be outlined in the purchase orders. We are granted certain credit terms, which is normally 90 days, by our major suppliers.
Minimum purchase requirement	None.
Inspection and product returns	Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
Termination	The framework procurement agreement typically terminates upon the expiration of the agreed term and may also be terminated early under specified conditions.

Due to factors such as fluctuations in material prices, changes in market supply and demand dynamics, and technological advancements, our procurement prices and quantities may vary. For details, see "Risk Factors — Price fluctuation and inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations."

EMPLOYEES

Our people-centric culture promotes sustainable growth internally and customer bonding externally. We are dedicated to creating a fair, just and open environment for our employees. As of June 30, 2026, we had a total of 2,045 employees, most of whom were based in China.

The following table sets forth the number of our employees categorized by function as of June 30, 2026

Management Classification	Number of Employees	% of Total
Production Workers	961	47.0
Manufacturing Management Personnel	534	26.1
R&D Technical Personnel	406	19.9
Administrative Management Personnel	95	4.6
Sales Personnel	30	1.5
Finance Personnel	19	0.9
	2,045	100.0

We use diversified recruitment channels (referrals, online platforms and campus hiring) to maintain a strong talent pipeline, and provide onboarding and ongoing training. Employees sign individual employment contracts covering remuneration and benefits, confidentiality and non-compete obligations, IP/work-product arrangements and termination terms; remuneration typically comprises salary and bonuses based on seniority, performance and tenure, supported by multiple incentives and a positive working environment.

We manage staff under an Employee Handbook that promotes an equal, respectful workplace, with role-based performance targets and periodic reviews, helping us retain qualified employees and a stable core management team.

We provide comprehensive benefits and career development opportunities and comply with applicable workplace safety laws and standards through an effective safety management system.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

Social Insurance and Housing Provident Fund

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees. This was primarily because a number of employees preferred not to make full contributions to the aforementioned funds.

As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, if we fail to make full social insurance contributions as required, we may be ordered to make up the outstanding social insurance contributions within a prescribed time limit and may be subject to a late payment fee calculated at 0.05% of the outstanding amount per day commencing from the date such payment was due. If we fail to make the payment within the prescribed period, the competent authorities may further impose a fine ranging from one to three times the overdue amount. In respect of the housing provident fund, our PRC Legal Advisor has advised that, under the relevant PRC laws and regulations, if we fail to make full contributions as required, the Housing Provident Fund Management Center may order us to make up the outstanding amount within a specified time limit, failing which it may apply to the PRC courts for compulsory enforcement.

In view of the following: (i) pursuant to applicable laws and regulations, including the Notice of the General Office of the State Taxation Administration on Properly and Orderly Carrying Out the Collection and Administration of Social Insurance

Contributions (Shui Zong Ban Fa [2018] No. 142) (《國家税務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》(税總辦發[2018]142號)) and the Notice of the General Office of the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Contribution Rates (Guo Ban Fa [2019] No. 13) (《國務院辦公廳關於印發〈降低社會保險費率綜合方案〉的通知》(國辦發[2019]13號)), administrative enforcement authorities are prohibited from organizing or conducting centralized collection of historical outstanding social insurance contributions from enterprises; (ii) we have obtained confirmations from the competent authorities, stating that we were not subject to any administrative penalties in relation to social insurance or housing provident fund matters, and that there were no complaints or reports relating to such matters, and that our contribution bases for social insurance and housing provident fund were in compliance with applicable requirements and did not involve any material violations; in the absence of such complaints or reports, we would not be subject to recovery actions or administrative penalties by the relevant competent authorities; (iii) during the Track Record Period, we were not subject to any penalties in relation to social insurance or housing provident fund matters, nor did we receive any notices from the local social insurance or housing provident fund authorities requiring us to make up historical outstanding contributions; and (iv) Mr. Chen Zhiyong and Mr. Xu Jiangtao have undertaken that they will procure our Company and its subsidiaries to make social insurance and housing provident fund contributions for all eligible employees in accordance with laws, regulations and relevant local policies; in the event that our Company and its subsidiaries are required by a competent authority to make up or recover contributions, pay late fees, are penalized or suffer other losses due to their failure to make full social insurance and housing provident fund contributions in accordance with the law, they shall fully indemnify our Company and its subsidiaries against all costs, expenses and losses incurred as a result thereof and ensure that our Company and its subsidiaries will not suffer any loss as a result. As advised by our PRC Legal Advisor, the risk of us being required to make up the outstanding shortfall of social insurance and housing provident fund contributions and the risk of us being subject to administrative penalties are remote.

Taking into account (i) the aforesaid advice of our PRC Legal Advisor; and (ii) that as at the Latest Practicable Date, we had not received any administrative penalties or rectification orders issued by the PRC competent authorities, and none of our employees had raised any material complaint in respect of the payment of social insurance and housing provident fund contributions, our Directors are of the view, and the Sole Sponsor concurs, that the underpayment of social insurance and housing provident fund contributions during the Track Record Period would not have a material adverse impact on our suitability for [**REDACTED**].

We have implemented, and will continue to implement, the following enhanced internal control and corrective measures to progressively address these issues and prevent recurrence:

- we have strengthened and formalized our human resources policies and procedures and clarified the allocation of responsibilities in respect of human resources compliance matters. Under such policies and procedures, our human resources and administration department is primarily responsible for organizing human resources compliance work and implementing and monitoring compliance with applicable PRC labor, social insurance and housing provident fund laws and regulations in our daily human resources management, including the administration of employee onboarding, labor contract management, payroll and employee benefit arrangements. Our management is responsible for reviewing and approving major human resources matters and ensuring that our human resources activities comply with applicable laws and regulations and our internal operating requirements;

- we have established a regular review and update mechanism for our human resources policies and procedures. In particular, our human resources and administration department will conduct, through the annual management review process and at least once a year, a review of our human resources management policies and procedures, including those relating to social insurance and housing provident fund contributions, to ensure that the relevant provisions remain consistent with the latest applicable laws, regulations and local implementing rules;

- we will closely monitor the latest developments in PRC laws, regulations and local policies relating to social insurance and housing provident fund. Where there is any amendment to existing laws or regulations or promulgation of new laws or regulations, we will update our internal policies and procedures accordingly to ensure they remain in line with the latest regulatory requirements;

- we have enhanced our employee communication and legal compliance training mechanism. Where regulatory changes or internal policy updates involve employees' rights and interests, including remuneration, benefits, working conditions, social insurance or housing provident fund matters, we will disseminate the relevant information to employees through announcements, training sessions and internal communication channels, and provide explanations where appropriate, with a view to improving employees' awareness of, and cooperation with, our statutory contribution obligations;

- we have strengthened our onboarding and employee records management procedures. Employees are required to provide requisite personal identification and employment information during onboarding, undergo identity verification, and enter into appropriate labor contract documentation. Such information and documentation will be maintained by our human resources and administration department to facilitate the timely identification of employees eligible for social insurance and housing provident fund contributions and the proper administration of contribution arrangements; and

- we will continue to seek legal support from our in-house legal personnel and consult our PRC Legal Advisor on a regular basis, and where necessary in respect of material or complex human resources compliance matters, to obtain advice on applicable PRC labor, social insurance and housing provident fund laws and regulations, including specific legal advice on major human resources decisions and assistance in handling labor disputes and legal proceedings, so as to keep abreast of relevant regulatory developments and ensure that our internal policies and practices are updated in a timely manner.

Having considered (i) the facts and circumstances giving rise to the non-compliance; and (ii) the details and relevance of the internal control measures adopted by the Group to prevent the recurrence of such non-compliance, our Directors are of the view, and the Sole Sponsor concurs, that the above measures are effective and adequate in reducing the risk of future claims in respect of social insurance and housing provident fund matters.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We place significant emphasis on environmental and social issues, integrating ESG considerations into our core business management. We have identified ESG issues material to our business operations, including addressing climate change, energy management, and product liability. These priorities are aligned with the Environmental, Social and Governance Reporting Standards of the HKEX, industry standards from the International Sustainability Standards Board ("**ISSB**"), and ESG disclosures of peer companies.

ESG Governance Structure

We have established the organizational structure of the Strategic and ESG Committee to continuously improve the management level of sustainability of the enterprise. The specific responsibilities include but are not limited to:

- Ensure the establishment of appropriate and effective ESG risk management and internal monitoring systems.
- Keep abreast of the latest ESG related laws and regulations, including applicable provisions of listing rules, and notify the Board of any changes.
- Based on our business operations, identify key stakeholders, understand their concerns regarding ESG matters and respond accordingly, and update ESG policies in accordance with the latest regulatory provisions.
- Ensure that the main responsible persons of each ESG related department assess and manage the risks under their functions, and regularly report to the Board.
- Ensure that ESG concepts, including environmental and health safety management system requirements, are integrated into the organization's business processes.

Environment

Climate Change

We actively respond to climate change, refer to the framework and recommendations of the Task Force On Climate-Related Financial Disclosures Working Group ("**TCFD**") to prepare for new laws and regulations that may directly or indirectly affect operations in response to the potential impact of climate change.

In terms of governance, the overall ESG governance we have established includes the governance of "tackling climate change", clarifying the main responsibilities of the decision-making, management and executive levels, and promoting the inclusion of ESG matters into the Group's daily business decisions. For detailed information of governance, please refer to "ESG Governance Structure" above.

In terms of strategy, we identify and assess the categories of climate related risks and opportunities, and divide risks into two categories, including risks related to the physical impact of climate change (hereinafter referred to as "physical risk") and risks related to the transition of low-carbon economy (hereinafter referred to as "transition risk"). As far as physical risk and transition risk are concerned, we have identified the following risks but have not yet found any significant impact on the business.

Risk Management

Therefore, we have formulated *Emergency Preparedness and Response Control Procedures* for accidents (disasters) and other emergencies to effectively prepare for and respond to emergencies and minimize the possible consequences of accidents when accidents or emergencies occur. We identify the potential risks and accidents of the Group, including fire, explosion, typhoon, rainstorm, earthquake, etc. Formulate relevant emergency plans according to the actual potential emergency situations, specify the responsibilities of each department, contact methods, handling methods, etc., and organize emergency drills at least once a year to train employees and appropriate party in emergency preparation and response arrangements.

Metrics and Targets

In order to more efficiently regulate and govern these indicators, we regularly collect and conduct in-depth analysis of relevant data to provide scientific decision-making basis for our environmental protection work. During the Track Record Period, we continued to monitor indicators closely related to climate risk, such as direct greenhouse emissions (Scope 1) and indirect GHG emissions (Scope 2).

The following table shows the GHG emissions in Track Record Period:

Carbon dioxide emission	For the year ended December 31,			For the six months ended June 30,
Metrics	2023	2024	2025	2026
Scope 1[(1)](tCO_2e)	138.98	242.35	237.77	185.68
Scope 2[(1)](tCO_2e)	9,816.43	13,181.81	17,109.96	9,659.07
Total GHG emissions (Scope 1 & Scope 2) (tCO_2e)	9,955.41	13,424.16	17,347.74	9,844.75
Total GHG emissions intensity (tCO_2e)/revenue of RMB10,000	0.28	0.25	0.31	0.29
Scope 3 (tCO_2e)[(2)]	9,664.36	12,820.00	22,672.57	–
Scope 3 GHG emissions intensity (tCO_2e)/revenue of RMB10,000	0.28	0.24	0.40	–

Both our Guangdong Base and Jiangxi Base have conducted Scope 3 greenhouse gas emission inventories in accordance with ISO 14064-1:2018, specifically covering the following categories:

- Category 3: Indirect GHG emissions from transportation
- Category 4: Indirect GHG emissions from the use of products by the organization
- Category 5: Indirect GHG emissions associated with the use of the organization's products

Note (1):

GHG emissions are accounted for in accordance with ISO 14064-1:2018. GHG emission Scope 1 is calculated from the natural gas and gasoline; GHG emission Scope 2 is calculated by the product of purchased electricity and corresponding emission factors.

Note (2):

We conduct carbon verification and data compilation of Scope 3 greenhouse gas emissions centrally at the end of each year, thus representing 0 for the six months ended June 30, 2026.

We set a target that by 2028, we reduce Total GHG emissions intensity per unit revenue by 4% compared with 2025.

Energy Management

The Group's energy consumption mainly includes purchased electricity and gasoline. Committed to enhancing energy efficiency and advancing green and low-carbon development, we have obtained ISO 14001 certification, which underscores our dedication to resource conservation and efficient utilisation. To further strengthen our efforts, we have developed the *Resources and Energy Management Procedures* and implemented a range of targeted measures:

- Maintaining air conditioning temperatures at 26°C during summer.
- Integrating energy-saving measures into training programs to raise employees' awareness of energy conservation.

Additionally, energy efficiency is enhanced through technological transformation projects, such as upgrading conventional screw compressors to permanent magnet variable frequency models.

Our energy consumption during the Track Record Period was as follows:

		For the year ended December 31,			For the six months ended June 30,
Metrics	**Unit**	**2023**	**2024**	**2025**	**2026**
Purchased electricity	Megawatt hours	17,126.33	24,440.67	33,428.94	18,053.19
Natural gas	Cubic metres	1,443.00	9,060.00	10,305.12	4,536.00
Gasoline	Litres	16,804.01	18,186.44	20,260.98	9,816.17
Diesel	Litres	12,384.82	12,235.30	10,072.92	4,203.07
Comprehensive energy consumption[(3)]	Megawatt hours	17,415.09	24,822.41	33,820.24	18,230.92
Comprehensive energy consumption intensity	Megawatt hours/revenue of RMB10,000	0.50	0.47	0.60	0.54

Note (3):

Comprehensive energy consumption is calculated based on the conversion factors in the "General Rules for Calculating Comprehensive Energy Consumption (GB/T2589-2020)", a national standard of the People's Republic of China.

We set a target that by 2028, we reduce comprehensive energy consumption per unit revenue by 4% compared with 2025.

For the energy consumption and waste generation. The absolute values of the Group's energy consumption, water usage and waste generation are still on the rise, mainly due to the rapid expansion of production capacity and sustained increase in output. Meanwhile, affected by annual product price reductions, the energy consumption per product unit has maintained a downward trend, reflecting a steady improvement in the Group's production energy efficiency.

Water resources management

Our primary water source is municipal water, with no issues in securing suitable water supplies. We have developed the *Resources and Energy Management Procedure* and implemented a range of water-saving measures:

- Managers at all levels conduct regular training sessions, such as morning meetings, to educate employees on water-saving practices. They also encourage the habit of turning off taps after use and enforce daily oversight to ensure compliance;

- All departments and employees are expected to adhere strictly to water management regulations, with a focus on reducing tap water consumption and minimising waste;

Our water consumption during the Track Record Period was as follows:

		For the year ended December 31,			For the six months ended June 30,
Metrics	**Unit**	**2023**	**2024**	**2025**	**2026**
Total water consumption	Tonnes	56,442.56	68,807.30	76,670.10	43,262.20
Water consumption intensity	Tonnes/Revenue of RMB10,000	1.61	1.29	1.36	1.28

We set a target that by 2028, we reduce water consumption per unit revenue by 9% compared with 2025.

The Group's water consumption mainly consists of three categories:

1. Cooling tower water for cooling large environmental control equipment such as dehumidifiers and air conditioners.

2. Staff domestic water, including dormitory and canteen water use.

3. On-site cleaning water. Affected by the continuous growth in the number of employees, the total water volume trended upward during the reporting period.

Waste management

We have established comprehensive *Waste Management and Control Procedures* to ensure the proper classification, collection, storage, and disposal of waste generated during daily operations. Hazardous waste that we manage includes waste electrolyte arising from wiping and cleaning processes, waste rags and gloves produced during manufacturing, waste oil generated during equipment maintenance, and activated carbon waste resulting from waste gas treatment. In accordance with the hazardous waste classification requirements set by the local environmental protection authority, we ensure 100% segregated storage of hazardous waste. This is achieved through the use of qualified third-party logistics and disposal services.

We reduce the generation of hazardous waste by optimizing processes and replacing hazardous materials. Key initiatives include:

- Implementing lean management to streamline materials processing, reducing machine switching frequency, and, consequently, the frequency of liquid injection head cleaning. This minimises the generation of waste electrolyte;

- Increasing daily TPM management to ensure equipment operates efficiently and reliably. This reduces the generation of waste oil during maintenance activities;

Our non-hazardous waste primarily consists of paper and plastic. We conduct quarterly training sessions on waste classification to ensure employees are well-informed and capable of correctly sorting waste. Supervision is implemented to encourage proper rubbish segregation practices. Additionally, we engage in discussions with suppliers to improve the packaging of incoming materials, aiming to reduce waste generation at the source.

We set a target for wastewater and exhaust gas emission that we maintain a 100% compliance rate for the disposal of all types of pollutants over the next three years.

Our waste discharge during the Track Record Period was as follows:

		For the year ended December 31,			For the six months ended June 30,
Metrics	**Unit**	**2023**	**2024**	**2025**	**2026**
Total amount of hazardous waste generated	Tonnes	7.82	20.95	130.77	63.08
Hazardous waste intensity	Tonnes/Revenue of RMB10,000	0.0002	0.0004	0.0023	0.0019
Total amount of non-hazardous waste generated	Tonnes	162.00	219.60	250.65	204.22
Non-hazardous waste intensity	Tonnes/Revenue of RMB10,000	0.0046	0.0041	0.0044	0.0061

Discharge management

We place significant emphasis on discharge management and engage accredited testing organizations to conduct annual assessments and evaluations of our discharges, including wastewater and small quantities of exhaust gas. All discharged wastewater and exhaust gas parameters comply with the emission standards set by local authorities. Furthermore, we reduce wastewater generation by optimizing the frequency of mixing tank cleaning and installing advanced water treatment systems.

We set a target for hazardous waste that we maintain a 100% compliance rate for hazardous waste disposal across the Group over the next three years, and strictly implement whole-process supervision of hazardous waste classification, storage, transfer and disposal.

		For the year ended December 31,			For the six months ended June 30,
Metrics	**Unit**	**2023**	**2024**	**2025**	**2026**
Total exhaust emissions	kg	1,117.03	1,323.65	3,412.83	1,548.40
Exhaust emission intensity	kg/Revenue of RMB10,000	0.03	0.02	0.06	0.05
Total amount of wastewater	Tonnes	47,226.35	57,296.96	63,635.83	35,630.59
Wastewater intensity	Tonnes/Revenue of RMB10,000	1.34	1.08	1.13	1.06

Social Responsibility

Employment management

We are committed to maintaining high standards in talent development and fair employment, providing employees with comprehensive career development opportunities. Our *Recruitment Management Measures* and *Employee Handbook* establish clear guidelines to ensure ethical practices throughout our organization. We strictly prohibit the misuse of child labor and forced labor, safeguarding the rights and interests of children and minors. Adhering to the principles of fairness, justice, and openness in employment, we have implemented diverse recruitment channels to attract and select exceptional talent. Background screening is conducted for all candidates to prevent the exploitation of child labor. Discrimination, harassment, and bullying are explicitly prohibited under our policies, and no incidents related to these issues were reported during the Track Record Period.

		For the year ended December 31,			For the six months ended June 30,
Metrics	**Category**	**2023**	**2024**	**2025**	**2026**
Total number of employee *(person)*	–	1,080	1,511	1,768	2,045
By gender *(person)*	Male	542	820	968	1,089
	Female	538	691	800	956
Employee turnover rate					
Turnover rate *(%)* [(4)]	–	3.24%	3.46%	5.56%	3.81%

Note (4):

Employee turnover rate = Number of employee left from the Group during the period/Number of employees at the end of the period, both excluding individuals who left within seven days of hire.

The Company has formulated the Employee Grievance Management System. Employee grievances may be filed either orally or in writing. For ordinary issues, employees may first appeal to their employee representative or department head; if dissatisfied with the outcome, they may escalate the matter level by level.

Employees who are dissatisfied with their direct supervisor may file an appeal beyond the immediate chain of command. Cross-departmental disputes shall be coordinated by the administration department, and major issues shall be submitted to the General Manager for decision.

A written grievance shall clearly state the persons involved, time, location and relevant facts, and may be signed or anonymous.

Upon receipt, the scope of the case will first be verified. If the grievance is substantiated, an investigation will be conducted with written records, and responses and resolutions will be provided level by level in accordance with procedures.

The identities of complainants and whistleblowers will be kept strictly confidential to protect them from retaliation by the subjects of the complaints.

Care for employees

We provide comprehensive social insurance coverage for our employees in accordance with national regulations. This includes pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident funds.

All current employees are entitled to statutory holidays. Furthermore, if an employee is injured in a work-related accident and the injury is recognized as a workplace injury by the social security bureau, they are entitled to a period of work stoppage and salary retention after completing the necessary reporting procedures as required by the local social security bureau.

Training and development

We place great emphasis on enhancing employees' skills and capabilities. To ensure employees receive appropriate training opportunities, we have established a comprehensive set of standardised documents and a robust training system.

Our training programs are categorised into three types: orientation training, on-the-job training, and skill enhancement training. Additionally, we collaborate with reputable professional training institutions to deliver both internal and external course offerings. Simultaneously, we are committed to developing internal trainers and have implemented corresponding incentive mechanisms. We advocate a culture of shared learning and growth among all employees.

Wellbeing and safety of employees

We prioritise the health and safety of our employees, adhering to applicable laws and regulations, to ensure a secure working environment. The Group has established relevant systems such as the "Management System for Occupational Health Examination of Employees" and the "Occupational Disease Prevention and Control Procedure". In the six months ended June 30, 2026, the group organized one fire drill. We diligently enforce safety protocols and operational guidelines, mandating the correct use of personal protective equipment and strictly prohibiting unsafe practices. Additionally, we conduct comprehensive safety and fire safety education and training programs to empower employees with essential first aid knowledge.

In terms of occupational health and safety management for employees, the Group has established relevant systems including the Employee Occupational Health Examination Management System and the Occupational Disease Prevention and Control Procedure.

Product liability

We are certified under the QC 080000 and ISO 9001 quality management systems. During the product design and manufacturing stages, we carefully select materials that meet the requirements on hazardous substance control, based on customer specifications. We have implemented a series of management measures, including the *Customer Satisfaction Survey Procedure*, the *Customer Complaint Handling Procedure*, and the *8D Analysis Procedure*.

Corporate Governance

Anti-corruption and Anti-bribery

We strictly abide by the laws and regulations related to anti-corruption, including but not limited to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》).

The Group considers integrity as a vital foundation for corporate sustainability. To maintain a strong business reputation and uphold ethical standards, management officers and other key employees are expected to lead by example in adhering to the Code of Business Ethics, fostering fair competition, regulating commercial procurement and sales activities, and preventing commercial bribery. To ensure employees understand and adhere to relevant laws, regulations, and professional ethics, we provide effective communication and training. Employees are encouraged to report unethical or dishonest behaviour through real-name or anonymous reporting channels.

LAND AND PROPERTIES

We own and lease certain properties primarily to be used as production facilities, warehouses and offices. As of the Latest Practicable Date, we did not have any property with a carrying amount that exceeded 15% of our consolidated total assets. As such, the Company is exempt from strict compliance with the requirements of section 342(1)(b) of the CWUMPO and paragraph 34(2) of the Third Schedule to the CWUMPO. Further, as of the Latest Practicable Date, we did not have any overseas properties, whether owned and leased, apart from the Van Trung Industrial Zone, as described below.

Owned Properties

We own properties in Vietnam. We had obtained building ownership certificates of all such properties. As of the Latest Practicable Date, we held the title for each of these real estate properties. Our rights to use such construction land were lawful and valid, and there were no disputes or potential disputes over the use rights over such land. The owned properties are not secured by any debt nor used as collateral for mortgages. The table below sets forth a summary of the properties we own/obtain the use rights as of the Latest Practicable Date.

Location	Actual Usage	Area (sq.m.)
Van Trung Industrial Zone, Bac Ninh Province, Vietnam	Factories/Industrial Zone	Approximately 7,076

Leased Properties

As of the Latest Practicable Date, we leased 85 properties in Huizhou City in Guangdong Province and Ganzhou City in Jiangxi Province, with a total gross floor area of approximately 116,448.8 m^2. The leased properties are primarily used as industrial, office and residential purposes.

We believe our current facilities are sufficient to meet our future needs. We plan to comply with the lease agreement registration requirement regarding our lease agreements. However, as the filing of the lease agreements requires the coordination of both lessors and lessees, the lessors may not cooperate and complete the registration in a timely manner. We will negotiate with our landlord for the renewal of the lease agreement that will expire within six months and we do not anticipate undue difficulty in renewing our leases upon their expiration.

COMPETITION

According to CIC, based on shipments in 2025, the respective top five suppliers of mini-size lithium-ion batteries for consumer smart terminals and mini-size lithium-ion batteries for wireless earphones accounted for 27.6% and 37.8% of the global market, respectively. We generally compete with other large-scale consumer mini-size lithium-ion battery manufacturers. See "Industry Overview" for more details.

We believe we are well positioned to capture the growth trend in the global consumer mini-size lithium-ion battery industry with our full spectrum product offering, strong and diversified customer base, proven R&D capabilities and advanced manufacturing process. We have established ourselves as a global top five mini-size lithium-ion battery provider for consumer smart terminals, wireless earphones, and hearing aids, respectively. Leveraging our strong market presence and technological expertise across various market segments, we are well positioned to capitalizing on emerging opportunities and delivering innovative, high-quality products to meet evolving customer needs.

INTELLECTUAL PROPERTY

Owing to the efforts of our R&D team, we have been able to develop and own a series of important intellectual properties and several key technologies. As of the Latest Practicable Date, we owned 445 patents, nine trademarks, seven computer software copyrights, and two copyrights in China, as well as two overseas domain names.

We recognize the utmost importance of intellectual property rights for our success in the market. Therefore, we rely primarily on a combination of trade secrets, patents, copyrights, trademarks, unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We protect our intellectual property by limiting the use of open source software, where it is only used in connection with administrative purposes. We have obtained, and are in compliance in all material respects with, the relevant rights and licences required for our use of such software. We have implemented internal compliance procedures to monitor and manage open source software usage, including internal approval and review procedures, maintenance of software usage and licence records. We use genuine and duly licensed software in all aspects of our operations. We have entered into licensing agreements or obtained valid authorizations from software vendors or authorized agents for the software used in all of our operations. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any software piracy or infringement incident, nor had we received any material claim alleging infringement of third-party software intellectual property rights. Certain employees are required to sign an integrity agreement when they join us, and our key management personnel and certain employees holding key positions are also required to enter into a non-compete agreement with us. We also strictly control access to our facilities via a secure entry system, and we adopt comprehensive policies to monitor communication of information to external parties and we adopt comprehensive policies to monitor communication of information to external parties. In some commercial agreements we enter into, we generally state all rights and obligations regarding the ownership and protection of intellectual properties.

In addition, to protect our intellectual property rights, address third-party infringement risks and mitigate the recurrence of litigations similar to the historical VARTA matters, we have established intellectual property risk management and internal control measures covering key stages of product development, commercialization and intellectual property management. These measures include, among other things: (i) procedures for timely applying for and registering intellectual property rights arising from our R&D and business activities, and acquiring intellectual property rights necessary for our operations; (ii) patent and rights clearance at key stages of product development and commercialization; (iii) maintenance and monitoring of intellectual property rights, including tracking the registration and authorization status of intellectual property rights and taking timely actions where potential conflicts are identified; (iv) internal reporting and escalation of intellectual property risks; (v) review of publicity and marketing materials; (vi) contractual controls in procurement, sales, outsourcing and technology-related arrangements; (vii) employee confidentiality and intellectual property undertakings; and (viii) periodic market monitoring of potential infringement risks, including engagement of professional intellectual property service providers where appropriate. These measures are implemented by our dedicated in-house intellectual property management team and coordinated by the R&D department together with relevant departments, including sales, procurement and human resources.

After a follow-up review of the rectification measures implemented by the Group, no material control deficiencies were identified in relation to the Group's internal control measures for safeguarding intellectual property rights and monitoring potential third-party infringement risk by our internal control consultant. Based on the above measures, the Directors are of the view that the Group's intellectual property risk management and internal control measures are adequate and effective. Based on the review results of the internal control consultant of the Company in relation to the controls of safeguarding the intellectual property rights of the Company and monitoring of potential risk of infringement of intellectual property rights as mentioned above and the due diligence works conducted by the Sole Sponsor, nothing comes to the Sole Sponsor's attention which cast doubt on the adequacy and effectiveness of the risk management and internal control measures of the Group in relation to its intellectual property rights.

As of the Latest Practicable Date, save as disclosed in this document, we have not been subjected to disputes or claims for infringement upon third parties' intellectual property rights. Please see "Legal Proceedings and Compliance" in this section.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. In accordance with the requirements of relevant laws and regulations, we take out social insurances for our employees working in China, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance. We believe that our current insurance coverage is adequate to meet the needs of our operations and consistent with industry practices.

LICENSES AND PERMITS

We are subject to regular inspections, reviews and audits and are required to maintain or renew the permits, licenses and certifications necessary for our operations. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. The successful renewal of our existing licenses, permits and approvals will be subject to our fulfillment of relevant requirements. We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses, approvals, and permits from the competent government departments and regulatory authorities that are material for our business operations in the jurisdictions where we operate, and there are no foreseeable legal impediments to their renewal in due course.

The following table sets forth our key licenses and permits:

License/Permit	Issuing Authority	Holder	Grant Date	Expiration Date
Radiation Safety Permit	Guangdong Provincial Department of Ecological Environment	Company	November 3, 2025	January 4, 2029
Radiation Safety Permit	Huizhou Municipal Bureau of Ecology and Environment	Company	January 5, 2024	January 4, 2029
Pollution Discharge Permit	Huizhou Municipal Bureau of Ecology and Environment	Company	April 26, 2024	April 25, 2029
Pollution Discharge Permit	Huizhou Municipal Bureau of Ecology and Environment	Company	March 19, 2025	March 18, 2030
Pollution Discharge Permit	Anyuan County Bureau of Ecology and Environment, Ganzhou City	Jiangxi Mic-Power	May 25, 2022	May 24, 2027
Import and Export Goods Consignor/Consignee Record	Huizhou Office of Shenzhen Customs	Company	/	Long-term validity
Import and Export Goods Consignor/Consignee Record	Longnan Customs (Subordinated to Nanchang Customs)	Jiangxi Mic-Power	/	Long-term validity
Import and Export Goods Consignor/Consignee Record	Fuzhong Customs (Subordinated to Shenzhen Customs)	Guangdong Wic-Power New Energy Co., Ltd.* (廣東微儲新能源有限公司)	/	Long-term validity
Import and Export Goods Consignor/Consignee Record	Huizhou Office of Shenzhen Customs	Guangdong Gic-Power New Energy Co., Ltd.* (廣東微金新能源有限公司)	/	Long-term validity

AWARDS AND RECOGNITIONS

The Company has received multiple awards and recognitions at the national, provincial and municipal levels for its technological capability, industry leadership and intellectual property management. For details, see "History and Corporate Structure — Key Business Milestones."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened material legal or administrative proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business, financial condition, or results of operations as a whole.

As confirmed by our PRC Legal Advisor, our business operations had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

As advised by our Vietnam Legal Advisor, and as required under the applicable laws, Mic-Power Vietnam has received its Investment Registration Certificate. See "Regulatory Overview — Laws and Regulations on Investment in Vietnam" for further details. In addition, our Vietnam Legal Advisor has confirmed that Mic-Power Vietnam's registered business lines do not fall under the categories which would subject the Group's investment in Mic-Power Vietnam to foreign ownership restrictions under the applicable Vietnamese laws, and the Group is permitted to conduct the registered business activities of Mic-Power Vietnam.

Resolution of Historical Patent Proceedings involving VARTA

Between 2020 and 2022, we were involved in patent proceedings in the U.S. and China with VARTA Microbattery GmbH ("**VARTA**") in relation to certain historical models of partially sealed metal-casing button batteries (the "**Patent Proceedings**"). From June to July 2020, the parties engaged in mediation and entered into a settlement agreement to formally conclude all outstanding claims and proceedings. No findings of infringement were made against us and all relevant proceedings have since been dismissed with prejudice or otherwise closed.

As advised by the Company's U.S. Legal Advisor, on the basis that (i) the relevant settlement arrangements were entered into to resolve the Patent Proceedings, pursuant to which the parties mutually released each other from past claims and liabilities and covenanted not to sue; (ii) the related proceedings have been dismissed with prejudice or otherwise withdrawn; and (iii) we have not received any further claim, demand or proceeding from VARTA since the settlement and up to the Latest Practicable Date, the Patent Proceedings have been fully and finally resolved, and the likelihood of any re-opening of such historical claims by VARTA against us is low. Further, we have ceased the production and sale of the historical models of partially sealed metal-casing button batteries in accordance with the settlement agreement, and no revenue generated by us during the Track Record Period violates our obligations thereunder. We do not consider that the Patent Proceedings had any material adverse impact on our business operations or financial performance during the Track Record Period. As of the Latest Practicable Date, we have not had any unsettled dispute with VARTA.

For details of the senior management personnel responsible for overseeing the R&D department and the Group's internal control measures relating to intellectual property rights, see "Business — Research and Development — R&D Team" and "Business — Intellectual Property."

Environmental permit matter relating to Mic-Power Vietnam

Mic-Power New Energy Vietnam Company Limited ("**Mic-Power Vietnam**") has obtained the environmental permit required for the operation of the Vietnam Production Base under applicable Vietnam environmental laws, being Environmental Permit No. 1288/GPMT-UBND (the "**Permit**"), on May 19, 2026. The delay in obtaining the Permit was primarily attributable to the merger of Bac Giang Province, where Mic-Power Vietnam is located, with Bac Ninh Province and the resulting transitional reorganisation of the relevant provincial authorities, during which certain administrative functions and procedures had not yet been fully clarified.

Prior to obtaining the Permit on May 19, 2026, the Vietnam Production Base carried out non-commercial activities including equipment procurement and commissioning, sample testing and employee training to prepare for future commercial production. During such time, a limited amount of trial production of semi-finished products was carried out at the Vietnam Production Base, which did not involve any direct external sales. During the period prior to obtaining the Permit, no administrative penalty, cessation order or other administrative decision was imposed on Mic-Power Vietnam in relation to the outstanding Permit. As advised by our Vietnam Legal Advisor, the risk of the relevant authorities retroactively investigating the trial production activities conducted prior to obtaining the Permit and imposing penalties in respect of such trial production is relatively low, on the basis that the Company has already obtained the Permit. If the relevant authorities were to inspect and retroactively enforce any penalties, as advised by our Vietnam Legal Advisor, we could face a fine of up to VND340,000,000 (equivalent to approximately HK$100,100 based on the relevant exchange rate as of the Latest Practicable Date). The limited trial production activities carried out in the Vietnam Production Base in the absence of the Permit was an oversight of the local legal requirement. To prevent recurrence of similar compliance lapses, the Group has enhanced its internal control measures, including designating responsible personnel to monitor permit and licence requirements, maintaining a permit and licence register, engaging external legal and environmental advisers to review permit implications before operational changes are implemented, introducing internal escalation procedures for new production lines, renovations and capacity expansion, and strengthening periodic compliance review and management reporting.

The Directors are of the view that the delay in obtaining the Permit did not have any material adverse impact on the Group's business operations or financial performance, taking into account that the relevant activities were primarily preparatory in nature, no external sales were involved, no penalty or suspension order had been imposed, and Mic-Power Vietnam had already obtained its environmental impact assessment report, implemented wastewater and hazardous waste handling arrangements, and received the Permit.

Social insurance and housing provident fund contributions

During the Track Record Period and up to the Latest Practicable Date, certain of our PRC companies did not make social insurance and housing provident fund contributions in full for certain employees in accordance with applicable PRC laws and regulations. The shortfall was approximately RMB1.7 million, RMB2.6 million, RMB4.2 million, and RMB2.4 million for the years/period 2023, 2024, 2025, and in the six months ended June 30, 2026, respectively, comprising social insurance shortfall of approximately RMB1.4 million, RMB2.3 million, RMB3.4 million, and RMB1.7 million for the same years/period, respectively, and housing provident fund shortfall of approximately RMB0.2 million, RMB0.3 million, RMB0.8 million, and RMB0.6 million for the same years/period, respectively. The shortfall was mainly attributable to Jiangxi Mic-Power, Ganzhou Jiwang New Energy Co., Ltd.* (贛州集旺新能源有限公司) and Guangdong Mic-Power.

The shortfall primarily arose because (i) certain employees were unwilling to participate in such social insurance and housing provident fund schemes as their take-home salaries would be reduced; (ii) certain migrant workers were reluctant to participate in social welfare schemes in the cities where they temporarily resided, as such contributions are generally not transferable between cities; and (iii) certain employees who were already enrolled in the new rural cooperative medical insurance scheme were, in practice, unable to participate in some urban social insurance schemes. As advised by our PRC Legal Advisor, the maximum penalty payable by the Group for our outstanding social insurance and housing provident fund shortfall during the Track Record Period is approximately RMB26.9 million. Our PRC Legal Advisor is of the view that the risk of the Group being subject to significant penalties is remote, and will not have any material adverse impact on the Group, based on the following factors:

- under the relevant policy documents issued by the State Taxation Administration and the General Office of the State Council, competent authorities are not expected to proactively conduct centralized recovery of historical social insurance contribution shortfalls from enterprises. In particular, the relevant policy documents provide that local tax authorities should not, on their own initiative, organize centralized recovery of historical contribution shortfalls or take measures that would increase enterprises' actual contribution burden and cause difficulties to their production and operation;

- during the Track Record Period, the Group's relevant PRC companies had not been subject to any administrative penalty by the competent social insurance or housing provident fund authorities in relation to social insurance or housing provident fund contributions;

- the Group's relevant PRC companies had not received any notice from the competent social insurance or housing provident fund authorities requiring them to make up historical contribution shortfalls as of the Latest Practicable Date.

- the relevant competent social insurance and housing provident fund authorities had issued compliance certificates confirming that the relevant PRC subsidiaries complied with applicable social insurance and housing provident fund laws and regulations during the Track Record Period, had not been subject to administrative penalties, had not been the subject of complaints or reports relating to social insurance or housing provident fund matters, and would not be subject to centralised recovery of social insurance or housing provident fund contributions or material administrative penalties in this regard; and

- Mr. Chen Zhiyong and Mr. Xu Jiangtao, have provided undertakings to indemnify the Group for any costs, expenses or losses arising from any failure by the Group to make full social insurance and housing provident fund contributions in accordance with applicable laws and regulations.

The Group had already commenced rectification of the shortfalls, and the outstanding unpaid amount for social insurance and housing provident fund during the Track Record Period was RMB10.9 million. The Company will progressively address these issues in the future until they are fully resolved. The Group has also enhanced its internal controls over employee contribution compliance. Having considered the shortfall amount, penalty exposure, rectification status, and the absence of any material enforcement action, the Directors are of the view that the historical shortfalls have not had, and are not expected to have, a material adverse impact on the Group.

Unregistered lease agreements

As of the Latest Practicable Date, 23 leases related to the Group's 85 leased properties in the PRC had not completed the required lease registration/filing procedures (the "**Unregistered Leases**"). Such leased properties are primarily used as staff dormitories for our employees.

As advised by our PRC Legal Advisor, failure to complete lease registration and filing procedures in accordance with applicable laws and administrative regulations does not affect the validity of the relevant lease agreements. Accordingly, the non-registration of the Unregistered Leases does not render such leases invalid, and the relevant landlords are not entitled to terminate the lease agreements solely on the basis that the lease registration and filing procedures have not been completed. As further advised by our PRC Legal Advisor, where lease registration and filing procedures are not completed, the competent authorities may first order the relevant party to rectify the non-compliance within a prescribed time limit, and only if the relevant party fails to rectify within such time limit may such entity be subject to a fine of not less than RMB1,000 and not more than RMB10,000 for each unregistered lease agreement. The Group undertakes that it will actively pursue the completion the lease registration and filing procedures, and if it receives any rectification order from the competent authorities, it will take prompt steps to complete the registration and filing procedures within the prescribed time limit. On this basis, as advised by our PRC Legal Advisor, the likelihood of the Group being subject to fines for failure to rectify within the prescribed time limit is low, and the likelihood of the Group being subject to the maximum aggregate fine of RMB230,000 is remote.

As such, our PRC Legal Advisor are of the view that such non-registration does not affect the validity of the leases between the contracting parties, although it may result in a fine of up to RMB10,000 for each unregistered lease. However, the likelihood of receiving the maximum penalty is low, and such non-registration would not pose any material adverse impact on the business operation and financial performance of the Group.

The Directors consider that the Unregistered Leases have not had, and are not expected to have, any material adverse impact on the Group, taking into account. If relocation is required, the Directors believe that alternative premises of comparable scale and suitability could be secured in a short amount of time at a similar cost. The Group has also enhanced its internal controls over lease registration and compliance to prevent recurrence by establishing a centralized register of leased properties and registration status, assigning responsible personnel to monitor lease registration and renewals, requiring legal review of new leases and renewals, implementing a checklist-based approval process, and conducting periodic compliance reviews.

DATA PRIVACY

We are committed to place emphasis on information security management, drawing on international best practices in our operation, and we strive to provide a safe, secure environment for our customers. We are committed to compliance with applicable laws, regulations and industry standards. We have formulated comprehensive response measures over information system risks. By establishing a high-standard data security management system that ensures full coverage, we have laid a robust foundation for information security, benefitting both domestic and international clientele.

To strengthen our information security management system, we have implemented key policies and frameworks, including the Information Security Management System, the Policy for Information Security, and Information Security Governance. We established an Information Security Management System (ISMS) and enhanced related policies and documents under the ISO 27001 framework. Additionally, we integrated our risk management framework into the ISMS to proactively assess and address cybersecurity risks, protecting our assets and minimizing vulnerabilities. We also adopted cloud backup solutions to mitigate data loss risks and reinforce data security. We are fully committed to complying with the laws and regulations of the regions where we operate, including China.

We strictly abide by the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), and other applicable national or regional laws and regulations to conduct business.

As advised by the Company's PRC Legal Advisor and based on the measures the Company has been taking described above, the Company had complied with applicable laws and regulations relating to cybersecurity, data privacy and protection and cross-border data transmission in all material respects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and implemented a comprehensive risk management and internal control process through which we address risks arising from R&D, procurement management, production management and sales management. We have put in place a set of operational risk analysis and response measures so as to achieve risk aversion, risk reduction and risk response by properly identifying, categorizing and analyzing various risks.

To oversee ongoing post-listing risk management and corporate governance, we have taken and will or continue to take measures including the following: (a) our Board monitors internal controls, assesses effectiveness and sets risk tolerance, (b) our audit department develops relevant policies, reviews key risk matters and oversees implementation, (c) our finance, legal compliance, human resources and other relevant departments execute daily risk management, (d) our internal audit and legal teams regularly verify all valid registrations, licenses and approvals, (e) we will arrange regular external legal training for Directors and senior management on listing rules and PRC laws, (f) we will establish formal procedures for license management, regulatory updates, contract administration and litigation response, and (g) we will strengthen controls over information security, software licensing and cross-border data transfers in compliance with applicable PRC requirements.

In addition, we have implemented comprehensive anti-bribery and anti-corruption mitigation measures, including (a) issued a policy covering monitoring, escalation, investigation and reporting of improper conduct, (b) established a whistle blower mechanism with dedicated reporting channels, investigation procedures and protocols, (c) adopted an economic sanctions risk control policy enforced by legal and business management with implementation steps, and (d) provided regular anti-corruption compliance training to all employees, including new hires.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, the total issued Shares of our Company was held as to (i) approximately 15.42% by Mr. Chen Zhiyong, the founder of our Company, the chairman of the Board and an executive Director; (ii) approximately 15.11% by Mr. Xu Jiangtao, an executive Director; (iii) approximately 5.95% by Zhuhai Micro Energy; (iv) approximately 4.47% by Zhuhai Jiwang; (v) approximately 4.37% by Zhuhai Mic-Power; (vi) approximately 4.33% by Huizhou Jiwang; (vii) approximately 3.40% by Shenzhen Mic-Power; and (viii) approximately 2.07% by Zhuhai Jiyi.

Mr. Chen, by virtue of his role as the general partner of Zhuhai Jiwang, Huizhou Jiwang and Shenzhen Mic-Power, was deemed to be interested in an aggregate of approximately 12.21% of the issued Shares of the Company held by Zhuhai Jiwang, Huizhou Jiwang and Shenzhen Mic-Power. Mr. Xu, by virtue of his role as the general partner of Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi, was deemed to be interested in an aggregate of approximately 12.39% of the issued Shares of the Company held by Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi.

For more details about Huizhou Jiwang and Zhuhai Jiyi, please refer to the paragraphs headed "History and Corporate Structure — Employee Shareholding Platforms" in this document.

Each of Zhuhai Jiwang and Shenzhen Mic-Power is a limited partnership established under the laws of the PRC.

The general partner of Zhuhai Jiwang is Mr. Chen, our Chairman and executive Director, who holds 11.59% of its limited partnership. None of remaining seven limited partners has 30% or more partnership interest in Zhuhai Jiwang.

The general partner of Shenzhen Mic-Power is Mr. Chen, our Chairman and executive Director, who holds 0.1% of its limited partnership. Shenzhen Mic-Power is held as to 99.9% by Ms. Fang Shuxian (方淑嫻), who is an Independent Third Party.

Each of Zhuhai Micro Energy and Zhuhai Mic-Power is a limited partnership established under the laws of the PRC.

The general partner of Zhuhai Micro Energy is Mr. Xu, our general manager and executive Director, who holds 0.1% of its limited partnership. Zhuhai Micro Energy is held as to 99.9% by Mr. Wang, who is our non-executive Director. For background information of Mr. Wang, please refer to the paragraph headed "Directors and Senior Management — Directors — Non-executive Directors".

The general partner of Zhuhai Mic-Power is Mr. Xu, our general manager and executive Director, who holds 0.1% of its limited partnership. Zhuhai Mic-Power is held as to 99.9% by Ms. Guo Liqin (郭麗勤), who is an Independent Third Party.

Mr. Chen and Mr. Xu entered into an acting-in-concert agreement on October 31, 2020, pursuant to which the parties agreed that they shall act in concert in relation to the voting, proposals, nomination or recommendation of directors, supervisors, and senior management at the board meetings and shareholders' meetings, participation in the Company's operational decisions, and other matters for which the power of decision-making is vested in shareholders or directors as prescribed in the relevant laws, regulations, normative documents, and the Company's Articles of Association, and Mr. Chen's decision shall prevail if there is any disagreement between Mr. Chen and Mr. Xu. On December 26, 2025, a supplemental acting-in-concert agreement was entered into by and between Mr. Chen and Mr. Xu to renew the acting-in-concert arrangements with a term until 36 months after the [**REDACTED**].

Accordingly, Mr. Chen, Mr. Xu, Zhuhai Jiwang, Huizhou Jiwang, Shenzhen Mic-Power, Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi constitute a group of Controlling Shareholders before the [**REDACTED**] and control the exercise of approximately 55.12% of the voting rights at the general meeting of the Company.

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the group of Controlling Shareholders will hold approximately [**REDACTED**]% of the issued share capital of our Company, and will remain as a group of Controlling Shareholders.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE 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 our Board and senior management. Currently, our Board consists of nine Directors, comprising two executive Directors, four non-executive Directors (including one employee representative Director) and three independent non-executive Directors. Notwithstanding that Mr. Chen, the chairman of the Board and an executive Director, and Mr. Xu, an executive Director, are members of the Controlling Shareholders, our Directors believe that the Board and senior management of our Company are able to operate our business independently of our Controlling Shareholder Group for the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by our executive Directors and senior management team. As of the Latest Practicable Date, except Mr. Chen and Mr. Xu, none of them held any management position in the Controlling Shareholders or their respective close associates. They also have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interests of our Group;

(iii) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for one-third of the Board, and do not and will not take up any position with our Controlling Shareholders Group. All of our three independent non-executive Directors are independent of the Controlling Shareholders and have extensive experience in their respective areas of expertise. For details, see "Directors and Senior Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for

review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions;

(iv) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting at the relevant Board meetings of our Company in respect of such transactions; and

(v) upon [**REDACTED**], we will adopt a series of corporate governance measures to manage conflicts of interests, if any, between our Group and the Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our Group's business and have obtained relevant requisite qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions.

We have independent access to customers and suppliers and, therefore, are not dependent on the Controlling Shareholders for any significant amount of our revenue, research and development, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders Group. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, research and development, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

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

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from the Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders Group. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of the Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by the Controlling Shareholders or their respective close associates. We do not expect to rely on the Controlling Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

Based on the above, our Directors believe that we do not place undue reliance on the Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders Group:

(i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which any member of the Controlling Shareholders or any of their associates has a material interest, the relevant member in the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with any member of the Controlling Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;

(iv) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(v) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and the Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(vi) the Controlling Shareholders will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(vii) our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(viii) we have established our audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;

(ix) where our Directors reasonably request the advice of independent professionals such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(x) we have appointed Altus Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Controlling Shareholders to protect minority Shareholders' rights after the [**REDACTED**].

OVERVIEW

We have entered into certain agreements with parties who will become connected persons of our Company upon [**REDACTED**] and the transactions contemplated under such agreements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**].

RELEVANT CONNECTED PERSON

As of the Latest Practicable Date, Mr. Wang Minglun, our non-executive Director, indirectly exercised 43.58% of the voting rights in Shandong Ruisi. Accordingly, Shandong Ruisi is an associate of Mr. Wang and will become connected person upon [**REDACTED**] pursuant to Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Structural Components Procurement Framework Agreement

Principal terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement ("**Structural Components Procurement Framework Agreement**") with Shandong Ruisi, pursuant to which our Group may procure from Shandong Ruisi battery casing and rubber rings.

The initial term of the Structural Components Procurement Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2028 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. Pursuant to the Structural Components Procurement Framework Agreement, our Group may procure from Shandong Ruisi according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of our Group with the relevant members of Shandong Ruisi from time to time.

Reasons for and benefits of the transaction

Shandong Ruisi is a leading supplier of structural components. In our ordinary and usual course of business, our Group has been procuring from Shandong Ruisi structural components from time to time, which enables them to be familiar with our business needs, quality standards and operational requirements in respect of our production and assembly lines. Based on our experience in cooperation with Shandong Ruisi, we consider that Shandong Ruisi is capable of effectively and stably satisfying our demand with quality production and assembly solutions. Furthermore, we believe the continuous procurement from Shandong Ruisi can reduce the Group's costs associated with prolonged negotiations with new suppliers, thus providing a cost-effective source to the Group. Therefore, we believe it is in the interest of our Company and our Shareholders as a whole to enter into the Structural Components Procurement Framework Agreement upon the [**REDACTED**].

Pricing basis

The pricing for the Structural Components Procurement, mainly including battery casing and rubber rings, shall be determined based on arm's length negotiations according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by our Group from other Independent Third Parties in the market. We will make inquiries on and survey the prices offered by Independent Third Parties for same types of materials and quality to

determine the prevailing market rates for comparison to ensure that the fees payable by us are on normal commercial terms and are fair and reasonable and in the best interest of the Company and our Shareholders as a whole.

To ensure the prices are fair and reasonable, Mr. Wang Minglun, our non-executive Director, has not and will not be involved in the procurement process of our Group from Shandong Ruisi during the Track Record Period and going forward.

Historical amounts

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, the historical transaction amounts in respect of the total purchase from Shandong Ruisi were approximately RMB12.0 million, RMB12.4 million, RMB8.9 million and RMB4.3 million, respectively.

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the Structural Products Procurement Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31,		
	2026	**2027**	**2028**
Procurement amounts to be paid by our Group	10	11	13

In arriving at the above annual caps, the Directors have considered, among other things,

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Shandong Ruisi to meet the needs of our Group's future business development; and

(c) other factors including but not limited to the expected unit prices of our products, taking into account the costs and expenses relating to raw materials as well as market trends.

Listing Rules implications

As the highest applicable percentage ratio in respect of the transactions under the Structural Products Procurement Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will, upon [**REDACTED**], constitute our continuing connected transactions and be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Structural Components Procurement Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted a connected transactions management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- prior to the execution of the underlying agreements for the Structural Products Procurement from Shandong Ruisi and/or their respective associates, if quotations from Independent Third Parties are available, the operation department of the relevant business sector of our Group will compare the quotations offered by Shandong Ruisi and/or their respective associates with those offered by Independent Third Parties to ensure that the quotations offered by Shandong Ruisi and/or their respective associates are no less favorable to our Group than those offered by Independent Third Parties to our Group. If there are no quotations offer by Independent Third Parties, the operation department of the relevant business sector and the finance department of our Group will jointly determine the prices of the proposed transactions based on reasonable costs plus a reasonable profit to ensure that the prices are fair and reasonable;

- the finance department of our Group shall (i) regularly examine the pricing of the transactions under the framework agreement to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amount under the Structural Components Procurement Framework Agreement to ensure that our Company complies with all the applicable requirements under the Listing Rules, including to revise the relevant annual caps when appropriate;

- the legal department of our Group has reviewed the terms of the Structural Components Procurement Framework Agreement and shall in case of any proposed change to the principal terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, to ensure that the transactions are conducted in accordance with the terms of the framework agreements, on normal commercial terms and in accordance with the relevant pricing policies.

APPLICATION FOR AND CONDITIONS FOR WAIVER

As the continuing connected transaction described above is expected to continue in the ordinary and usual course of our business on a continuing and recurring basis over a period of time and have been fully disclosed in this section, our Directors are of the view that compliance with the relevant requirements under Chapter 14A of the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs to our Group. Accordingly, in accordance with Rules 14A.102 and 14A.105 of the Listing Rules, we have applied to the Stock Exchange, and the Stock Exchange [has granted], waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the continuing connected transaction as disclosed in paragraph "Partially-exempt Continuing Connected Transaction", subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps as stated above.

We will comply with the applicable requirements under the Listing Rules and will immediately inform the Stock Exchange if there are any changes to the partially-exempt continuing connected transaction. If our Group enters into any new agreement with any of our connected persons, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction set out above has been and will be entered into in our ordinary and usual course of business, on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps for the transaction are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSORS' CONFIRMATION

Based on the review of the documentation, information and data provided by our Company and the participation in the due diligence and discussion with our Company, the Sole Sponsor is of the view that, as at the Latest Practicable Date, (i) the aforesaid continuing connected transaction for which the waiver has been sought has been and will be entered into in the ordinary and usual course of business of our Company, on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of the Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transaction are fair and reasonable and in the interests of the Shareholders as a whole.

DIRECTORS

Upon [**REDACTED**], our Board will consist of nine Directors, including two executive Directors, four non-executive Directors (including one employee representative Director) and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The table below sets forth certain information regarding our Directors:

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Date of joining our Group	Date of appointment as Director	Relationship(s) with other Directors and/or senior management
Executive Directors						
Mr. Chen Zhiyong (陳志勇先生) . .	50	Chairman of our Board and Executive Director	Responsible for overall strategic planning, major decision making and management of our Group's business development	December 2017	December 2017	None
Mr. Xu Jiangtao (徐江濤先生) . .	47	Executive Director and general manager	Responsible for the management of our Group's operations	December 2019	March 2021	None
Non-executive Directors						
Mr. Wang Minglun (王明倫先生) . .	65	Non-executive Director	Responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group	January 2021	March 2021	None
Mr. Wu Shihong (吳世鴻先生) . .	48	Non-executive Director	Responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group	October 2021	October 2021	None
Mr. Yi Lei (易磊先生) . . .	30	Non-executive Director	Responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group	December 2021	December 2021	None
Mr. Huang Jiansheng (黃堅盛先生) . .	31	Non-executive Director and employee representative Director	Responsible for managing and overseeing the research and development of battery components of our Group	February 2019	November 2025	None

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Date of joining our Group	Date of appointment as Director	Relationship(s) with other Directors and/or senior management
Independent Non-executive Directors						
Ms. Duan Chunlin (段淳林女士) . .	62	Independent non-executive Director	Responsible for providing independent advice and judgement to our Board	November 2025	November 2025	None
Mr. Huang Haitao (黃海濤先生) . .	58	Independent non-executive Director	Responsible for providing independent advice and judgement to our Board	November 2025	November 2025	None
Mr. Yang Ge (楊格先生) . . .	43	Independent non-executive Director	Responsible for providing independent advice and judgement to our Board	November 2025	November 2025	None

DIRECTORS

Executive Directors

Mr. Chen Zhiyong (陳志勇先生), aged 50, founded our Group and has been the chairman of our Board and a Director since December 2017, and was re-designated as the executive Director with effect from the [**REDACTED**]. He is primarily responsible for the overall strategic planning, major decision making and management of our Group's business development. Mr. Chen also serves as a director of a subsidiary of our Group, namely Jiangxi Mic-power New Energy Co., Ltd* (江西微電新能源有限公司) since May 2021.

Mr. Chen has more than 20 years of experience in the lithium battery manufacturing industry. Prior to founding our Group, Mr. Chen had first served as a project manager from October 2002 to August 2010 at GN Netcom. From October 2013 to September 2015, Mr. Chen served as the person-in-charge of the product research and development of the China region at D.LIGHT DESIGN LIMITED, where he was mainly responsible for the research and development and overall management. Subsequent to this role after May 2016, Mr. Chen served as the legal representative and person in charge of Guang Dong VDL New Energy Co., Ltd. (廣東維都利新能源有限公司), a wholly-owned subsidiary of Chongqing VDL Electronics Co., Ltd. (重慶紫建電子股份有限公司) (stock code: 301121.SZ), where he was responsible for the overall management of the Chinese Mainland business. Mr. Chen founded our Group in December 2017 and was recognized by the People's Government of Guandong Province as the Guangdong Provincial Model Worker* (廣東省勞動模範) in April 2025.

Mr. Chen obtained a bachelor's degree in mechanical engineering and a master's degree in software engineering from South China University of Technology (華南理工大學) in China in July 1999 and January 2006 respectively. He also obtained an executive master's degree of business administration from University of Minnesota in the US in June 2010. Mr. Chen currently holds positions in the following associations:

Membership	Associations	Date of commencement
Representative of the 14th Guangdong Provincial People's Congress	People's Government of Guangdong Province	January 2023
Executive President of Huizhou Overseas Chinese Investment Enterprises Association* (惠州市僑商投資企業協會)	Huizhou Overseas Chinese Investment Enterprises Association* (惠州市僑商投資企業協會)	April 2024
Vice President of Huizhou Western Returned Scholars Association (Overseas-educated Scholars Association of Huizhou) (惠州市歐美同學會(惠州市留學人員聯誼會)	Huizhou Western Returned Scholars Association (Overseas-educated Scholars Association of Huizhou) (惠州市歐美同學會(惠州市留學人員聯誼會)	December 2021
Vice chairman of the 4th council of Huizhou Private Entrepreneurs Federation* (惠州市民營企業家聯合會)	Huizhou Private Entrepreneurs Federation* (惠州市民營企業家聯合會)	September 2024

Mr. Xu Jiangtao (徐江濤先生), aged 47, has been appointed as our Director and general manager since March 2021 and October 2021, respectively, and was re-designated as the executive Director with effect from the [**REDACTED**]. He is primarily responsible for the management of our Group's operations. Mr. Xu also serves as the general manager of certain members of our Group, namely Jiangxi Mic-power New Energy Co., Ltd (江西微電新能源有限公司) and Mic-Power New Energy Vietnam Company Limited (越南微電新能源有限公司), since May 2021 and December 2023 respectively.

Mr. Xu has more than 20 years of experience in the consumer electronics manufacturing industry. Prior to joining our Group, Mr. Xu was employed in Goertek Inc., a company listed on the Shenzhen Stock Exchange (stock code: 002241.SZ), from December 2001 to December 2019, where he directed the research and development of headphones, and served as the head of the Hearable product line. Mr. Xu joined our Group in December 2019 and has been working in our Company and other members of our Group for the management of our Group's operations.

Mr. Xu obtained a master's degree in business administration from Hong Kong Asia Business College in January 2022 through long distance learning. He has been a member of the Expert Committee and Standardization Technical Committee of China Audio Industry Association (中國電子音響行業協會) since April 2025 and August 2025 respectively.

Non-executive Directors

Mr. Wang Minglun (王明倫先生), aged 65, has been appointed as our Director since March 2021 and was re-designated as a non-executive Director with effect from the [**REDACTED**]. Mr. Wang has been responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group.

Mr. Wang has more than 45 years of experience in the consumer electronics manufacturing industry. Prior to joining our Group, Mr. Wang has been a director of Shandong Ruisi Precision Industry Co., Ltd.* (山東睿思精密工業有限公司), a company principally engaging in the manufacturing of electronic products, since January 2004, where he was responsible for its production and operation.

Mr. Wang graduated from Shandong Economic Management College* (山東經濟管理幹部學院) in China with a major in economic management in August 1997.

Mr. Wu Shihong (吳世鴻先生), aged 48, has been appointed as our Director since October 2021 and was re-designated as a non-executive Director with effect from the [**REDACTED**]. Mr. Wu has been responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group.

Mr. Wu has more than 10 years of experience in investment management. Prior to joining our Group, he was the deputy general manager of marketing in Beijing Wukongbao Technology Co., Ltd.* (北京悟空保科技有限公司) from March 2015 to July 2016, which is principally engaged in insurance business. Mr. Wu has also been the managing director of Plum Ventures (寧波梅花天使投資管理有限公司), a company principally engaged in investment management and investment consulting, since August 2016, where he has been responsible for managing the fund operation and investment business.

Mr. Wu obtained a bachelor's degree from Gannan Normal University (贛南師範大學) in China with a major in English in June 2002. He has also obtained fund practitioner qualification from Asset Management Association of China (中國證券投資基金業協會) since March 2018.

Mr. Yi Lei (易磊先生), aged 30, has been appointed as our Director since December 2021 and was re-designated as a non-executive Director with effect from the [**REDACTED**]. Mr. Yi has been responsible for overseeing Board affairs and providing strategic advice on the overall development of the Group.

Mr. Yi has more than three years of experience in investment management. Mr. Yi was the general manager of Jiangsu Liling Entrepreneurship Investment Co., Ltd. (江蘇立翎創業投資有限公司) from February 2022 to April 2023, where he was mainly responsible for the management of the operations. He has been the general manager of Shenzhen Liling Private Equity Fund Management Co., Ltd. (深圳市立翎私募股權基金管理有限公司) since April 2023, where he has been mainly responsible for managing the investment operations. He has also been an non-executive director of Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a company listed on the Stock Exchange of Hong Kong Limited (stock code: 2342), since April 2025.

Mr. Yi obtained his bachelor's degree in business administration from Northeast Agricultural University (東北農業大學) (through long distance learning) in June 2026.

Mr. Huang Jiansheng (黃堅盛先生), aged 31, is our employee representative Director. Mr. Huang joined our Company as a research engineer in February 2019. Mr. Huang was then re-designated as a research manager in September 2022, and was appointed as a non-executive Director and the employee representative Director in November 2025. He is responsible for managing the research and development of steel-cased battery components.

Mr. Huang obtained his bachelor's degree in chemical engineering and technology from Guangxi Minzu University (廣西民族大學) in June 2017.

Independent Non-executive Directors

Ms. Duan Chunlin (段淳林女士), aged 62, is our independent non-executive Director. Ms. Duan is also the chairperson of our Remuneration and Evaluation Committee, a member of our Nomination Committee and Audit Committee. She joined our Company and was appointed as our independent non-executive Director in November 2025 and is responsible for providing independent advice and judgement to our Board.

Ms. Duan has approximately 40 years of experience in education sector. She has been serving as a professor in South China University of Technology (華南理工大學) since 1996.

From August 2022 to August 2025, Ms. Duan served as an independent director of Guangdong Guangzhou Daily Media Co., Ltd.（廣東廣州日報傳媒公司(粵傳媒)) (stock code: 002181), a company listed on the Shenzhen Stock Exchange. Ms. Duan has also been serving as an independent director of two companies listed on the Shenzhen Stock Exchange, namely, Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司) (stock code: 002400) and Guangdong Brandmax Marketing Co., Ltd. (廣東電聲市場營銷股份有限公司) (stock code: 300805), since March 2023 and August 2023, respectively.

She obtained her bachelor's degree in political education from Shanxi Normal University (山西師範大學) in July 1986 and a master's degree in Marxist theoretical education from Xian Jiaotong University (西安交通大學) in June 1991. She also obtained a doctorate degree in journalism and communication studies from Wuhan University (武漢大學) in June 2010.

Mr. Huang Haitao (黃海濤先生), aged 58, is our independent non-executive Director. Mr. Huang is also the chairperson of our Nomination Committee and a member of our Audit Committee and Strategic and ESG Committee. He joined our Company and was appointed as our independent non-executive Director in November 2025 and is responsible for providing independent advice and judgement to our Board.

Mr. Huang has more than 20 years of experience in applied physics. He joined the department of applied physics of The Hong Kong Polytechnic University in September 2004 and has served as a professor since July 2019.

Mr. Huang has been a Fellow of the Royal Society of Chemistry, FRSC (英國皇家化學會) since May 2022, the vice chairman of the Mineral Composites Professional Committee of the Chinese Society for Composite Materials* (中國複合材料學會礦物複合材料專業委員會) since July 2024, and the deputy director of the Professional Committee on Key Materials and Technologies for Electronic Components of the China Instrument Functional Materials Society* (中國儀表功能材料學會電子元器件關鍵材料與技術專業委員會) since November 2024.

Mr. Huang obtained a dual bachelor's degree in applied physics and applied mathematics from Shanghai Jiao Tong University (上海交通大學) in July 1990, a master's degree from Shanghai Institute of Metallurgy (中國科學院上海冶金研究所) (currently known as Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences (中國科學院上海微系統與信息技術研究所)) in July 1993, and a doctorate degree in material physics from Nanyang Technological University (新加坡南洋理工大學) in Singapore in October 2000.

Mr. Yang Ge (楊格先生), aged 43, is our independent non-executive Director. Mr. Yang is also the chairperson of our Audit Committee and a member of our Remuneration and Evaluation Committee. He joined our Company and was appointed as our independent non-executive Director in November 2025 and is responsible for providing independent advice and judgement to our Board.

Mr. Yang has approximately 20 years of experience in accounting and finance. Mr. Yang joined the Guangdong branch of Zhonghua Certified Public Accountants LLP (眾華會計師事務所(特殊普通合夥)) in December 2014, and was the branch manager of the firm from March 2018 to August 2023. He was the managing partner and the chief accountant of Guangdong Zhongyicheng Certified Public Accountants (Special General Partnership) (廣東中翼誠會計師事務所(特殊普通合夥)) from September 2023 to December 2025. Since January 2026, he has been the managing partner and chief accountant at Zhenxing (Guangdong) Accounting Firm (Special General Partnership)* (振興(廣東)會計師事務所(特殊普通合夥)).

Mr. Yang served as an independent director of Grandblue Environment Co., Ltd. (瀚藍環境股份有限公司)(stock code: 600323), a company listed on the Shanghai Stock Exchange, from June 2017 to June 2023. She was also an independent director of two companies listed on the Shenzhen Stock Exchange, namely, Yizumi Holdings Co., Ltd. (廣東伊之密精密機械股份有限公司) (stock code: 300415) and PowerTECH Co., Ltd. (佛山市聯動科技股份有限公司) (stock code: 301369) from August 2022 to October 2025, and from November 2022 to November 2025, respectively. Mr. Yang has also been an independent director of Beijing Leadman Biochemistry Co., Ltd. (北京利德曼生化股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300289), and Super Telecom Co, Ltd. (超訊通信股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603322), since November 2024 and August 2025 respectively. He has also been an independent non-executive director of Namyue Holdings Limited (南粵控股有限公司), a listed company of the Hong Kong Stock Exchange (stock code: 01058), since August 2020.

Mr. Yang obtained his bachelor's degree in economics from Lanzhou Jiaotong University (蘭州交通大學) in June 2005, majoring in international economics and trade. Mr. Yang also obtained the certified public accountant qualification since October 2007.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of business of our Company. The following table sets forth information regarding the members of senior management of our Company:

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Date of joining our Group	Date of appointment as senior management	Relationship with other Directors and/or senior management
Mr. Xu Jiangtao (徐江濤先生) . . .	47	Executive Director and general manager	Responsible for the management of our Group's operations	December 2019	October 2021	None
Mr. Jiang Hao (江浩先生)	45	Deputy general manager	Responsible for overseeing manufacturing operations, managing equipment engineering, and leading the development of new equipment	March 2018	March 2018	None
Mr.Wang Dong (王東先生)	43	Deputy general manager	Responsible for the management of project department	September 2019	January 2022	None
Ms. Luo Hongbing (羅紅兵女士) . . .	48	Deputy general manager, secretary of the Board and chief financial officer	Responsible for the Company's financial management and human resources	January 2022	January 2022	None

Mr. Xu Jiangtao (徐江濤先生), aged 47, is an executive Director and general manager of our Company. For details of his biography, please see "— Board of Directors — Executive Directors" in this section above.

Mr. Jiang Hao (江浩先生), aged 45, is the deputy general manager of our Company. He is primarily responsible for overseeing manufacturing operations, managing equipment engineering, and leading the development of new equipment.

Mr. Jiang has over 20 years of experience in the lithium battery manufacturing industry. Mr. Jiang joined our Group in March 2018 as the deputy general manager. Mr. Jiang has also been the deputy general manager of a subsidiary of our Group, namely Mic-Power New Energy Vietnam Company Limited (越南微電新能源有限公司) since April 2024, where he has been responsible for managing the daily operations of the factories.

Mr. Jiang obtained a bachelor's degree in chemical engineering and technology from Central South University in China in July 2005.

Mr. Wang Dong (王東先生), aged 43, is the deputy general manager of our Company. He is primarily responsible for the management of project department.

Mr. Wang has over 20 years of experience in the electronics manufacturing industry. Mr. Wang joined our Group in September 2019 as the senior project director, and was appointed as the deputy general manager in January 2022. Prior to joining our Group, he was the project manager and the head of the project management department of Goertek Inc., a company listed on the Shenzhen Stock Exchange (stock code: 002241.SZ) from September 2009 to August 2019.

Mr. Wang obtained a bachelor's degree in mechanical and electrical engineering with a major in automation from Ocean University of China in June 2004.

Ms. Luo Hongbing (羅紅兵女士), aged 48, is the deputy general manager, secretary of the Board and chief financial officer of the Company. She is primarily responsible for the Company's financial management and human resources.

Ms. Luo has over 20 years of experience in the finance industry. Ms. Luo joined our Group in January 2022 as the chief financial officer of the Company. Ms. Luo was further appointed as the secretary of the Board in September 2024 and was also appointed as the deputy general manager in February 2025. Prior to joining our Group, Ms. Luo worked as a finance manager of TCL Technology Group Corporation, a company listed on the Shenzhen Stock Exchange (stock code: 000100.SZ) from January 2004 to February 2017. From August 2018 to January 2022, she served as the deputy finance director and the finance director of Chinese Mainland business in Nameson Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited (stock code: 1982.HK).

Ms. Luo obtained a bachelor's degree in management from Hunan University in December 2001, and a master's degree in business administration from Sichuan University in July 2013. She has been accredited as a senior economist by Guangdong Provincial Department of Human Resources and Social Security* (廣東省人力資源與社會保障廳) since July 2022. She also obtained intermediate accounting qualification from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 2005.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries,

(i) save as disclosed above, none of the Directors or members of the senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(ii) save as disclosed above, none of the Directors or members of the senior management of our Company was related to any other Directors and members of the senior management;

(iii) save as disclosed in the section headed "Statutory and General Information" set out in Appendix IV to this document, none of the Directors of our Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) there was no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained legal advice pursuant to Rule 3.09D of the Listing Rules in January 2026 and (ii) is aware of his or her responsibilities as a director of the listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed that (i) he or she is independent for each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules; (ii) as at the Latest Practicable Date, he or she did not have any past or present financial or other interests in the business of our Company or its subsidiaries, nor was he/she connected in any way with any of the core connected persons of our Company under the Listing Rules; and (iii) there were no other factors which may affect his or her independence at the time of his or her appointment.

Disclosure under Rule 8.10(2) of the Listing Rules

As at the Latest Practicable Date, none of our Directors was interested in any business which competes directly or indirectly with our business pursuant to Rule 8.10(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Luo Hongbing (羅紅兵女士) has been appointed as our joint company secretary. See "— Senior Management" above for Ms. Luo's biography.

Ms. Lam Yuen Ling Eva (林婉玲女士) has been appointed as one of our joint company secretaries with effect from the [**REDACTED**]. Ms. Lam has over 30 years of experience in the area of corporate governance and company secretarial services and is currently the company secretary of several companies listed on the Main Board of the

Stock Exchange. Ms. Lam was awarded a degree of master of science in corporate governance and directorship by the Hong Kong Baptist University. Ms. Lam is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute with the designations of Chartered Secretary and Chartered Governance Professional. Ms. Lam is also a Life Associate Member of The Hong Kong Independent Non-Executive Director Association.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, 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 and share repurchases;

(iii) where we propose 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 our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with 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 we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic and ESG Committee.

Audit Committee

We have 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 our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Yang Ge, Ms. Duan Chunlin and Mr. Huang Haitao as the members of the Audit Committee, with Mr. Yang Ge as the chairperson of the Audit Committee and is the Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises three members, namely Ms. Duan Chunlin, Mr. Xu Jiangtao and Mr. Yang Ge, with Ms. Duan Chunlin as the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board, assess the independence of independent non-executive Directors, formulate and review the board diversity policy of our Company, and make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, namely Mr. Huang Haitao, Mr. Chen Zhiyong, and Ms. Duan Chunlin, with Mr. Huang Haitao as the chairperson of the Nomination Committee.

Strategic and ESG Committee

We have established a Strategic and ESG Committee with written terms of reference adopted on November 2025. The primary duties of the Strategic and ESG Committee are to deliberate on and to propose suggestions with respect to our Company's long-term development strategic plans, major investments or plans that are subject to the approval by our Board pursuant to our Articles of Association, and major capital operations. The Strategic and ESG Committee comprises three members, namely Mr. Chen Zhiyong, Mr. Xu Jiangtao and Mr. Huang Haitao, with Mr. Chen Zhiyong as the chairperson of the Strategic and ESG Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code after the [**REDACTED**].

Board diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our 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 our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, 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.

In particular, our Company currently has one female Director in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have seven non-executive Directors, including three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total remuneration paid to our Directors amounted to RMB1.8 million, RMB2.2 million, RMB1.7 million and RMB1.2 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total emoluments paid to the five highest paid individuals (including Directors) by us amounted to RMB4.7 million, RMB6.2 million, RMB4.8 million and RMB2.8 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors waived their remuneration during the relevant period.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2026 to be approximately RMB3.1 million.

The remuneration of our Directors and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group.

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and the conversion of the **[REDACTED]** Shares to H Shares, the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

		As of the Latest Practicable Date[1]		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Nature of interest	Number of Shares[2]	Approximate percentage of interest in the Company	Number and class of Shares[2]	Approximate percentage of interest in the Company[1]
Mr. Chen[8] . . .	Beneficial owner[3]	14,628,421	15.42%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[4]	4,245,660	4.47%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[5]	4,105,264	4.33%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[6]	3,229,473	3.40%	[REDACTED]	[REDACTED]%
	Interests held jointly with another person[7]	26,087,040	27.50%	[REDACTED]	[REDACTED]%
Mr. Xu[13]	Beneficial owner[9]	14,334,210	15.11%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[10]	5,644,478	5.95%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[11]	4,144,668	4.37%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[12]	1,963,684	2.07%	[REDACTED]	[REDACTED]%
	Interests held jointly with another person[7]	26,208,818	27.62%	[REDACTED]	[REDACTED]%
CITIC Jinshi . .	Interest in controlled corporation[14]	8,315,548	8.76%	[REDACTED]	[REDACTED]%
Anhui Huidao PE	Interest in controlled corporation[14]	5,543,699	5.84%	[REDACTED]	[REDACTED]%

		As of the Latest Practicable Date[1]		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Nature of interest	Number of Shares[2]	Approximate percentage of interest in the Company	Number and class of Shares[2]	Approximate percentage of interest in the Company[1]
Jinshi New Materials	Beneficial owners[14]	5,543,699	5.84%	[REDACTED]	[REDACTED]%
Lingwei Energy	Beneficial owner[15]	6,365,670	6.71%	[REDACTED]	[REDACTED]%
Ms. Wang Yaqi	Interest in controlled corporation[15]	6,365,670	6.71%	[REDACTED]	[REDACTED]%
Ms. Yu Yiling	Interest in controlled corporation[15]	6,365,670	6.71%	[REDACTED]	[REDACTED]%
Zhuhai Micro Energy	Beneficial owner[10]	5,644,478	5.95%	[REDACTED]	[REDACTED]%
Mr. Wang Minglun	Beneficial owner[16]	1,984,211	2.09%	[REDACTED]	[REDACTED]%
	Interest in controlled Corporation[10]	5,644,478	5.95%	[REDACTED]	[REDACTED]%

Notes:

(1) The calculation is based on the total number of 94,880,407 Shares in issue as of the Latest Practicable Date and **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** and the Conversion of **[REDACTED]** Shares into H Shares.

(2) All interests stated are long positions in the Shares.

(3) As of the Latest Practicable Date, Mr. Chen directly held a total of 14,628,421 Shares in our Company.

(4) Mr. Chen was the general partner of Zhuhai Jiwang and none of the limited partners of Zhuhai Jiwang contributed more than one third of the partnership interest in Zhuhai Jiwang. Accordingly, Mr. Chen was deemed to be interested in such Shares held by Zhuhai Jiwang by virtue of the SFO.

(5) Mr. Chen was the general partner of Huizhou Jiwang, one of our employee shareholding platforms, and none of the limited partners of Huizhou Jiwang contributed more than one third of the partnership interest in Huizhou Jiwang. Accordingly, Mr. Chen was deemed to be interested in such Shares held by Huizhou Jiwang by virtue of the SFO.

(6) Shenzhen Mic-Power was held by its general partner, Mr. Chen, as to 0.10% and the sole limited partner, Ms. Fang Shuxian, as to 99.90%. Therefore, Mr. Chen was deemed to be interested in such Shares held by Shenzhen Mic-Power by virtue of the SFO.

(7) Pursuant to the acting in concert agreement dated October 31, 2020, each of Mr. Chen and Mr. Xu agreed to be parties acting in concert in relation to the voting, proposals, nomination or recommendation of directors, supervisors, and senior management, call for convening of board meetings and shareholders' meetings, participation in the Company's operational decision, and other matters for which the power of decision-making is vested in shareholders or directors as prescribed in the relevant laws, regulations, normative documents, and the Company's Articles of Association. Therefore, under the SFO, each of Mr. Chen and Mr. Xu was deemed to be interested in the Shares held by each other.

(8) Mr. Chen, by virtue of his role as the general partner of Zhuhai Jiwang, Huizhou Jiwang and Shenzhen Weidian, was deemed to be interested in all the Shares held by Zhuhai Jiwang, Huizhou Jiwang and Shenzhen Mic-Power.

(9) As of the Latest Practicable Date, Mr. Xu directly held a total of 14,334,210 Shares in our Company.

(10) As of the Latest Practicable Date, Zhuhai Micro Energy directly held a total of 5,644,478 Shares in our Company. Zhuhai Micro Energy was held by its general partner, Mr. Xu, as to 0.10% and the sole limited partner, Mr. Wang Minglun, our non-executive Director, as to 99.90%. Therefore, Mr. Xu and Mr. Wang Minglun respectively was deemed to be interested in such Shares held by Zhuhai Micro Energy by virtue of the SFO.

(11) Zhuhai Mic-Power was held by its general partner, Mr. Xu as to 0.10% and the sole limited partner, Ms. Guo Liqin, as to 99.90%. Therefore, Mr. Xu was deemed to be interested in such Shares held by Zhuhai Mic-Power by virtue of the SFO.

(12) Mr. Xu was the general partner of Zhuhai Jiyi, one of our employee shareholding platforms, and none of the limited partners of Zhuhai Jiyi contributed more than one third of the partnership interest in Zhuhai Jiyi. Accordingly, Mr. Xu was deemed to be interested in such Shares held by Zhuhai Jiyi by virtue of the SFO.

(13) Mr. Xu, by virtue of his role as the general partner of Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi, was deemed to be interested in all the Shares held by Zhuhai Micro Energy, Zhuhai Mic-Power and Zhuhai Jiyi.

(14) The general partner of Jinshi New Materials is CITIC Jinshi. The general partner of Jinshi Jiaokong is Anhui Huidao PE. Anhui Huidao PE is owned as to 70% by CITIC Jinshi. Therefore, under the SFO, CITIC Jinshi was deemed to be interested in all the Shares held by Jinshi New Materials and Jinshi Jiaokong.

(15) Lingwei Energy was held by its general partner, Ms. Wang Yaqi, as to 0.02% and one of the limited partners, Ms. Yu Yiling, as to 91.59%. Therefore, Ms. Wang Yaqi and Ms. Yu Yiling were deemed to be interested in such Shares held by Lingwei Energy by virtue of the SFO.

(16) As of the Latest Practicable Date, Mr. Wang Minglun directly held a total of 1,984,211 Shares in our Company.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**] and the conversion of Domestic [**REDACTED**] Shares into H Shares (and the [**REDACTED**] of any additional Shares pursuant to the [**REDACTED**]), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

This section presents certain information regarding our share capital prior to and upon the completion of the **[REDACTED]**.

IMMEDIATELY BEFORE THE [REDACTED]

As at the Latest Practicable Date, the registered share capital of our Company was RMB94,880,407, comprising 94,880,407 **[REDACTED]** Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately after the Conversion of **[REDACTED]** Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
H Shares to be converted from **[REDACTED]** Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Immediately after the conversion of **[REDACTED]** Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is exercised in full), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
H Shares to be converted from **[REDACTED]** Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

SHARE CLASSES AND RANKING

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 our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the **[REDACTED]** Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

[**REDACTED**] Shares and H Shares carry the same rights and shall 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 dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for [**REDACTED**] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the PRC Company Law and the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital. For details of circumstances under which our Shareholders' general meetings are required, see "Appendix V — Summary of Articles of Association" in this document.

CONVERSION OF OUR [REDACTED] SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the [**REDACTED**] Shares may be converted into H Shares. Such converted Shares could be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filling procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion, [**REDACTED**] and [**REDACTED**] of such converted Shares, have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the [**REDACTED**] Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

We will perform the following procedures for the Conversion of [**REDACTED**] Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

The Conversion of [**REDACTED**] Shares into H Shares will involve an aggregate of [**REDACTED**] Shares held by [**REDACTED**] existing Shareholders, representing approximately [**REDACTED**]% of total issued Shares of the Company as of the Latest Practicable Date and approximately [**REDACTED**]% of total issued Shares of the Company upon completion of the Conversion of [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Filing with the CSRC and Full Circulation Application

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) and the Overseas Listing Trial Measures announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares and unlisted foreign shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. An H-share listed company may apply for a "Full Circulation" separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for "Full Circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for, and [received] the filing notice from the CSRC dated [●] in relation to the [**REDACTED**] and the conversion of [**REDACTED**] Shares into H Shares on a one-for-one basis upon [**REDACTED**].

[REDACTED] Approval by the Stock Exchange

We have applied to the Stock Exchange for the approval for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be converted from [**REDACTED**] Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The PRC Company Law provides that in relation to the [**REDACTED**] of a company, the shares issued prior to the [**REDACTED**] shall not be transferred within a period of one year from the date on which the publicly [**REDACTED**] shares are [**REDACTED**] on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to such statutory restriction and not be transferred within a period of one year from the [**REDACTED**]. See "History and Corporate Structure — Pre-[**REDACTED**]."

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, the domestic shareholders of unlisted shares shall handle share transfer registration in accordance with the relevant rules of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) (the "**CSDC**"), and H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in the CSDC.

GENERAL MANDATE TO ISSUE SHARES, SELL AND/OR TRANSFER TREASURY SHARES AND REPURCHASE MANDATE

Subject to the completion of the [**REDACTED**], pursuant to the Shareholders resolutions of the Company, our Directors have been granted general unconditional mandates to allot, issue Shares, or sell and/or transfer Shares out of treasury that are held as treasury shares. See "Statutory and General Information — A. Further Information about Our Company — 5. Resolutions of our Shareholders" in Appendix IV to this document for further details.

The following discussion and our analysis should be read in conjunction with our consolidated financial information included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contains forward looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make 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. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a leading provider of integrated, high-performance, safety-enhanced mini-size lithium-ion battery products, dedicated to tackling the core challenges in mini-size battery materials and battery design and addressing the limitations of other currently available lithium-ion formulations and technologies.

We achieved significant growth during the Track Record Period. Our revenue increased by 51.7% from RMB351.2 million in 2023 to RMB532.9 million in 2024, and increased by 6.1% from RMB532.9 million in 2024 to RMB565.3 million in 2025. Our revenue increased by 18.0% from RMB285.9 million for the six months ended June 30, 2025 to RMB337.2 million for the same period in 2026. Our net profit remarkably increased by 755.0%, rising from RMB6.8 million in 2023 to RMB58.1 million in 2024, and remained at a high level of RMB31.5 million in 2025. Our net profit increased by 12.1% from RMB23.5 million for the six months ended June 30, 2025 to RMB26.3 million for the same period in 2026.

BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The historical financial information has been prepared in accordance with all applicable HKFRS Accounting Standards, a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. Further details of the material accounting policy information adopted are set out in Note 2 of the Accountants' Report in Appendix I to this document. Our historical financial information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules. The accounting policies set out in Note 2 of the Accountants' Report in Appendix I to this document have been applied consistently to the Track Record Period presented in our historical financial information.

The preparation of the historical financial information in conformity with HKFRS Accounting Standards requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Judgments made by management in the application of HKFRS Accounting Standards that have a significant effect on the historical financial information and major sources of estimation uncertainty are disclosed in Note 3 of the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

General conditions and growth of the industries in which our batteries are used

Rapid advancements in smart terminals are driving demand for compact and lightweight designs, giving rise to broader applications of mini-size batteries. According to CIC, the global shipment volume of mini-size lithium-ion batteries for consumer smart terminals increased from approximately 2,255.3 million units in 2021 to approximately 2,914.8 million units in 2025, representing a CAGR of approximately 6.6%. It is expected to reach approximately 4,215.1 million units in 2030, representing a CAGR of approximately 7.7% from 2026 to 2030. As a major supplier of mini-size lithium-ion batteries for consumer smart terminals, we are in a strong position to capture the market opportunities arising from this development trend. However, our historical performance may not be indicative of our future growth, and our results of operations may be subject to general economic conditions and industry growth.

Our ability to attract new customers and deepen engagement with existing customers

Our long-term growth and operating results will depend in part on our ability to establish relationships with new customers and deepen engagement with our existing customers, hence increasing the adoption of our solutions in their products. We engage closely with end-customers at the early stages of their product development to gain a clear understanding of their specific requirements and create solutions tailored to their needs. We continuously introduce features that give our products a competitive edge in the market, such as improved safety and thermal management, fast-charging capability and long cycle and calendar life, to meet the evolving needs of end-customers. During the Track Record Period, we proactively expanded into overseas markets, aiming to open new growth avenues and strengthen our ability to acquire new customers. We further increased our efforts in customer engagement, sales and marketing to enhance brand awareness and expand our client base during the Track Record Period. We believe that these initiatives, aimed at both retaining existing customers and attracting new ones, will have a positive long-term impact on our business and results of operations.

Fluctuation in Raw Material Prices

The fluctuation in prices of raw materials is a critical factor that significantly impacts our industry, affecting the various application scenarios in which our mini-size lithium-ion batteries are used. In 2023, 2024, 2025 and the six months ended June 30, 2026, our direct material costs, as part of our cost of sales, amounted to RMB96.2 million, RMB136.3 million, RMB139.6 million and RMB100.0 million, representing 38.6%, 39.3%, 36.3% and 44.2% of our total cost of sales for the respective years/period, respectively. The prices of key raw materials, such as LCO, are subject to global market dynamics, including geopolitical developments, supply chain disruptions or realignments, and demand shifts across downstream industries. Effective management of such price volatility is essential to maintaining cost efficiency and ensuring stable production capacity utilization.

The average selling price of lithium-ion batteries is heavily impacted by the prices of key raw materials, including LCO and other ancillary materials. As consumer smart terminals have an increasing demand for high energy density, miniaturization, and long battery life, the penetration rate of ternary cathode materials in some mini-size lithium-ion batteries has gradually increased, forming a structural substitution relationship with LCO. The price of ternary materials rose significantly from 2021 to 2022, followed by a decrease through 2025 before showing signs of recovery toward the end of 2025, and continued to increase and remained volatile at elevated levels during the six months ended June 30, 2026. The price volatility mainly reflects the strong commodity

attributes of battery materials, which are highly influenced by upstream supply expansion, inventory adjustments and changes in terminal demand expectations. For lithium-ion batteries, materials such as LCO are prone to price volatility. See "Industry Overview — Cost Composition and Price Trends of Mini-size Lithium-ion Batteries for Consumer Smart Terminals" for further information on the price fluctuations on LCO in recent years.

The cost of raw materials represented a substantial portion of our cost of sales during the Track Record Period, and fluctuations in raw material prices affected our cost structure. Such fluctuations will continue to affect our pricing competitiveness and profit margins. See "— Description of Major Components of Our Results of Operations — Cost of Sales — Sensitivity Analysis" for the impact of fluctuations in raw material prices on our profit.

Our ability to enhance technology capabilities and innovate product and solution offerings

Consistently innovating our product and solution offerings to meet dynamic market demands is critical to maintaining our competitive edge. Accordingly, our long-term growth and operating results will in part depend on our ability to make sustained investments in research and development. We offer a full spectrum of mini-size lithium-ion battery products that can be adapted to a wide variety of applications. We strive to further broaden our battery offerings to meet the evolving requirements of existing end-use applications and explore other potential application areas.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development costs amounted to RMB38.1 million, RMB54.3 million, RMB93.5 million, RMB44.5 million and RMB47.9 million, respectively. We believe the further enhancement of our technologies is central to our future development. We will continue to invest in our research and development activities to improve performance of our products, introduce differentiated features and continuously launch innovative products. Through these enhancements, we aim to deliver products that reduce design constraints faced by our customers, which is expected to support our sustained growth and create long-term value for our business.

Expansion of Production Capacity and Optimization of Operational Efficiency

As part of our growth strategy, we plan to further enhance our overall production capacity to meet increasing customer demand. We experienced rapid capacity expansion during the Track Record Period, supported by the expansion and upgrade of our production facilities. See "Business — Our Business Model and Manufacturing Capabilities — Production Facilities." As our scale continues to grow, we expect to benefit from greater economies of scale, allowing us to achieve higher utilization of our technology infrastructure, realize structural cost savings and improve overall cost efficiency. We believe the continued growth of our business and expansion of our market share can enable us to achieve greater economies of scale and strengthen our bargaining position with our customers and suppliers. We believe that these capacity and efficiency enhancements will support long-term revenue growth while strengthening profitability.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years/periods indicated. This information should be read together with our consolidated financial information and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Revenue	351,162	100.0	532,859	100.0	565,349	100.0	285,852	100.0	337,163	100.0
Cost of sales	(249,408)	(71.0)	(346,606)	(65.0)	(384,184)	(68.0)	(192,274)	(67.3)	(226,807)	(67.3)
Gross profit	**101,754**	**29.0**	**186,253**	**35.0**	**181,165**	**32.0**	**93,578**	**32.7**	**110,356**	**32.7**
Other income	13,068	3.7	26,060	4.9	18,294	3.2	10,665	3.7	4,004	1.2
Selling expenses	(15,367)	(4.4)	(22,991)	(4.3)	(22,488)	(4.0)	(12,602)	(4.4)	(11,193)	(3.3)
Administrative expenses	(24,203)	(6.9)	(37,559)	(7.0)	(51,390)	(9.1)	(21,457)	(7.5)	(26,771)	(7.9)
Research and development costs	(38,095)	(10.8)	(54,339)	(10.2)	(93,504)	(16.5)	(44,522)	(15.5)	(47,862)	(14.2)
(Impairment loss)/reversal of impairment loss of trade and other receivables	(398)	(0.1)	(444)	(0.1)	29	0.0	53	0.0	1	0.0
Profit from operations	36,759	10.5	96,980	18.2	32,106	5.7	25,715	9.0	28,535	8.5
Finance costs	(3,044)	(0.9)	(3,168)	(0.6)	(3,551)	(0.6)	(2,295)	(0.8)	(1,402)	(0.5)
Changes in the carrying amount of redemption liabilities	(26,185)	(7.5)	(26,201)	(4.9)	–	–	–	–	–	–
Profit before taxation	7,530	2.1	67,611	12.7	28,555	5.1	23,420	8.2	27,133	8.0
Income tax	(735)	(0.2)	(9,515)	(1.8)	2,901	0.5	73	0.0	(788)	(0.2)
Profit for the year/period	**6,795**	**1.9**	**58,096**	**10.9**	**31,456**	**5.6**	**23,493**	**8.2**	**26,345**	**7.8**
Profit for the year/period attributable to:										
Equity shareholders of the Company	6,949	2.0	58,093	10.9	33,007	5.8	24,345	8.5	26,446	7.8
Non-controlling interests	(154)	(0.1)	3	–	(1,551)	(0.2)	(852)	(0.3)	(101)	(0.0)

Non-HKFRS Measure

To supplement our consolidated financial information, which is presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure facilitates comparisons of operating performance from year to year or period to period by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management. However, such non-HKFRS financial measure presented by us may not be directly comparable to similar measures presented by other companies. The use of this non-HKFRS measure should not be considered as a substitute for an analysis of our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit for the year/period adjusted by adding back (i) equity-settled share-based payment expenses, (ii) changes in the carrying amount of redemption liabilities and (iii) **[REDACTED]**, net of income tax. The following table reconciles our adjusted net profit (non-HKFRS measure) with the nearest measure presented in accordance with HKFRS for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
			(RMB in thousands)		
Profit for the year/period	6,795	58,096	31,456	23,493	26,345
Add:					
– Equity-settled share-based payment expenses[(1)]	3,971	1,304	845	396	445
– Changes in the carrying amount of redemption liabilities[(2)]	26,185	26,201	–	–	–
– **[REDACTED]**[(3)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income tax	–	–	(1,494)	–	(402)
Adjusted net profit for the year/period (non-HKFRS measure)	36,951	85,601	40,764	23,889	29,066

Notes:

(1) Equity-settled share-based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our awards granted to management and key employees. Such expenses in any specific period are not expected to result in future cash payments.

(2) Changes in the carrying amount of redemption liabilities relate to the redemption rights granted to investors in historical financings. Such redemption rights were terminated on January 1, 2025 and therefore the redemption liabilities recognized have been reclassified to equity since then. See Note 24 to "Appendix I — Accountants' Report" to this document for details.

(3) **[REDACTED]** relate to our **[REDACTED]**.

Revenue

The following table sets forth the breakdown of our revenue by main application scenarios, in absolute amounts and as percentages of total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Wearable devices	268,772	76.5	417,937	78.4	427,099	75.5	211,506	74.1	227,218	67.4
Personal smart medical devices	28,275	8.1	46,813	8.8	61,138	10.8	28,986	10.1	39,960	11.9
Portable energy storage battery packs	27,881	7.9	33,383	6.3	25,473	4.5	16,392	5.7	13,438	4.0
Smart educational and entertainment devices	–	–	410	0.1	2,168	0.4	353	0.1	1,147	0.3
Development services	4,200	1.2	1,672	0.3	12,325	2.2	5,341	1.9	38,071	11.3
Others[(1)]	22,034	6.3	32,644	6.1	37,146	6.6	23,274	8.1	17,329	5.1
Total	**351,162**	**100.0**	**532,859**	**100.0**	**565,349**	**100.0**	**285,852**	**100.0**	**337,163**	**100.0**

Note:

(1) Mainly comprising revenue generated from large energy storage solutions, scrap material sales and batteries for atomizers.

During the Track Record Period, revenue derived from wearable devices formed our largest revenue segment, accounting for 76.5%, 78.4%, 75.5%, 74.1% and 67.4% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The continued increase in our revenue was primarily driven by (i) a surge in orders from our existing customers, and (ii) our enhanced technology, increased brand influence and expanded production capacity, which enabled us to attract new customers and fulfill their orders.

The following table sets forth a breakdown of our revenue by geographical location, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Chinese Mainland	252,432	71.9	396,450	74.4	401,970	71.1	207,424	72.6	213,243	63.2
Asia (excluding Chinese Mainland)	91,646	26.1	128,428	24.1	145,655	25.8	70,149	24.5	81,756	24.2
Europe[(1)]	6,190	1.8	4,875	0.9	10,534	1.9	5,926	2.1	37,083	11.0
Others[(2)]	894	0.2	3,106	0.6	7,190	1.2	2,353	0.8	5,081	1.6
Total	**351,162**	**100.0**	**532,859**	**100.0**	**565,349**	**100.0**	**285,852**	**100.0**	**337,163**	**100.0**

Notes:

(1) Mainly comprising Finland, Denmark, Switzerland and the Netherlands. In particular, revenue generated from Finland accounted for 0.3%, 0%, 0.1%, 0.1% and 7.1% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

(2) Mainly comprising the United States of America and Tanzania. In particular, revenue generated from the United States of America accounted for 0.2%, 0.5%, 1.1%, 0.6% and 1.5% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our significant revenue growth in 2024 was primarily driven by increased shipment volume of our core mini-size lithium-ion battery products, rather than by increases in average selling prices. By application scenario, wearable devices remained the principal driver of our revenue growth, with revenue increasing from RMB268.8 million in 2023 to RMB417.9 million in 2024, accounting for 78.4% of our total revenue in 2024, while sales volume increased from 58,029 thousand units to 100,355 thousand units and average selling price decreased from RMB4.6 to RMB4.2. Such growth was mainly attributed to increased sales, in terms of both volume and range of models, catering to existing key end-customers, including Xiaomi, GN and Bose. Newer battery models also entered a greater production phase as the relevant technologies and production processes continued to mature. We also secured new end-customers and projects in 2024 and received increased orders for batteries used in hearing aids, smart watches and bracelets and portable medical devices. In addition, our gross margin increased from 29.0% in 2023 to 35.0% in 2024, primarily due to economies of scale, lower raw material prices and improved operational efficiency.

Sales Volume and Average Selling Price

The following table sets forth the breakdown of the sales volume and average selling price of our products and services by main application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
		RMB		*RMB*		*RMB*		*RMB*		*RMB*
					(sales volume in thousands)					
Wearable devices	58,029	4.6	100,355	4.2	114,534	3.7	55,707	3.8	53,140	4.3
Personal smart medical devices	1,655	17.1	3,070	15.2	4,208	14.5	2,001	14.5	2,876	13.9
Portable energy storage battery packs	403	69.2	619	53.9	394	64.7	277	59.1	456	29.4
Smart educational and entertainment devices	–	–	37	11.1	277	7.8	31	11.2	102	11.2
Development services[(1)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others[(2)]	2,183	12.0	4,205	8.2	3,993	9.3	2,673	8.7	1,462	17.2

Note:

(1) Due to differences in the scope, complexity and customization requirements of individual development projects, the sales volume and average selling price of development services are not indicative of any general volume or pricing trend. During the Track Record Period, the average revenue generated per development project generally ranged from RMB0.1 million to RMB6.3 million.

(2) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

The average selling price of our batteries used in wearable devices decreased from 2023 to 2025, mainly because of (i) a change in the battery mix sold within this segment, primarily due to increased sales volumes of the lower-priced products, despite overall pricing remaining relatively stable, and (ii) a decrease in raw material prices. It subsequently increased from RMB3.8 for the six months ended June 30, 2025 to RMB4.3 for the six months ended June 30, 2026, primarily due to upward pricing adjustments for certain customers and an increase in the sales contribution of certain higher-priced products, mainly pouch batteries used in earbud charging cases.

The average selling price of our batteries used in personal smart medical devices decreased during the Track Record Period, mainly because of a change in the battery mix sold within this segment, primarily due to increased sales volumes of the lower-priced products, despite overall pricing remaining relatively stable.

The average selling price of our batteries sold for portable energy storage battery packs fluctuated from 2023 to 2025, primarily due to the limited sales volume and small-batch orders during the initial development of this relatively new segment. In 2025, we increased sales of certain battery modules for home and outdoor energy storage, which generally commanded higher selling prices. The average selling price decreased from RMB59.1 for the six months ended June 30, 2025 to RMB29.4 for the six months ended June 30, 2026. As the selling prices of batteries sold for portable energy storage battery packs generally depend on the number of battery cells incorporated therein, such decrease was

primarily attributable to a change in product mix following a strategic adjustment to our product portfolio in 2026, which resulted in increased sales volumes of energy storage modules for end products such as speakers, cameras and dashboard cameras that contained fewer battery cells than those for outdoor energy storage applications primarily sold in 2025.

The average selling price for our batteries sold for smart educational and entertainment devices fluctuated as this was also a relatively new segment. We will continue diversifying our offerings into further applications.

No clear trend could be identified in the average selling price of products classified under others, due to the diverse mix of products included in this category.

Cost of Sales

Our cost of sales primarily consisted of (i) costs of direct materials used for battery production, primarily comprising cathode materials, anode materials and electrolytes, (ii) direct labor costs, (iii) manufacturing costs, (iv) outsourced processing costs and (v) others.

The table below sets forth a breakdown of our cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Direct materials	96,225	38.6	136,295	39.3	139,558	36.3	71,892	37.4	100,023	44.2
Direct labor costs	46,689	18.7	64,037	18.5	67,012	17.4	34,749	18.1	35,664	15.7
Manufacturing costs	85,061	34.1	105,396	30.4	127,188	33.1	63,456	33.0	65,643	28.9
Outsourced processing costs	15,535	6.2	28,042	8.1	43,900	11.4	19,084	9.9	22,995	10.1
Others[(1)]	5,898	2.4	12,836	3.7	6,526	1.7	3,093	1.6	2,482	1.1
Total	**249,408**	**100.0**	**346,606**	**100.0**	**384,184**	**100.0**	**192,274**	**100.0**	**226,807**	**100.0**

Note:

(1) Primarily comprising scrap costs.

Our cost of sales increased by 39.0% from RMB249.4 million in 2023 to RMB346.6 million in 2024, in line with the increase in sales volume. Our cost of sales increased by 10.8% from RMB346.6 million in 2024 to RMB384.2 million in 2025, mainly driven by increased customer orders and our expanded production scale and rising prices of key raw materials such as LCO. Our cost of sales increased by 18.0% from RMB192.3 million for the six months ended June 30, 2025 to RMB226.8 million for the six months ended June 30, 2026, primarily due to (i) higher prices of direct materials, particularly LCO, and (ii) increased sales volume of prismatic pouch batteries, which involved relatively higher raw material consumption.

From 2023 to 2024, our direct material costs increased by 41.6% from RMB96.2 million to RMB136.3 million, mainly attributable to the increased sales volume, partially offset by reduced raw material purchase prices. Our direct labor costs increased by 37.2% from RMB46.7 million to RMB64.0 million, primarily attributable to our expanded production scale. Our manufacturing costs increased by 23.9% from RMB85.1 million to RMB105.4 million, driven by higher depreciation, higher wages of manufacturing management personnel and increased utility usage mainly due to our facility expansion. Our outsourced processing costs increased by 80.5% from RMB15.5 million to RMB28.0 million, largely in line with the growth in our sales volume. Our other costs increased by 117.6% from RMB5.9 million to RMB12.8 million.

From 2024 to 2025, our direct material costs increased by 2.4% from RMB136.3 million to RMB139.6 million, mainly attributable to the increase in raw material prices and sales volume. Our direct labor costs increased by 4.6% from RMB64.0 million to RMB67.0 million, primarily attributable to the increase in sales volume, which resulted in cost growth generally in line with our revenue growth. Our manufacturing costs increased by 20.7% from RMB105.4 million to RMB127.2 million, mainly due to depreciation of manufacturing facilities and production equipment, wages of manufacturing management personnel and increased utility consumption. Our outsourced processing costs increased by 56.5% from RMB28.0 million to RMB43.9 million, mainly due to the increased sales volume. Our other costs decreased by 49.2% from RMB12.8 million to RMB6.5 million.

For the six months ended June 30, 2026 compared with the six months ended June 30, 2025, our direct material costs increased by 39.1% from RMB71.9 million to RMB100.0 million, primarily due to the increase in the purchase prices of key raw materials, including LCO and graphite, as well as higher material consumption resulting from the increase in sales volume of prismatic batteries. Our manufacturing costs increased by 3.4% from RMB63.5 million to RMB65.6 million. Our outsourced processing costs increased by 20.5% from RMB19.1 million to RMB23.0 million, primarily due to the increased outsourcing of certain non-core production processes for mature products as part of our lean management initiatives, thereby optimizing our resource allocation and enhancing our capacity for the rapid ramp-up and mass production of new product categories. Our direct labor costs remained relatively stable at RMB34.7 million and RMB35.7 million, respectively, while our other costs decreased by 19.8% from RMB3.1 million to RMB2.5 million.

In general, the prices of certain key raw materials, particularly LCO, decreased from 2023 to 2024, began to increase in early 2025 and continued to increase and remained volatile at elevated levels during the six months ended June 30, 2026. Changes in raw material prices generally affect our cost of sales and profitability and may also affect our average selling prices, depending on whether and to what extent such changes can be passed on to our customers. Our direct material costs were also affected by multiple other factors, including continuous supply chain optimization and technological innovation, which helped mitigate the adverse impact of raw material price fluctuations on our gross margin.

The table below sets forth a breakdown of our cost of sales by application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Wearable devices	192,623	77.2	281,666	81.3	311,799	81.2	151,450	78.8	173,351	76.5
Personal smart medical devices	17,783	7.1	17,494	5.0	29,245	7.6	14,540	7.6	19,109	8.4
Portable energy storage battery packs	28,139	11.3	32,301	9.3	24,690	6.4	16,183	8.4	14,024	6.2
Smart educational and entertainment devices	–	–	318	0.1	2,649	0.7	234	0.1	1,429	0.6
Development services	50	0.1	127	0.1	189	0.1	67	0.1	8,719	3.8
Others[(1)]	10,813	4.3	14,700	4.2	15,612	4.0	9,800	5.0	10,175	4.5
Total	**249,408**	**100.0**	**346,606**	**100.0**	**384,184**	**100.0**	**192,274**	**100.0**	**226,807**	**100.0**

Note:

(1) Primarily comprising costs associated with large energy storage solutions, scrap material sales and batteries for atomizers, including raw material costs, labor costs and other directly attributable costs, where applicable.

Sales Volume and Unit Cost

The following table sets forth the breakdown of the sales volume and unit cost of our products and services by application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Unit Cost	Sales Volume	Unit Cost	Sales Volume	Unit Cost	Sales Volume	Unit Cost	Sales Volume	Unit Cost
		RMB		*RMB*		*RMB*		*RMB*		*RMB*
					(sales volume in thousands)					
Wearable devices	58,029	3.3	100,355	2.8	114,534	2.7	55,707	2.7	53,140	3.3
Personal smart medical devices	1,655	10.7	3,070	5.7	4,208	6.9	2,001	7.3	2,876	6.6
Portable energy storage battery packs	403	69.8	619	52.2	394	62.7	277	58.4	456	30.7
Smart educational and entertainment devices	–	–	37	8.6	277	9.5	31	7.4	102	14.0
Development services[(1)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others[(2)]	2,183	5.0	4,205	3.5	3,993	3.9	2,673	3.7	1,462	7.0

Notes:

(1) Due to differences in the scope, complexity and customization requirements of individual development projects, the sales volume and unit cost of development services are not indicative of any general volume or cost trend. During the Track Record Period, the unit cost per development project generally ranged from RMB2 thousand to RMB1.5 million.

(2) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

Sensitivity Analysis

In 2023, 2024, 2025 and the six months ended June 30, 2026, our direct material costs (as part of cost of sales) were RMB96.2 million, RMB136.3 million, RMB139.6 million and RMB100.0 million, respectively. For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant and that fluctuations in direct material prices cannot be passed on to customers through price adjustment mechanisms, the following table sets forth the impact of 1% and 5% increases or decreases in the average prices of direct materials on our profit before taxation during the Track Record Period:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Fluctuations in the average price of direct materials				
-/+1%	+/-962.2	+/-1,362.9	+/-1,395.6	+/-1,000.2
-/+5%	+/-4,811.3	+/-6,814.7	+/-6,977.9	+/-5,001.1

The average price fluctuations of direct materials illustrated above only account for variations in a single factor. Our operating performance is influenced by the interplay of multiple factors, including our procurement and inventory management practices, production efficiency, and automation. To address material price fluctuations and supply risks, we take measures such as long-term procurement arrangements, while continuously strengthening our supply chain network and improving our supply chain management system. We also manage our direct material inventory with a typical cycle of 9-10 weeks and monitor inventory levels in real time via our ERP system, which integrates with production schedules to trigger procurement orders automatically when stock falls below certain thresholds.

Gross Profit and Gross Margin

The following table sets forth the breakdown of our gross profit and gross margin by main application scenarios for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(in thousands, except for percentages)		*(unaudited)*			
Wearable devices	76,149	28.3	136,271	32.6	115,300	27.0	60,056	28.4	53,867	23.7
Personal smart medical devices	10,492	37.1	29,319	62.6	31,892	52.2	14,446	49.8	20,851	52.2
Portable energy storage battery packs	(258)	(0.9)	1,082	3.2	783	3.1	209	1.3	(586)	(4.4)
Smart educational and entertainment devices	–	–	92	22.4	(481)	(22.2)	119	33.7	(282)	(24.6)
Development services	4,150	98.8	1,545	92.4	12,136	98.5	5,274	98.7	29,352	77.1
Others[1]	11,221	50.9	17,944	55.0	21,535	58.0	13,474	57.9	7,154	41.3
Total/Overall	**101,754**	**29.0**	**186,253**	**35.0**	**181,165**	**32.0**	**93,578**	**32.7**	**110,356**	**32.7**

Note:

(1) Mainly comprising large energy storage solutions, scrap material sales and batteries for atomizers.

For products used in wearable devices, we recorded gross profit of RMB76.1 million, RMB136.3 million, RMB115.3 million, RMB60.1 million and RMB53.9 million, and gross margin of 28.3%, 32.6%, 27.0%, 28.4% and 23.7% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

For products used in personal smart medical devices, we recorded gross profit of RMB10.5 million, RMB29.3 million, RMB31.9 million, RMB14.5 million and RMB20.9 million, and gross margin of 37.1%, 62.6%, 52.2%, 49.8% and 52.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

For products used in portable energy storage battery packs, we turned from a gross loss of RMB0.3 million, representing a negative gross margin of 0.9%, in 2023 to a gross profit of RMB1.1 million, representing a gross margin of 3.2%, in 2024. In 2025, we recorded a gross profit of RMB0.8 million, representing a gross margin of 3.1%. In the six months ended June 30, 2025, we recorded a gross profit of RMB0.2 million, representing a gross margin of 1.3%. In the six months ended June 30, 2026, we recorded a gross loss of RMB0.6 million, representing a negative gross margin of 4.4%.

For products used in smart educational and entertainment devices, we recorded a gross profit of RMB92 thousand, representing a gross margin of 22.4%, in 2024. In 2025, we recorded a gross loss of RMB0.5 million, representing a negative gross margin of 22.2%, as such products remained at an early stage of commercialization. In the six months ended June 30, 2025, we recorded a gross profit of RMB0.1 million, representing a gross margin of 33.7%. In the six months ended June 30, 2026, we recorded a gross loss of RMB0.3 million, representing a negative gross margin of 24.6%.

For development services, we recorded gross profit of RMB4.2 million, RMB1.5 million, RMB12.1 million, RMB5.3 million and RMB29.4 million, and gross margin of 98.8%, 92.4%, 98.5%, 98.7% and 77.1% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

For others, we recorded gross profit of RMB11.2 million, RMB17.9 million, RMB21.5 million, RMB13.5 million and RMB7.2 million, and gross margin of 50.9%, 55.0%, 58.0%, 57.9% and 41.3% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

As a result of the foregoing, our overall gross profit increased by 83.0% from RMB101.8 million in 2023 to RMB186.3 million in 2024, and gross margin increased from 29.0% in 2023 to 35.0% in 2024. Our overall gross profit decreased by 2.7% from RMB186.3 million in 2024 to RMB181.2 million in 2025, and gross margin decreased from 35.0% in 2024 to 32.0% in 2025. Our overall gross profit increased by 17.9% from RMB93.6 million for the six months ended June 30, 2025 to RMB110.4 million for the six months ended June 30, 2026, and our overall gross margin remained stable at 32.7% for both periods. Please refer to "— Period to Period Comparison of Results of Operations" for further information.

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical location for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Chinese Mainland	45,645	18.1	104,581	26.4	93,575	23.3	49,524	23.9	46,904	22.0%
Asia (excluding Chinese Mainland)	52,275	57.0	78,326	61.0	74,966	51.5	37,968	54.1	33,870	41.4%
Europe[1]	3,402	54.9	1,852	38.0	7,220	68.5	4,372	73.8	25,606	69.1
Others[2]	432	48.3	1,494	48.1	5,404	75.2	1,714	72.8	3,976	78.3
Total/Overall	101,754	29.0	186,253	35.0	181,165	32.0	93,578	32.7	110,356	32.7

Notes:

(1) Mainly comprising Finland, Denmark, Switzerland and the Netherlands.

(2) Mainly comprising the United States of America and Tanzania.

Other Income

The following table sets forth a breakdown of our other income for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Government grants[(1)]	6,709	51.3	13,448	51.6	9,907	54.2	5,365	50.3	6,272	156.6
Investment income	4,230	32.4	3,987	15.3	3,068	16.8	1,577	14.8	314	7.8
Interest income from bank deposits	2,147	16.4	4,909	18.8	4,388	24.0	1,889	17.7	2,832	70.7
Net (loss)/gains on disposal of property, plant and equipment and right-of-use assets	(24)	(0.2)	(85)	(0.3)	(7)	–	(12)	(0.1)	159	4.0
Net foreign exchange (loss)/gain	(720)	(5.5)	2,037	7.8	(3,229)	(17.7)	(374)	(3.5)	(6,234)	(155.7)
Net loss on disposal of a subsidiary	–	–	–	–	(59)	(0.3)	–	–	–	–
Additional value-added tax deduction	788	6.0	2,020	7.8	5,542	30.3	2,178	20.4	1,307	32.6
Others	(62)	(0.5)	(256)	(1.0)	(1,316)	(7.2)	42	0.4	(646)	(16.1)
Total	**13,068**	**100.0**	**26,060**	**100.0**	**18,294**	**100.0**	**10,665**	**100.0**	**4,004**	**100.0**

Note:

(1) Government grants were primarily related to (i) manufacturing and technology upgrade subsidies, (ii) research and development and innovation support, (iii) employment-related subsidies, and (iv) local investment and business development incentives, including rental, utility and tax-related subsidies. The principal granting authorities included, among others, Anyuan County Government (安遠縣政府), Economic Development Bureau of Huizhou Zhongkai High-tech Industrial Development Zone (惠州仲愷高新技術產業開發區經濟發展局), Ganzhou Municipal Science and Technology Bureau (贛州市科學技術局), Anyuan County Administrative Approval Bureau (安遠縣行政審批局), and certain other Jiangxi provincial authorities. Such government grants were generally one-off in nature. However, certain asset-related government grants were recognized over multiple accounting periods through amortization as deferred income over the useful lives of the relevant assets. The eligibility criteria and conditions attached to such government grants varied by program, but generally included, without limitation, (1) making certain qualifying fixed asset investments; (2) procuring equipment; (3) obtaining certain innovation-related qualifications or recognitions, such as high-tech enterprise recognition or patent-related qualifications, (4) meeting prescribed research and development spending levels; and (5) satisfying the applicable project completion or acceptance requirements.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, other income represented 3.7%, 4.9%, 3.2%, 3.7% and 1.2% of our total revenue, respectively.

Selling expenses

Our selling expenses primarily consisted of (i) employee benefits expenses, (ii) consulting service fees primarily for our overseas distribution, (iii) business development expenses, (iv) equity-settled share-based payment expenses, (v) travel expenses, and (vi) others. The following table sets forth a breakdown of our selling expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Employee benefits expenses	6,428	41.8	10,230	44.5	8,792	39.1	6,060	48.1	5,392	48.2
Consulting service fees	4,921	32.0	7,940	34.5	9,739	43.3	4,711	37.4	2,523	22.5
Business development expenses	1,398	9.1	1,923	8.4	2,226	9.9	1,201	9.5	854	7.6
Equity-settled share-based payment expenses	792	5.2	484	2.1	–	–	–	–	–	–
Travel expenses	394	2.6	731	3.2	963	4.3	372	3.0	296	2.6
Others	1,434	9.3	1,683	7.3	768	3.4	258	2.0	2,128	19.0
Total	**15,367**	**100.0**	**22,991**	**100.0**	**22,488**	**100.0**	**12,602**	**100.0**	**11,193**	**100.0**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling expenses represented 4.4%, 4.3%, 4.0%, 4.4% and 3.3% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefits expenses, (ii) equity-settled share-based payment expenses, (iii) taxes and surcharges, (iv) professional service fees, (v) lease expenses, (vi) office and utilities expenses, (vii) depreciation and amortization, (viii) business development expenses, (ix) travel expenses and (x) others. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Employee benefits expenses	10,443	43.1	16,993	45.2	23,672	46.1	13,345	62.2	13,098	48.9
Equity-settled share-based payment expenses	808	3.3	398	1.1	77	0.1	36	0.2	40	0.1
Taxes and surcharges	2,589	10.7	4,399	11.7	3,397	6.6	1,219	5.7	2,158	8.1
Professional service fees	2,032	8.4	2,744	7.3	10,793	21.0	334	1.6	4,064	15.2
Lease expenses	600	2.5	947	2.5	1,142	2.2	783	3.6	622	2.3
Office and utilities expenses	1,077	4.4	1,939	5.2	2,118	4.1	1,173	5.5	1,129	4.2
Depreciation and amortization	3,030	12.5	4,091	10.9	3,844	7.5	1,703	7.9	2,056	7.7
Business development expenses	570	2.4	1,295	3.4	845	1.6	434	2.0	410	1.5
Travel expenses	777	3.2	1,000	2.7	1,013	2.0	535	2.5	450	1.7
Others	2,277	9.4	3,753	10.0	4,489	8.7	1,895	8.8	2,744	10.3
Total	**24,203**	**100.0**	**37,559**	**100.0**	**51,390**	**100.0**	**21,457**	**100.0**	**26,771**	**100.0**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our administrative expenses represented 6.9%, 7.0%, 9.1%, 7.5% and 7.9% of our total revenue, respectively.

Research and Development Costs

Our research and development costs consisted primarily of (i) employee benefits expenses, (ii) materials, utilities and maintenance expenses, (iii) depreciation and amortization, (iv) equity-settled share-based payment expenses, and (v) others. The following table sets forth a breakdown of our research and development costs for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Employee benefits expenses	22,397	58.8	36,843	67.8	58,262	62.3	30,056	67.5	28,293	59.1
Materials, utilities and maintenance expenses	9,392	24.7	11,546	21.2	27,753	29.7	9,531	21.4	13,292	27.8
Depreciation and amortization	4,520	11.9	4,852	8.9	6,034	6.5	4,191	9.4	5,689	11.9
Equity-settled share-based payment expenses	1,425	3.7	467	0.9	664	0.7	310	0.7	348	0.7
Others	361	0.9	631	1.2	791	0.8	434	1.0	240	0.5
Total	**38,095**	**100.0**	**54,339**	**100.0**	**93,504**	**100.0**	**44,522**	**100.0**	**47,862**	**100.0**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development costs represented 10.8%, 10.2%, 16.5%, 15.6% and 14.2% of our total revenue, respectively.

(Impairment Loss)/Reversal of Impairment Loss of Trade and Other Receivables

Our impairment loss of trade and other receivables is primarily in relation to expected credit losses on trade receivables. In 2023 and 2024, we recognized impairment losses on trade and other receivables of RMB0.4 million and RMB0.4 million, respectively. In 2025, we recorded a reversal of impairment loss of RMB29 thousand, primarily due to a reduction in the previously estimated credit risks. In the six months ended June 30, 2025 and 2026, we recorded reversals of impairment loss of trade and other receivables of RMB53 thousand and RMB1 thousand, respectively.

Finance Costs

Our finance costs primarily consist of (i) interest on lease liabilities, (ii) interest on bank loans and (iii) others. The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)	*(unaudited)*	
Interest on lease liabilities	1,527	2,437	1,779	1,222	714
Interest on bank loans	618	349	839	339	604
Others	899	382	933	734	84
Total	**3,044**	**3,168**	**3,551**	**2,295**	**1,402**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our finance costs represented 0.9%, 0.6%, 0.6%, 0.8% and 0.4% of our total revenue, respectively.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amounts of our redemption liabilities of RMB26.2 million, RMB26.2 million, nil and nil, in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Such redemption rights were terminated in January 2025. Hence, the redemption liabilities were reclassified to equity thereafter.

Income Tax

Our income tax expenses primarily consist of current income tax and deferred income tax pursuant to the relevant income tax rules and regulations in the jurisdictions where we operate. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded income tax of RMB0.7 million, RMB9.5 million, negative RMB2.9 million, negative RMB0.1 million and RMB0.8 million, respectively.

Our Company and our subsidiaries in the PRC are generally subject to PRC corporate income tax at a rate of 25%, while our Company and a subsidiary qualified as high-tech enterprises were subject to a preferential tax rate of 15%. Our Hong Kong subsidiary is subject to a two-tiered profits tax regime of 8.25% for the first HKD2,000,000 of assessable profits and 16.5% on any excess. Our Vietnam subsidiary is subject to Vietnam corporate income tax at rates ranging from 15% to 20% of its annual taxable income.

Profit for the Year/Period

As a result, we recorded profits of RMB6.8 million, RMB58.1 million, RMB31.5 million, RMB23.5 million and RMB26.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 1.9%, 10.9%, 5.6%, 8.2% and 7.8% of our revenue in the respective periods. For details, see "— Period to Period Comparison of Results of Operations."

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months ended June 30, 2026 Compared to Six Months ended June 30, 2025

Revenue

Our revenue increased by 18.0% from RMB285.9 million for the six months ended June 30, 2025 to RMB337.2 million for the six months ended June 30, 2026, primarily due to increases in revenue from batteries used in wearable devices and personal smart medical devices, as well as revenue from development services, partially offset by a decrease in revenue from portable energy storage battery packs.

Our revenue derived from wearable devices increased by 7.4% from RMB211.5 million for the six months ended June 30, 2025 to RMB227.2 million for the six months ended June 30, 2026, primarily due to an increase in the average selling price of our products and increased orders for certain higher-value product models from existing customers, particularly Xiaomi and Shokz. The increased orders were primarily driven by the continued growth of our cooperation with Xiaomi and increased market demand for Shokz's products, and the increase in average selling price was primarily attributable to a greater sales contribution from higher-priced pouch batteries used in charging cases.

Our revenue derived from personal smart medical devices increased by 37.9% from RMB29.0 million for the six months ended June 30, 2025 to RMB40.0 million for the six months ended June 30, 2026, primarily due to increased orders for batteries used in hearing aids from existing customers and the commencement of large-scale commercial orders from a new customer, being a leading global manufacturer of high-end hearing aids, following the sample supply stage, reflecting increased customer recognition and market penetration of our products in the global high-end medical device market.

Our revenue derived from portable energy storage battery packs decreased by 18.0% from RMB16.4 million for the six months ended June 30, 2025 to RMB13.4 million for the six months ended June 30, 2026, primarily due to (i) the strategic scaling back of our higher-priced outdoor energy storage battery pack product line, which resulted in a decrease in average selling price, and (ii) limited revenue contribution from new, higher-priced product categories, such as battery modules used in dashboard cameras, which were still in the production ramp-up phase.

Our revenue derived from development services increased by 612.8% from RMB5.3 million for the six months ended June 30, 2025 to RMB38.1 million for the six months ended June 30, 2026, primarily due to higher-value development projects undertaken for newly acquired leading customers. Such projects primarily involved bent batteries and replaceable batteries for smart ring and AI toys development projects, which were more technically sophisticated and had significantly higher energy density, thereby requiring substantial R&D resources from us. Given their critical role in enhancing the functionality, performance and market competitiveness of the relevant customers' end products, these projects generally commanded higher development fees.

Our revenue derived from others decreased by 25.5% from RMB23.3 million for the six months ended June 30, 2025 to RMB17.3 million for the six months ended June 30, 2026, primarily due to a decrease of RMB6.0 million in revenue from batteries for atomizers.

Cost of Sales

Our cost of sales increased by 18.0% from RMB192.3 million for the six months ended June 30, 2025 to RMB226.8 million for the six months ended June 30, 2026, generally in line with the increase in our revenue during the same period.

Our direct material costs increased from RMB71.9 million for the six months ended June 30, 2025 to RMB100.0 million for the six months ended June 30, 2026, primarily due to

increases in the prices of key raw materials, particularly LCO and graphite, and increased sales volume of prismatic batteries, which generally incurred higher material costs. Our direct labor costs increased slightly from RMB34.7 million to RMB35.7 million, primarily due to a general increase in employee compensation. Our manufacturing costs increased from RMB63.5 million to RMB65.6 million, primarily due to increased depreciation of manufacturing facilities and production equipment. Our outsourced processing costs increased from RMB19.1 million to RMB23.0 million, primarily due to the increased outsourcing of certain non-core production processes for mature products as part of our lean management initiatives, thereby optimizing our resource allocation and enhancing our capacity for the rapid ramp-up and mass production of new product categories.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 17.9% from RMB93.6 million for the six months ended June 30, 2025 to RMB110.4 million for the six months ended June 30, 2026. As the increase in our cost of sales was generally in line with the increase in our revenue, our overall gross margin remained stable at 32.7% for each of the six months ended June 30, 2025 and 2026.

The gross margin of our products used in wearable devices decreased from 28.4% for the six months ended June 30, 2025 to 23.7% for the six months ended June 30, 2026, primarily due to (i) increases in raw material prices, particularly LCO, (ii) increased sales volume of prismatic pouch batteries, the production of which involved relatively higher raw material consumption, and (iii) a lower export VAT refund rate applicable to the relevant products, partially offset by an increase in the average selling price of such products. The gross margin of our products used in personal smart medical devices increased from 49.8% to 52.2%, primarily due to economies of scale resulting from increased sales volume and an increased revenue contribution from higher-margin customers and products, including increased commercial orders from a new customer, being a leading global manufacturer of high-end hearing aids, following the sample supply stage. The gross margin of our products used in portable energy storage battery packs decreased from 1.3% to negative 4.4%, primarily due to (i) the strategic scaling back of our higher-priced outdoor energy storage battery pack product line, which resulted in a decrease in average selling price, and (ii) the substantial discontinuation of certain existing product lines while new products had yet to reach full-scale production, resulting in lower production capacity utilization and higher fixed costs per unit. The gross margin of our products used in smart educational and entertainment devices decreased from 33.7% for the six months ended June 30, 2025 to negative 24.6% for the six months ended June 30, 2026, primarily because certain newly developed products, including batteries used in gaming controllers, remained at the production ramp-up stage with relatively limited production volumes and had yet to achieve economies of scale, resulting in relatively higher fixed costs per unit. The gross profit generated from our development services increased by approximately 456.5% from RMB5.3 million for the six months ended June 30, 2025 to RMB29.4 million for the six months ended June 30, 2026, demonstrating our ability to commercialize our technological capabilities and our competitive strengths in providing technology-driven development services. The gross margin of our development services decreased from 98.7% to 77.1%, primarily due to higher research and development and trial production costs incurred for smart ring development projects. The increased contribution from our higher-margin businesses offset the impact of structural adjustments to certain lower-margin businesses, allowing our overall gross margin to remain stable during our business transformation.

Other Income

Our other income decreased by 62.5% from RMB10.7 million for the six months ended June 30, 2025 to RMB4.0 million for the six months ended June 30, 2026, primarily due to an increase in net foreign exchange loss from RMB0.4 million to RMB6.2 million, mainly attributable to the impact of fluctuations in the exchange rate between the U.S.

dollar and Renminbi, as well as lower investment income and additional value-added tax deductions, partially offset by higher government grants and interest income from bank deposits.

Selling Expenses

Our selling expenses decreased by 11.2% from RMB12.6 million for the six months ended June 30, 2025 to RMB11.2 million for the six months ended June 30, 2026, primarily due to (i) a decrease in consulting service fees as a result of reduced commission rates for certain long-standing customers, and (ii) a decrease in employee benefits expenses primarily due to adjustments to the sales incentive policy for our sales personnel responsible for certain regions based on customer profitability, partially offset by an increase in after-sales service expenses.

Administrative Expenses

Our administrative expenses increased by 24.8% from RMB21.5 million for the six months ended June 30, 2025 to RMB26.8 million for the six months ended June 30, 2026, primarily due to an increase in professional service fees, including [**REDACTED**] incurred in connection with the [**REDACTED**].

Research and Development Costs

Our research and development costs increased by 7.5% from RMB44.5 million for the six months ended June 30, 2025 to RMB47.9 million for the six months ended June 30, 2026, primarily due to increases in materials, utilities and maintenance expenses and depreciation and amortization expenses as a result of increased research and development activities.

Reversal of Impairment Loss of Trade and Other Receivables

We recorded reversals of impairment loss of trade and other receivables of RMB53 thousand and RMB1 thousand for the six months ended June 30, 2025 and 2026, respectively.

Finance Costs

Our finance costs decreased by 38.9% from RMB2.3 million for the six months ended June 30, 2025 to RMB1.4 million for the six months ended June 30, 2026, primarily due to (i) a decrease in interest on lease liabilities from RMB1.2 million to RMB0.7 million and (ii) a decrease in other finance costs from RMB0.7 million to RMB0.1 million, partially offset by an increase in interest on bank loans from RMB0.3 million to RMB0.6 million.

Income Tax

We recorded an income tax credit of RMB0.1 million for the six months ended June 30, 2025 and an income tax expense of RMB0.8 million for the six months ended June 30, 2026, primarily due to an increase in current income tax arising from the increased taxable profit of the Company, partially offset by deferred tax credits recognized in respect of tax losses incurred by a subsidiary.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 12.1% from RMB23.5 million for the six months ended June 30, 2025 to RMB26.3 million for the six months ended June 30, 2026.

Year ended December 31, 2025 Compared to Year ended December 31, 2024

Revenue

Our revenue increased by 6.1% from RMB532.9 million in 2024 to RMB565.3 million in 2025. Specifically, our revenue derived from wearable devices increased by 2.2% from RMB417.9 million in 2024 to RMB427.1 million in 2025, mainly due to the growth in procurement by our major customers, particularly for batteries used in smart earphones, driven by the rising demand in the smart earphone industry.

Our revenue derived from personal smart medical devices increased by 30.6% from RMB46.8 million in 2024 to RMB61.1 million in 2025, mainly due to increased customer orders we secured from our existing customers, particularly for hearing aids, as such customers further increased their procurement from us in recognition of our product quality and performance.

Our revenue derived from portable energy storage battery packs decreased by 23.7% from RMB33.4 million in 2024 to RMB25.5 million in 2025, mainly due to our proactive adjustment of product strategy and focus on other business lines.

Our revenue derived from smart educational and entertainment devices increased from RMB0.4 million in 2024 to RMB2.2 million in 2025, mainly due to an increase in samples supplied to well-known industry players in connection with potential collaborations.

Our revenue from development services increased significantly from RMB1.7 million in 2024 to RMB12.3 million in 2025, mainly attributable to an increase in new product development services we provided. Our new product development services encourage further collaborations with certain customers by delivering tailored design solutions that fulfill customers' material specifications and technical criteria.

Our revenue from others increased by 13.8% from RMB32.6 million in 2024 to RMB37.1 million in 2025, mainly attributable to an increase in scrap material sales.

Cost of sales

Our cost of sales increased by 10.8% from RMB346.6 million in 2024 to RMB384.2 million in 2025, primarily driven by (i) an increase in direct material costs of 2.4% from RMB136.3 million to RMB139.6 million, mainly attributable to the increase in raw material prices and sales volume, (ii) an increase in direct labor costs of 4.6% from RMB64.0 million to RMB67.0 million, primarily due to the increased headcount required to support our increased customer orders and expanded production scale, (iii) an increase in manufacturing costs of 20.7% from RMB105.4 million to RMB127.2 million, mainly due to depreciation of manufacturing facilities and production equipment, wages of manufacturing management personnel and increased utility consumption, and (iv) an increase in outsourced processing costs of 56.5% from RMB28.0 million to RMB43.9 million, mainly due to the increase in sales volume, partially offset by a decrease in other costs of 49.2% from RMB12.8 million to RMB6.5 million.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit decreased by 2.7% from RMB186.3 million in 2024 to RMB181.2 million in 2025, and our overall gross margin slightly decreased from 35.0% in 2024 to 32.0% in 2025. Such decrease was mainly driven by (i) a slight price reduction of batteries used in wearable devices, to further secure our market share with certain end customers and expand our overall sales; (ii) the increased raw material prices; (iii) the decreased export VAT refund rate from 13.0% to 9.0% since December 2024, which had a negative impact on our gross margin of our export sales, and

(iv) the expansion of our production capacity, which increased related fixed overhead costs. Despite the increase in raw material prices in 2025, our advanced process technology was able to ensure our relatively high product yield rate and low unit material wastage rate, which mitigated the adverse impact of higher raw material prices on our gross margin.

Other income

Our other income decreased by 29.8% from RMB26.1 million in 2024 to RMB18.3 million in 2025, primarily due to (i) a decrease in government grants from RMB13.4 million in 2024 to RMB9.9 million in 2025, as such grants are project-based and subject to government allocation, (ii) a decrease in investment income generated from structured deposits, wealth management products, fund investment, bonds and certificate of deposit, from RMB4.0 million to RMB3.1 million, (iii) a decrease in interest income from bank deposits from RMB4.9 million to RMB4.4 million, and (iv) a change from a net foreign exchange gain of RMB2.0 million in 2024 to a net foreign exchange loss of RMB3.2 million in 2025.

Selling expenses

Our selling expenses decreased by 2.2% from RMB23.0 million in 2024 to RMB22.5 million in 2025, primarily due to (i) a decrease in employee benefits expenses of 14.1% from RMB10.2 million to RMB8.8 million, primarily due to a reduction in the bonus rate payable to sales personnel in respect of sales to certain existing customers, as part of our incentive arrangements to encourage the development of new customers and (ii) a decrease in other expenses by 54.4% from RMB1.7 million in 2024 to RMB0.8 million in 2025, mainly due to fewer market expansion costs, partially offset by an increase in consulting service fees by 22.7% from RMB7.9 million to RMB9.7 million, due to higher commissions arising from increased sales in overseas markets.

Administrative expenses

Our administrative expenses increased by 36.8% from RMB37.6 million in 2024 to RMB51.4 million in 2025, primarily due to (i) a significant increase in employee benefits expenses of 39.3% from RMB17.0 million to RMB23.7 million, mainly attributable to the increase in our administrative headcount from 96 to 128 (including employees who have since left) to support our expanded business scale, including our operations in Vietnam, and (ii) an increase in professional service fees from RMB2.7 million in 2024 to RMB10.8 million in 2025, as a result of [**REDACTED**] incurred in 2025. This increase was partially offset by a decrease in taxes and surcharges of 22.8% from RMB4.4 million to RMB3.4 million, primarily due to an increase in value-added tax credits arising from equipment purchases.

Research and development costs

Our research and development costs increased by 72.1% from RMB54.3 million in 2024 to RMB93.5 million in 2025, primarily due to (i) an increase in employee benefits expenses of 58.1% from RMB36.8 million to RMB58.3 million, resulting from the expansion of our R&D team, from 235 persons in 2024 to 411 persons in 2025, to support new projects such as batteries for smart rings, reflecting a proactive expansion of R&D investment and optimization of our talent structure based on our strategic development needs, (ii) an increase in materials, utilities and maintenance expenses of 140.4% from RMB11.5 million to RMB27.8 million due to increased project activities, and (iii) an increase in depreciation and amortization of 24.4% from RMB4.9 million to RMB6.0 million.

(Impairment loss)/reversal of impairment loss of trade and other receivables

We recorded a reversal of impairment loss of trade and other receivables of RMB29 thousand in 2025, compared to an impairment loss of RMB444 thousand in 2024.

Finance costs

Our finance costs increased by 12.1% from RMB3.2 million in 2024 to RMB3.6 million in 2025, primarily due to an increase in interest on bank loans from RMB0.3 million in 2024 to RMB0.8 million in 2025 as a result of increased bank loans.

Income tax

Our income tax decreased from RMB9.5 million in 2024 to negative RMB2.9 million in 2025, primarily due to the decrease in profit before taxation and the impact of additional tax deductions available for our increased research and development expenses.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 45.8% from RMB58.1 million in 2024 to RMB31.5 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue significantly increased by 51.7% from RMB351.2 million in 2023 to RMB532.9 million in 2024. Specifically, our revenue derived from wearable devices significantly increased by 55.5% from RMB268.8 million in 2023 to RMB417.9 million in 2024 with sales volume increasing from 58,029 thousand units in 2023 to 100,355 thousand units in 2024, mainly driven by (i) a surge in orders by our existing customers, benefiting from the rebound in global TWS headphone demand in 2024, the shipment volume of certain of our end-customers increased significantly, and we have also successfully entered the newly launched noise-cancelling headphones supply chain of certain end-customers, (ii) enhanced technology, brand influence and increased production capacity resulting from the Ganzhou Production Base expansion to attract and fulfill orders from new customers during the period.

Our revenue derived from personal smart medical devices recorded an increase of 65.6% from RMB28.3 million in 2023 to RMB46.8 million in 2024, mainly attributable to (i) increased procurement by our existing customers in recognition of our product quality and our technological advantages, and (ii) orders from our new customers as we achieved enhanced brand recognition and influence.

Our revenue from portable energy storage battery packs increased by 19.7% from RMB27.9 million in 2023 to RMB33.4 million in 2024, primarily attributable to increased market demand for our energy storage products. Such market demand was in part driven by the growing popularity of outdoor-oriented lifestyles and related activities.

We launched batteries designed for smart educational and entertainment devices in 2024, which contributed RMB0.4 million to our total revenue in 2024.

Our revenue from development services decreased from RMB4.2 million in 2023 to RMB1.7 million in 2024, primarily due to a large-scale development project relating to atomizers undertaken in 2023, with no comparable project in 2024.

Our revenue from others increased by 48.2% from RMB22.0 million in 2023 to RMB32.6 million in 2024, primarily driven by the expansion of our product portfolio into new application scenarios.

Cost of sales

Our cost of sales increased by 39.0% from RMB249.4 million in 2023 to RMB346.6 million in 2024, primarily driven by (i) an increase in direct material costs of 41.6% from RMB96.2 million to RMB136.3 million, mainly attributable to the increase in sales volume, partially offset by reduced raw material prices resulting from our expanded production scale and strengthened bargaining power, (ii) an increase in direct labor costs of 37.2% from RMB46.7 million to RMB64.0 million, primarily due to the increased headcount required to support our expanded production capacity, (iii) an increase in manufacturing costs of 23.9% from RMB85.1 million to RMB105.4 million, mainly due to increased depreciation of manufacturing facilities and production equipment associated with the development of our manufacturing processes and technologies, (iv) an increase in outsourced processing costs of 80.5% from RMB15.5 million to RMB28.0 million, generally in line with our business expansion and (v) an increase in other costs of 117.6% from RMB5.9 million to RMB12.8 million.

Gross profit and gross margin

As a result of the foregoing, our gross profit significantly increased by 83.0% from RMB101.8 million in 2023 to RMB186.3 million in 2024, reflecting the rapid growth of our sales during the year. Our gross margin increased from 29.0% in 2023 to 35.0% in 2024, primarily because our revenue increased by 51.7% from RMB351.2 million to RMB532.9 million, whereas our cost of sales increased by a slower 39.0% from RMB249.4 million to RMB346.6 million. In particular, in our principal application segment of wearable devices, which accounted for 78.4% of our revenue in 2024, unit cost decreased from RMB3.3 in 2023 to RMB2.8 in 2024, while average selling price decreased to a lesser extent from RMB4.6 to RMB4.2, resulting in the gross margin of such segment increasing from 28.3% to 32.6%. This improvement was also supported by a more favorable application mix. In 2023, wearable devices and personal smart medical devices together accounted for 84.6% of our total revenue, and these two application scenarios generated relatively higher gross margins of 28.3% and 37.1%, respectively, as compared with portable energy storage battery packs, which recorded a gross loss in 2023. In 2024, the contribution from these two higher-margin application scenarios increased by 2.6 percentage points, while portable energy storage battery packs accounted for a smaller portion of our revenue and continued to generate a much lower gross margin of 3.2%. A larger proportion of our 2024 revenue was derived from application scenarios that generated more gross profit, which helped lift our overall gross profit margin. Accordingly, the improvement in our gross profit margin in 2024 was primarily because of higher sales volume diluting fixed manufacturing costs, such as depreciation, factory overheads and other fixed production costs. The margin improvement was also attributed to improved production efficiency as mass production at Ganzhou Production Base became more stable, with less trial production, line adjustment and lower auxiliary material costs as a proportion to total cost. In addition, our revenue mix shifted towards higher-margin products with increased sales volumes. The reduction of raw material prices in 2024 also contributed to the improvement of our gross profit margin.

Other income

Our other income increased by 99.4% from RMB13.1 million in 2023 to RMB26.1 million in 2024, primarily due to (i) an increase in government grants from RMB6.7 million in 2023 to RMB13.4 million in 2024, mainly representing subsidies we received for leased properties, (ii) an increase in interest income from bank deposits from RMB2.1 million in 2023 to RMB4.9 million in 2024, and (iii) a change from a net foreign exchange loss of RMB0.7 million in 2023 to a net foreign exchange gain of RMB2.0 million in 2024.

Selling expenses

Our selling expenses increased by 49.6% from RMB15.4 million in 2023 to RMB23.0 million in 2024, primarily due to (i) an increase in employee benefits expenses from RMB6.4 million in 2023 to RMB10.2 million in 2024, mainly attributable to higher sales volume-based bonus payments we provided to sales personnel, and (ii) an increase in consulting service fees from RMB4.9 million in 2023 to RMB7.9 million in 2024, arising from the increase in sales in overseas markets.

Administrative expenses

Our administrative expenses increased by 55.2% from RMB24.2 million in 2023 to RMB37.6 million in 2024, primarily due to (i) an increase in employee benefits expenses from RMB10.4 million in 2023 to RMB17.0 million in 2024, mainly attributable to our expanded administration team to match our expanded business, (ii) an increase in office and utilities expenses by 80% from RMB1.1 million in 2023 to RMB1.9 million in 2024, primarily due to a building we leased in 2024 for operational use, (iii) an increase in taxes and surcharges by 69.9% from RMB2.6 million in 2023 to RMB4.4 million in 2024, corresponding to our business expansion, and (iv) an increase in other expenses from RMB2.3 million in 2023 to RMB3.8 million in 2024.

Research and development costs

Our research and development costs increased by 42.6% from RMB38.1 million in 2023 to RMB54.3 million in 2024, primarily due to (i) an increase in employee benefits expenses from RMB22.4 million in 2023 to RMB36.8 million in 2024, resulting from an increase in R&D personnel to support our technology development, and (ii) an increase in materials used for R&D from RMB9.4 million in 2023 to RMB11.5 million in 2024 due to our increased R&D activities.

Impairment loss of trade and other receivables

Our impairment losses of trade and other receivables remained relatively stable at RMB0.4 million in 2023 and 2024, despite the increase in sales.

Finance costs

Our finance costs remained relatively stable at RMB3.0 million in 2023 and RMB3.2 million in 2024, primarily comprising our interest accrued on our lease liabilities and interest accrued on bank loans.

Income tax

Our income tax increased from RMB0.7 million in 2023 to RMB9.5 million in 2024, mainly due to our improved profitability.

Profit for the year

As a result of the foregoing, our profit for the year increased by 755.0% year-on-year, mainly due to (i) the low base of net profit in 2023, (ii) a substantial expansion of sales in 2024 and (iii) an increase in our gross profit margin, due to economies of scale and improvements in manufacturing process and technology.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Current Liabilities

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		*(unaudited)*
Current assets					
Inventories and other contract costs	53,435	62,664	81,803	107,925	112,378
Trade and other receivables	136,524	244,016	213,456	213,155	246,009
Other investments	24,074	88,043	92,629	–	–
Tax recoverable	960	–	–	–	–
Pledged bank deposits	1,461	16,793	25,198	47,353	55,046
Cash and cash equivalents	132,723	95,418	172,458	271,232	272,023
Total current assets	**349,177**	**506,934**	**585,544**	**639,665**	**685,456**
Current liabilities					
Contract liabilities	3,473	5,987	1,663	3,166	1,557
Trade and other payables	122,057	195,837	274,616	298,837	339,110
Bank loans	16,150	11,000	35,750	31,200	31,200
Lease liabilities	10,769	11,104	8,578	9,223	9,355
Redemption liabilities	409,097	435,298	–	–	–
Current taxation	833	6,615	665	4,063	2,372
Total current liabilities	**562,379**	**665,841**	**321,272**	**346,489**	**383,594**
Net current (liabilities)/ assets	**(213,202)**	**(158,907)**	**264,272**	**293,176**	**301,862**

We had net current liabilities of RMB213.2 million and RMB158.9 million as of December 31, 2023 and 2024, respectively, and net current assets of RMB264.3 million and RMB293.2 million as of December 31, 2025 and June 30, 2026, respectively.

Our net current liabilities decreased from RMB213.2 million as of December 31, 2023 to RMB158.9 million as of December 31, 2024, mainly due to (i) an increase in trade and other receivables of RMB107.5 million, (ii) an increase in other investments of RMB64.0 million, and (iii) an increase in pledged bank deposits of RMB15.3 million, partially offset by (i) an increase in trade and other payables of RMB73.8 million, (ii) an increase in redemption liabilities of RMB26.2 million, and (iii) a decrease in cash and cash equivalents of RMB37.3 million.

Our net current position changed from net current liabilities of RMB158.9 million as of December 31, 2024 to net current assets of RMB264.3 million as of December 31, 2025, mainly due to (i) the termination of our investors' redemption rights in 2025, following which our redemption liabilities were reclassified to equity and we no longer had any

redemption liabilities as of December 31, 2025, and (ii) an increase in cash and cash equivalents of RMB77.0 million, partially offset by an increase in trade and other payables.

Our net current assets increased from RMB264.3 million as of December 31, 2025 to RMB293.2 million as of June 30, 2026, mainly due to (i) an increase in cash and cash equivalents of RMB98.8 million, (ii) an increase in inventories and other contract costs of RMB26.1 million and (iii) an increase in pledged bank deposits of RMB22.2 million, partially offset by (i) a decrease in other investments of RMB92.6 million, (ii) an increase in trade and other payables of RMB24.2 million and (iii) an increase in current taxation of RMB3.4 million.

Our net current assets increased from RMB293.2 million as of June 30, 2026 to RMB301.9 million as of July 31, 2026, mainly due to (i) an increase in trade and other receivables of RMB32.9 million, (ii) an increase in pledged bank deposits of RMB7.7 million, and (iii) an increase in inventories and other contract costs of RMB4.5 million, partially offset by an increase in current liabilities of RMB37.1 million.

Non-Current Assets and Non-Current Liabilities

The following table sets forth the breakdown of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Non-current assets				
Property, plant and equipment	182,935	269,579	332,326	350,472
Right-of-use assets	49,610	55,709	38,937	37,710
Intangible assets	2,002	2,006	3,510	3,272
Other investments	123,525	20,984	–	–
Deferred tax assets	3,802	3,665	6,618	8,930
Other non-current assets	6,587	30,979	22,852	25,868
Total non-current assets	**368,461**	**382,922**	**404,243**	**426,252**
Non-current liabilities				
Bank loans	–	4,250	3,500	32,800
Lease liabilities	40,530	45,438	31,456	30,085
Deferred income	9,941	9,030	17,580	15,438
Total non-current liabilities	**50,471**	**58,718**	**52,536**	**78,323**

Inventories and Other Contract Costs

Our inventories and other contract costs mainly include (i) raw materials, (ii) semi-finished products and work in progress, (iii) finished goods, (iv) contract fulfilment costs, and (v) right to recover returned goods. The following table sets forth details of our inventories and other contract costs as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Raw materials	7,769	8,243	20,231	29,385
Semi-finished products and work in progress	30,190	38,060	42,582	60,816
Finished goods	14,143	15,476	18,099	12,910
Contract fulfilment costs	–	–	–	4,498
Right to recover return of goods	1,333	885	891	316
Total	**53,435**	**62,664**	**81,803**	**107,925**

Our inventories and other contract costs increased from RMB53.4 million as of December 31, 2023 to RMB62.7 million as of December 31, 2024, mainly due to the increase in semi-finished products and work in progress and finished goods, resulting from our expansion of production in response to increased customer demand in 2024. Our inventories and other contract costs increased from RMB62.7 million as of December 31, 2024 to RMB81.8 million as of December 31, 2025, primarily due to increases in raw materials and semifinished products and work in progress to support our expanded production scale and growing sales orders. Our inventories and other contract costs further increased from RMB81.8 million as of December 31, 2025 to RMB107.9 million as of June 30, 2026, primarily due to (i) increases in raw materials and semi-finished products and work in progress to support growing orders for batteries used in wearable devices, coupled with higher purchase prices of key raw materials, and (ii) the recognition of contract fulfilment costs.

The following is an aging analysis of our inventories and other contract costs as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Inventories and other contract costs				
Within 1 year	56,370	67,217	82,676	107,932
Over 1 year	1,354	330	2,229	3,220
Less: provision	(4,289)	(4,883)	(3,102)	(3,227)
Total	**53,435**	**62,664**	**81,803**	**107,925**

The following table sets forth our inventory and other contract cost turnover days for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Inventory and other contract cost turnover days[(1)]	73.4	61.1	68.6	75.7

Note:

(1) Calculated as the average of beginning and ending balance of inventories and other contract costs for the year/period divided by cost of sales for that period and multiplied by 365 days or 181 days, as applicable.

Our inventory and other contract cost turnover days decreased from 73.4 days in 2023 to 61.1 days in 2024, primarily due to enhanced production efficiency and improved inventory management, which shortened our delivery cycle. Our inventory and other contract cost turnover days increased from 61.1 days in 2024 to 68.6 days in 2025, primarily due to strategic stocking of raw materials and an increase in semi-finished products and work in progress. Our inventory and other contract cost turnover days increased from 68.6 days in 2025 to 75.7 days in the six months ended June 30, 2026, primarily due to increased inventory stocking in anticipation of customer demand and planned production.

As of July 31, 2026, RMB38.3 million or 35.4% of our inventories and other contract costs as of June 30, 2026 had been subsequently utilized.

Trade and Other Receivables

The following table sets forth details of our trade and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Trade receivables, net of loss allowance				
– Related parties	4,295	14,470	4,990	5,875
– Third parties	105,639	197,243	178,821	179,797
Bills receivables – Third parties	8,831	3,005	7,270	8,699
Trade and bills receivables	118,765	214,718	191,081	194,371
Interest receivables	390	391	134	–
Prepayments	2,781	2,915	13,976	12,947
VAT recoverable	13,660	22,167	5,545	3,333
Other receivables and deposits, net of loss allowance	928	3,825	2,720	2,504
Total	**136,524**	**244,016**	**213,456**	**213,155**

Our trade and other receivables increased from RMB136.5 million as of December 31, 2023 to RMB244.0 million as of December 31, 2024, primarily as a result of the growth of our revenue. Our trade and other receivables decreased from RMB244.0 million as of December 31, 2024 to RMB213.5 million as of December 31, 2025, primarily due to a decrease in trade and bills receivables and VAT recoverable, partially offset by an increase in prepayments. Our trade and other receivables remained relatively stable at RMB213.2 million as of June 30, 2026, as the increases in trade receivables and bills receivable were largely offset by the decreases in prepayments and VAT recoverable.

As of July 31, 2026, RMB56.5 million, or 29.0% of our trade and bills receivables as of June 30, 2026 had been settled.

The following is an aging analysis of our trade and bills receivables, based on the revenue recognition date and net of loss allowance, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Trade and bills receivables				
Within one year	118,756	214,718	191,079	194,228
One to two years	9	–	2	143
Total	**118,765**	**214,718**	**191,081**	**194,371**

The following table sets forth our trade and bills receivables turnover days for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade and bills receivables turnover days[(1)]	105.4	114.2	131.0	103.5

Note:

(1) Calculated as the average of beginning and ending balance of trade and bills receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 181 days, as applicable.

Our trade and bills receivables turnover days increased from 105.4 days in 2023 to 114.2 days in 2024, mainly because of an increase in trade receivables. Our trade and bills receivables turnover days further increased from 114.2 days in 2024 to 131.0 days in 2025, primarily because the increase in the average balance of our trade and bills receivables outpaced our revenue growth during the year. Our trade and bills receivables turnover days decreased from 131.0 days in 2025 to 103.5 days in the six months ended June 30, 2026, primarily due to revenue growth outpacing the increase in trade and bills receivables, as well as optimized credit policies and customer mix and strengthened collection management.

During 2023, 2024 and 2025, our trade and bills receivables turnover days were longer than our trade and bills payable turnover days, resulting in a mismatch between cash inflows and outflows. In 2025, we increased our use of bills payable with certain long-term suppliers, as reflected in the increase in our trade and bills payable turnover days, from 79.5 days in 2024 to 128.2 days in 2025. This arrangement significantly reduced the aforementioned mismatch. See "Trade and Other Payables" for further details. To manage such cash flow mismatch, we have adopted a number of measures, including (i) strengthening our trade receivables management through customer credit assessment, tighter credit control, regular follow-up on aging balances and collection of overdue receivables, (ii) optimizing payment arrangements with suppliers by negotiating stable and reasonable credit terms and flexibly using bill settlement and installment payments, (iii) enhancing our cash flow forecasting and treasury management through rolling cashflow forecasts and centralized fund management, (iv) maintaining sufficient liquidity by maintaining bank facilities and exploring financing tools such as working capital loans, bill discounting and supply chain finance, and (v) optimizing inventory planning and turnover to reduce working capital tied up in inventories.

Other Investments

During the Track Record Period, our financial assets were measured at fair value through profit or loss or at amortized cost. Our financial assets measured at fair value through profit or loss were current in nature, mainly consisting of structured deposits, wealth management products, fund investments and bonds. Our financial assets measured at fair value through profit or loss decreased from RMB24.1 million as of December 31, 2023 to RMB3.0 million as of December 31, 2024, primarily due to the maturity of certain financial instruments in 2024, and increased to RMB71.0 million as of December 31, 2025, primarily due to our purchase of structured deposits in December 2025. Our financial assets measured at fair value through profit or loss decreased from RMB71.0 million as of December 31, 2025 to nil as of June 30, 2026, primarily due to the redemption of our structured deposits and bond investment during the six months ended June 30, 2026.

The following table sets forth details of our financial assets measured at FVPL as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Wealth management products[(1)]	4,072	–	–	–
Structured deposits	20,002	–	70,007	–
Fund investment	–	3,003	–	–
Bonds	–	–	999	–
	24,074	3,003	71,006	–

Note:

(1) Pursuant to our internal policy, we may only use idle funds to invest in low-risk and highly liquid wealth management products, including bank products, treasury reverse repurchase products, and other low-risk asset management products, and we are prohibited from investing in high-risk products such as equities and derivatives. The aggregate amount of our wealth management investments shall not exceed 50% of our cash balance and 10% of our net assets as of the end of the latest ended accounting period, and all such investments are subject to internal approval procedures. Prior to any purchase, the finance department is required to complete an internal application form, which is reviewed by our fund manager and approved by our chief financial officer, the general manager and the Chairman before execution.

Our other investments measured at amortized cost mainly represented our certificates of deposit, which decreased from RMB123.5 million as of December 31, 2023 to RMB106.0 million as of December 31, 2024, and further decreased to RMB21.6 million as of December 31, 2025, primarily attributable to the maturities of certain certificates of deposit during the relevant periods. Our other investments measured at amortized cost decreased from RMB21.6 million as of December 31, 2025 to nil as of June 30, 2026, primarily due to the maturity of the relevant certificates of deposit.

Financial Assets

The Group's investment in financial assets primarily comprises low-risk treasury products for cash management purposes. The Group's policy is to preserve principal, maintain liquidity and generate reasonable returns on temporarily idle funds. The Group does not engage in speculative investment activities.

The Group has adopted internal control procedures for such investments, including assessment of investment risk level, investment tenor and expected return. Investments exceeding designated thresholds require approval by senior management and/or the Board in accordance with the Group's internal policies. The Board monitors the Group's treasury management activities on a regular basis.

After [**REDACTED**], the Group's investments in financial assets will be subject to the applicable requirements under Chapter 14 of the Listing Rules where relevant.

Pledged Bank Deposits

Our pledged bank deposits increased from RMB1.5 million as of December 31, 2023, to RMB16.8 million as of December 31, 2024, and further increased to RMB25.2 million as of December 31, 2025, primarily due to an increase in deposits pledged for the issuance of acceptance bills. Our pledged bank deposits increased from RMB25.2 million as of December 31, 2025 to RMB47.4 million as of June 30, 2026, primarily due to increased deposits pledged for the issuance of bank acceptance bills used to settle payments with our suppliers.

Property, Plant and Equipment

Our property, plant and equipment mainly consisted of equipment and machinery, leasehold improvements and construction in progress. The following table sets forth details of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Plant and buildings	3,988	3,682	3,209	3,050
Equipment and machinery	141,269	204,450	270,323	292,846
Office equipment and furniture	2,479	4,087	6,156	6,109
Transportation equipment	361	1,056	748	595
Leasehold improvement	33,246	30,997	37,272	35,383
Construction in progress	1,592	25,307	14,618	12,489
Total	**182,935**	**269,579**	**332,326**	**350,472**

Our property, plant and equipment increased from RMB182.9 million as of December 31, 2023 to RMB269.6 million as of December 31, 2024, primarily due to (i) the acquisition of equipment and machinery to support the expansion of our production capacity, and (ii) an increase in construction in progress, mainly comprising equipment and machinery under testing and not yet ready for use. Our property, plant and equipment further increased to RMB332.3 million as of December 31, 2025, mainly due to our acquisition of additional equipment and machinery for technical upgrades and capacity expansion. Our property, plant and equipment increased from RMB332.3 million as of December 31, 2025 to RMB350.5 million as of June 30, 2026, primarily due to an increase in equipment and machinery to expand our production capacity and upgrade our equipment, particularly for the production of batteries used in smart rings.

Right-of-use Assets

Our right-of-use assets mainly consisted of ownership interests in leasehold land and properties leased for our own use. The following table sets forth details of our right-of-use assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Ownership interests in leasehold land held for own use	4,918	4,739	4,477	4,382
Other properties leased for own use	44,692	50,970	34,460	33,328
Total	**49,610**	**55,709**	**38,937**	**37,710**

Our right-of-use assets increased from RMB49.6 million as of December 31, 2023 to RMB55.7 million as of December 31, 2024, mainly due to the lease of additional properties

at our Huizhou production base to support the expansion of our production capacity. Our right-of-use assets decreased to RMB38.9 million as of December 31, 2025, mainly due to a lease modification in respect of the Ganzhou production base, which resulted in a reduction in lease payments and a corresponding decrease in the carrying amount of our right-of-use assets, as well as depreciation charges recognized during the year. Our right-of-use assets decreased from RMB38.9 million as of December 31, 2025 to RMB37.7 million as of June 30, 2026, primarily due to the depreciation of properties leased for our own use.

Intangible Assets

Our intangible assets primarily consist of software and patents. Our intangible assets remained relatively stable at RMB2.0 million as of December 31, 2023 and December 31, 2024, primarily as a result of the amortization of existing assets and acquisition of new software. Our intangible assets increased to RMB3.5 million as of December 31, 2025, primarily driven by the purchase of additional third-party software to support our business operations. Our intangible assets decreased from RMB3.5 million as of December 31, 2025 to RMB3.3 million as of June 30, 2026, primarily due to the amortization of intangible assets during the period.

Deferred tax assets

Our deferred tax assets decreased from RMB3.8 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily due to the amortization of deferred government grants. Our deferred tax assets increased to RMB6.6 million as of December 31, 2025, mainly due to an increase in deferred tax assets recognized in respect of unused tax losses. Our deferred tax assets increased from RMB6.6 million as of December 31, 2025 to RMB8.9 million as of June 30, 2026, primarily due to the recognition of deferred tax assets in respect of unused tax losses.

Other Non-current Assets

Our other non-current assets primarily consist of prepayments for property, plant and equipment. The following table sets forth details of our other non-current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Prepayments for property, plant and equipment	3,942	27,337	18,366	21,353
Deposits for rental of properties	2,645	3,642	4,486	4,515
Total	**6,587**	**30,979**	**22,852**	**25,868**

Our other non-current assets increased from RMB6.6 million as of December 31, 2023 to RMB31.0 million as of December 31, 2024, primarily due to prepayments for equipment to support capacity expansion. Our other non-current assets decreased to RMB22.9 million as of December 31, 2025, primarily due to the delivery of equipment, which was accordingly reclassified as property, plant and equipment. Our other non-current assets increased from RMB22.9 million as of December 31, 2025 to RMB25.9 million as of June 30, 2026, primarily attributable to prepayments for renovation works at our Vietnam production facility and bent battery production machinery.

Contract Liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue. A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognized the related revenue. In the latter case, a corresponding receivable is also recognized. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations. Our contract liabilities increased from RMB3.5 million as of December 31, 2023, to RMB6.0 million as of December 31, 2024, primarily driven by advance payments received from customers during the year, and decreased to RMB1.7 million as of December 31, 2025, mainly due to our fulfilment of performance obligations. Our contract liabilities increased from RMB1.7 million as of December 31, 2025 to RMB3.2 million as of June 30, 2026, primarily due to an increase in advance payments received from customers.

As of July 31, 2026, RMB2.1 million, or 66.4% of our outstanding contract liabilities as of June 30, 2026 had been subsequently recognized as revenue.

Trade and Other Payables

The following table sets forth details of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Trade payables	28,073	52,516	46,472	58,690
Bills payables	24,458	45,901	124,953	134,601
Trade and bills payables	52,531	98,417	171,425	193,291
Payables for purchase of property, plant and equipment	31,617	48,186	65,396	70,706
Accrued payroll	14,339	27,991	16,526	18,176
Other payables and accruals	23,570	21,243	21,269	16,664
Total	**122,057**	**195,837**	**274,616**	**298,837**

Our trade and other payables increased from RMB122.1 million as of December 31, 2023 to RMB195.8 million as of December 31, 2024, and further increased to RMB274.6 million as of December 31, 2025, which largely aligned with the trend of our cost of sales, as we expanded our production scale in response to the growth in customer demand. Such increase was also attributable to our increased use of bank acceptance bills as a payment method. As of December 31, 2025, such bills had not yet matured. Our trade and other payables increased from RMB274.6 million as of December 31, 2025 to RMB298.8 million as of June 30, 2026, primarily due to increases in trade payables, bills payables and payables for the purchase of property, plant and equipment, partially offset by a decrease in other payables and accruals.

As of July 31, 2026, we have subsequently settled RMB31.1 million, or 16.1% of our outstanding trade and bills payables as of June 30, 2026.

The following is an aging analysis of our trade and bills payables, based on the invoice date, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Within one year	52,395	98,160	170,782	192,956
One to two years	111	184	412	89
Two to three years	25	51	169	82
Over three years	–	22	62	164
Total	**52,531**	**98,417**	**171,425**	**193,291**

The following table sets forth our trade and bills payables turnover days for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade and bills payables turnover days[(1)]	76.5	79.5	128.2	145.5

Note:

(1) Calculated as the average of beginning and ending balances of trade and bills payables for the year/period divided by cost of sales for that year/period and multiplied by 365 days or 181 days, as applicable.

Our trade and bills payables turnover days increased slightly from 76.5 days in 2023 to 79.5 days in 2024, and further increased from 79.5 days in 2024 to 128.2 days in 2025. Our trade and bills payables turnover days increased from 128.2 days in 2025 to 145.5 days in the six months ended June 30, 2026 primarily due to optimized settlement arrangements with suppliers as part of our overall cash management, including the increased use of bank acceptance bills, which resulted in a higher average balance of trade and bills payables, while remaining at a reasonable level.

The aforesaid increases were primarily attributable to (i) the expansion of our production scale and improved bargaining power with major suppliers, which enabled us to negotiate longer credit periods for certain procurements, (ii) our increased use of bills settlement for purchases, the settlement cycle of which is generally longer than that of cash payments, and (iii) the growth in our procurement volume driven by business expansion and increasing downstream orders, which led to a corresponding increase in the balance of our trade and bills payables.

KEY FINANCIAL RATIOS

	Year ended/as of December 31,			Six months ended/ as of June 30,
	2023	2024	2025	2026
Gross margin[(1)]	29.0%	35.0%	32.0%	32.7%
Net profit margin[(2)]	1.9%	10.9%	5.6%	7.8%
Current ratio[(3)]	0.6	0.8	1.8	1.8
Inventory and other contract cost turnover[(4)]	5.0	6.0	5.3	4.8
Debt ratio[(5)]	28.4%	32.5%	37.8%	39.9%
Return on equity[(6)]	7.0%	43.4%	8.5%	4.2%

Notes:

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

(2) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(3) Current ratio is calculated by dividing current assets by current liabilities as of the relevant date.

(4) Inventory and other contract cost turnover is calculated as cost of sales divided by the average of the beginning and ending balance of inventories and other contract costs for the year/period.

(5) Debt ratio is calculated by dividing total debt, defined as total liabilities minus redemption liabilities, by total assets as of the relevant date.

(6) ROE is calculated by dividing profit for the year/period attributable to the owners of our Company by the average balance of equity attributable to equity shareholders of our Company.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our working capital primarily from cash generated from our business operations and, to a lesser extent, external financing. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, bank facilities, cash flows from operating activities and the [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document.

Our cash and cash equivalents primarily consist of cash at bank and cash at hand. We had cash and cash equivalents of RMB132.7 million, RMB95.4 million, RMB172.5 million and RMB271.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

Cash Flow Analysis

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year ended December 31			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)	*(unaudited)*	
Net cash generated from operating activities	32,269	84,930	188,106	136,385	54,529
Net cash (used in)/generated from investing activities	(70,146)	(113,347)	(104,268)	(55,722)	31,955
Net cash generated from/(used in) financing activities	1,985	(9,795)	(4,757)	(11,939)	18,104
Net (decrease)/increase in cash and cash equivalents	(35,892)	(38,212)	79,081	68,724	104,588
Cash and cash equivalents at the beginning of the year/period	167,587	132,723	95,418	95,418	172,458
Effect of foreign exchange rate changes	1,028	907	(2,041)	(428)	(5,814)
Cash and cash equivalents at the end of the year/period	**132,723**	**95,418**	**172,458**	**163,714**	**271,232**

Net cash generated from operating activities

Net cash generated from operating activities for the six months ended June 30, 2026 was RMB54.5 million, primarily attributable to profit before taxation of RMB27.1 million, as adjusted by (i) non-cash items, mainly including depreciation of RMB42.7 million and net foreign exchange losses of RMB6.2 million and (ii) movements in working capital. These working capital movements were mainly driven by (i) a decrease in trade and other receivables of RMB9.1 million, (ii) an increase in trade and other payables of RMB16.4 million and (iii) an increase in contract liabilities of RMB1.5 million, partially offset by (i) an increase in inventories and other contract costs of RMB26.1 million, (ii) an increase in pledged bank deposits of RMB22.2 million and (iii) a decrease in deferred income of RMB2.1 million.

Net cash generated from operating activities for the year ended December 31, 2025 was RMB188.1 million, primarily attributable to profit before taxation of RMB28.6 million, as adjusted by (i) non-cash items, mainly including depreciation of RMB75.0 million, and (ii) movements in working capital. These working capital movements were mainly driven by (i) a decrease in trade and other receivables of RMB19.9 million, (ii) an increase in trade and other payables of RMB89.0 million and (iii) an increase in deferred income of RMB8.6 million, partially offset by (i) an increase in inventories and other contract costs of RMB19.1 million, (ii) an increase in pledged bank deposits of RMB8.4 million and (iii) a decrease in contract liabilities of RMB4.3 million.

Net cash generated from operating activities for the year ended December 31, 2024 was RMB84.9 million, primarily attributable to profit before taxation of RMB67.6 million,

as adjusted by (i) non-cash items, mainly including depreciation of RMB54.4 million and changes in the carrying amount of redemption liabilities of RMB26.2 million and (ii) movements in working capital. These working capital movements were mainly driven by (i) an increase in trade and other payables of RMB73.8 million and (ii) an increase in contract liabilities of RMB2.5 million, partially offset by (i) an increase in trade and other receivables of RMB110.7 million, (ii) an increase in pledged bank deposits of RMB15.3 million and (iii) an increase in inventories and other contract costs of RMB9.2 million.

Net cash generated from operating activities for the year ended December 31, 2023 was RMB32.3 million, primarily attributable to profit before taxation of RMB7.5 million, as adjusted by (i) non-cash items, mainly including depreciation of RMB44.2 million, changes in the carrying amount of redemption liabilities of RMB26.2 million and equity-settled share-based payment expenses of RMB4.0 million and (ii) movements in working capital. These working capital movements were mainly driven by an increase in trade and other payables of RMB16.7 million, partially offset by (i) an increase in trade and other receivables of RMB43.7 million, (ii) a decrease in contract liabilities of RMB12.1 million, (iii) an increase in inventories and other contract costs of RMB6.6 million and (iv) an increase in pledged bank deposits of RMB1.5 million.

Net Cash Generated from/(Used in) Investing Activities

Net cash generated from investing activities for the six months ended June 30, 2026 was RMB32.0 million, primarily attributable to (i) proceeds from the disposal of financial assets measured at FVPL of RMB161.0 million and (ii) proceeds from the disposal of financial assets measured at amortized cost of RMB21.9 million, partially offset by (i) payments for the purchase of financial assets measured at FVPL of RMB90.0 million, (ii) payments for the purchase of property, plant and equipment of RMB60.7 million and (iii) payments for the purchase of intangible assets of RMB1.1 million.

Net cash used in investing activities for the year ended December 31, 2025 was RMB104.3 million, primarily due to (i) payments for purchase of property, plant and equipment of RMB122.5 million, (ii) payments for purchase of financial assets measured at FVPL of RMB136.2 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB68.2 million and (ii) proceeds from disposal of financial assets measured at amortized cost of RMB85.0 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB113.3 million, primarily due to (i) payments for purchase of property, plant and equipment of RMB156.8 million, (ii) payments for purchase of financial assets measured at FVPL of RMB24.5 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB45.6 million and (ii) proceeds from disposal of financial assets measured at amortized cost of RMB30.0 million.

Net cash used in investing activities for the year ended December 31, 2023 was RMB70.1 million, primarily due to (i) payments for purchase of financial assets measured at FVPL of RMB69.0 million, (ii) payment for purchase of property, plant and equipment of RMB39.6 million, (iii) payments for purchase of financial assets measured at amortized cost of RMB20.0 million and (iv) payment for acquisition of a subsidiary of RMB16.3 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB75.0 million.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities for the six months ended June 30, 2026 was RMB18.1 million, primarily attributable to proceeds from bank loans of RMB35.0 million, partially offset by (i) repayments of bank loans of RMB10.3 million, (ii) payments of the capital and interest elements of lease rentals of RMB4.6 million, (iii) finance costs paid of RMB0.7 million, (iv) payment for the acquisition of non-controlling interests of RMB0.8 million and (v) [**REDACTED**] paid of RMB0.5 million.

Net cash used in financing activities for the year ended December 31, 2025 was RMB4.8 million, mainly due to proceeds from bank loans of RMB35.0 million, partially offset by (i) repayment of bank loans of RMB11.0 million and (ii) dividends paid of RMB15.0 million.

Net cash used in financing activities for the year ended December 31, 2024 was RMB9.8 million, primarily due to (i) repayments of bank loans of RMB13.5 million, and (ii) payments of the capital and interest elements of lease rentals of RMB11.9 million, partially offset by proceeds from bank loans of RMB15.5 million.

Net cash generated from financing activities for the year ended December 31, 2023 was RMB2.0 million, primarily due to (i) proceeds from bank loans of RMB16.2 million, and (ii) capital contributions from shareholders of RMB13.0 million and (iii) capital contributions from non-controlling interests of RMB1.0 million, partially offset by (i) repayment of bank loans of RMB19.8 million, (ii) payments of the capital and interest elements of lease rentals of RMB6.9 million and (iii) finance costs paid of RMB1.5 million.

INDEBTEDNESS

Except as disclosed in the table below, which sets forth details of our indebtedness as of the dates indicated, we did not have any material indebtedness.

	As of December 31,			As of June 30,	As of July 31,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB	*RMB*	*RMB*	*RMB*	*RMB (unaudited)*
			(in thousands)		
Current					
Bank loans	16,150	11,000	35,750	31,200	31,200
Redemption liabilities	409,097	435,298	–	–	–
Lease liabilities	10,769	11,104	8,578	9,223	9,355
Non-current					
Bank loans	–	4,250	3,500	32,800	32,500
Lease liabilities	40,530	45,438	31,456	30,085	29,965
Total	**476,546**	**507,090**	**79,284**	**103,308**	**103,020**

Redemption liabilities

Our redemption liabilities mainly represented redemption rights granted to certain Pre-[**REDACTED**] Investors. See "History and Corporate Structure — Pre-[**REDACTED**] — Rights of Pre-[**REDACTED**] Investors" and Note 24 to the Accountants' Report set out in Appendix I to this document. Our redemption liabilities increased from RMB409.1 million as of December 31, 2023 to RMB435.3 million as of December 31, 2024, mainly due to accrued interest on the redemption liabilities. Following the termination of the redemption rights in January 2025, the redemption liabilities were reclassified to equity, and we had no redemption liabilities as of December 31, 2025 and June 30, 2026.

Bank Loans

Other than our operating cash flow, we also finance our working capital through borrowings. As of July 31, 2026, the latest date for determining our indebtedness, the aggregate balance of our bank loans was RMB63.7 million.

The following table sets forth the breakdown of our bank loans as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB* (*unaudited*)
			(in thousands)		
Current	16,150	11,000	35,750	31,200	31,200
Non-current	–	4,250	3,500	32,800	32,500
Total	**16,150**	**15,250**	**39,250**	**64,000**	**63,700**

During the Track Record Period, our bank loans were obtained from commercial banks, bearing effective interest rates in the range of 2.3% to 3.5% per annum. Our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of December 31, 2023, a loan of RMB9.8 million was guaranteed by our shareholders. As of December 31, 2025, our bank loans were all unsecured, and a loan of RMB10.0 million borrowed by a subsidiary was guaranteed by our Company, which was fully repaid in January 2026. As of June 30, 2026, our bank loans comprised unsecured and guaranteed bank loans of RMB5.0 million, unsecured and unguaranteed bank loans of RMB29.0 million and secured and unguaranteed bank loans of RMB30.0 million. As of July 31, 2026, the balance of our secured and unguaranteed bank loans decreased to RMB29.7 million as a result of repayment, while the balances of our other bank loans remained unchanged.

Our current bank loans decreased from RMB16.2 million as of December 31, 2023 to RMB11.0 million as of December 31, 2024, mainly due to our repayment of loans and settlement of discounted bills due within one year. Our current bank loans increased from RMB11.0 million as of December 31, 2024 to RMB35.8 million as of December 31, 2025, mainly due to new bank borrowings obtained during the period. Our current bank loans decreased from RMB35.8 million as of December 31, 2025 to RMB31.2 million as of June 30, 2026, mainly due to the repayment of bank loans during the period, and remained stable at RMB31.2 million as of July 31, 2026.

Our non-current bank loans increased from nil as of December 31, 2023 to RMB4.3 million as of December 31, 2024, mainly due to a new borrowing obtained in 2024 in the ordinary course of business. Our non-current bank loans decreased from RMB4.3 million as of December 31, 2024 to RMB3.5 million as of December 31, 2025. Our non-current bank loans increased from RMB3.5 million as of December 31, 2025 to RMB32.8 million as of June 30, 2026, mainly due to new term loans obtained during the period. Our non-current bank loans decreased slightly from RMB32.8 million as of June 30, 2026 to RMB32.5 million as of July 31, 2026, mainly due to the partial repayment of such bank loans.

As of July 31, 2026, we had bank facilities of approximately RMB470.0 million, of which RMB277.7 million remained unutilized.

Our Directors have confirmed that there has been no material change in the indebtedness of our Group since July 31, 2026, being the latest date for determining our indebtedness for the purpose of this document, and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our bank loan agreements contained standard terms, conditions and covenants that are customary for commercial bank loans, we had not breached any covenants relating to our outstanding borrowings, and we had not encountered any additional financing difficulties as a result

of the foregoing. Save as disclosed above, as of the Latest Practicable Date, we did not have any material contingent liabilities relating to our indebtedness.

Lease Liabilities

Our lease liabilities mainly related to the leasehold land and properties we leased. The following table sets forth the amounts of our lease liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB* (*unaudited*)
	(in thousands)				
Current	10,769	11,104	8,578	9,223	9,355
Non-current	40,530	45,438	31,456	30,085	29,965
Total	**51,299**	**56,542**	**40,034**	**39,308**	**39,320**

Our current lease liabilities increased from RMB10.8 million as of December 31, 2023 to RMB11.1 million as of December 31, 2024, primarily due to new lease agreements entered into during the year for employee dormitories, which resulted in an increase in outstanding lease payments. Our current lease liabilities subsequently decreased from RMB11.1 million as of December 31, 2024 to RMB8.6 million as of December 31, 2025, primarily due to the lease modification in relation to the Ganzhou production base, under which the lease payments were reduced. Our current lease liabilities increased from RMB8.6 million as of December 31, 2025 to RMB9.2 million as of June 30, 2026, primarily due to a new lease entered into to support our business operations, and remained relatively stable at RMB9.4 million as of July 31, 2026.

Our non-current lease liabilities increased from RMB40.5 million as of December 31, 2023 to RMB45.4 million as of December 31, 2024, primarily due to an increase in leased assets in response to our expanded production. Our non-current lease liabilities subsequently decreased from RMB45.4 million as of December 31, 2024 to RMB31.5 million as of December 31, 2025 and further decreased to RMB30.1 million as of June 30, 2026, primarily due to lease modifications and the optimization of our leased asset portfolio, and remained relatively stable at RMB30.0 million as of July 31, 2026.

CAPITAL COMMITMENTS

Our capital commitments primarily related to the purchase of machinery and equipment. The details of our capital commitments as of the dates indicated are set forth below:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
Contracted for acquisition of property, plant and equipment	65,046	106,724	106,493	132,139

Our capital commitments contracted for acquisition of property, plant and equipment increased from RMB65.0 million as of December 31, 2023 to RMB106.7 million as of December 31, 2024, primarily representing contracted amounts for the purchase of facilities and machinery for our planned production capacity expansion. Our capital commitments contracted for acquisition of property, plant and equipment slightly decreased to RMB106.5 million as of December 31, 2025, primarily due to the payments made in respect of the contracted amounts. Our capital commitments for the acquisition of property, plant and equipment subsequently increased from RMB106.5 million as of December 31, 2025 to RMB132.1 million as of June 30, 2026, primarily due to the planned acquisition of machinery, equipment and other fixed assets for the technological upgrade and capacity expansion of our production lines.

CAPITAL EXPENDITURES

Our capital expenditures primarily related to (i) purchase of equipment and building renovation for our manufacturing facilities, and (ii) acquisition of our Vietnam subsidiary. In 2023, 2024, 2025 and the six months ended June 30, 2026, our payments for purchase of property, plant and equipment amounted to RMB39.6 million, RMB156.8 million, RMB122.5 million and RMB60.7 million, respectively. Our anticipated capital expenditures are subject to change from time to time, based on a variety of factors including our business strategy, prevailing market conditions, regulatory environment and the outlook for our results of operations.

We funded these expenditures primarily with our operating cash flow, and we expect to fund our capital expenditures with our operating cash flow and [**REDACTED**] from the [**REDACTED**].

RELATED PARTY TRANSACTIONS

We entered into transactions with our related parties in the ordinary course of our business from time to time, primarily for the purchase and sale of goods. For further details of our related party transactions, see Note 30 to the Accountants' Report set out in Appendix I to this document. These related party transactions were conducted on an arm's length basis and on normal commercial terms between the relevant parties. We expect to continue entering into contracts for related party transactions of the foregoing nature as part of our ordinary business from time to time.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any off-balance sheet arrangements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our activities expose us to credit risk, liquidity risk, interest rate risk and currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. For details, see Note 28 to the Accountants' Report set out in Appendix I to this document.

DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of RMB15.0 million in 2025 out of distributable profits. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and applicable laws and regulations. The declaration and payment of any dividends in the future will be determined by our shareholders' meeting, in its discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of our Company lawfully available. There is no assurance that dividends of any amount will be declared to be distributed in any year. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

PRC laws require that dividends be paid only out of net profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require us to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our Company had retained profits of RMB160.3 million, which were available for distribution to our Shareholders.

[REDACTED]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]) and the full payment of the discretionary [**REDACTED**], if any, we expect to incur approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) of [**REDACTED**] (including (i) [**REDACTED**]-related expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately RMB[**REDACTED**], and (ii) fees and expenses of legal advisors and accountants amounted to approximately RMB[**REDACTED**] and other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] fees, amounting to approximately RMB[**REDACTED**]), accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. Approximately RMB[**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and approximately RMB[**REDACTED**] is expected to be deducted from equity upon [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of approximately RMB14.7 million, of which (i) approximately RMB12.6 million was charged to the consolidated statements of profit or loss and other comprehensive income, and (ii) approximately RMB2.1 million was directly attributable to the [**REDACTED**] of our [**REDACTED**] and will be deducted from equity upon the [**REDACTED**]. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED [REDACTED]

The following unaudited [**REDACTED**] statement of adjusted consolidated [**REDACTED**] which has been prepared in accordance with paragraph 4.29 of the [**REDACTED**] Rules is to illustrate the effect of the [**REDACTED**] on the consolidated [**REDACTED**] attributable to the equity shareholders of our Company as if the [**REDACTED**] had taken place on June 30, 2026.

The unaudited [**REDACTED**] statement of adjusted consolidated [**REDACTED**] has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as of June 30, 2026 or any future dates.

[**REDACTED**]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since June 30, 2026 which would materially affect the information set out in the Accountants' Report in Appendix I to this document. During the six months ended June 30, 2026, we have commenced mass production of bent batteries for smart rings and large-scale deliveries are expected to commence in the second half of 2026.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

[REDACTED]

The **[REDACTED]** from the **[REDACTED]** that we will receive, after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** will be:

	[REDACTED] (in HK$ million)	
	(a) Assuming the [REDACTED] is not exercised at all	**(b) Assuming the [REDACTED] is exercised in full**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the **[REDACTED]**)	**[REDACTED]**	**[REDACTED]**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]**)	**[REDACTED]**	**[REDACTED]**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the **[REDACTED]**)	**[REDACTED]**	**[REDACTED]**

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** of between HK$**[REDACTED]** and HK$**[REDACTED]** per H Share) and that the **[REDACTED]** is not exercised, in line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities. Such **[REDACTED]** are intended to support the strengthening of our R&D platform, including facilities, equipment, personnel and supporting resources, as well as the development and commercialization of battery products for miniaturized terminal devices and higher-power **[REDACTED]** scenarios. In relation to the aforementioned purposes, we expect to utilize the allocated **[REDACTED]** by 2030. In particular:

  - approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the construction and fitting-out of our R&D headquarters and related staff accommodation for R&D personnel. We expect the centralized R&D facilities to enhance our operational efficiency, bring together R&D talents across different technology disciplines and facilitate cross-disciplinary collaboration. We will equip the laboratories with advanced equipment and testing systems to support materials research, electrochemical analysis, cell design, prototyping and performance validation of battery products. We believe our investment in the R&D headquarters will make it a core platform to advance our frontier technologies and accelerate new product incubation, which is expected to strengthen our technological barriers. As the Group's R&D headcount increased significantly from 235 persons in 2024 to 411 persons in 2025, our existing R&D workspace and staff accommodation are insufficient to support the enlarged R&D team and our future R&D expansion plan. As of the Latest Practicable Date, all of our R&D facilities and related staff accommodation at both the Huizhou and Ganzhou locations are situated on leased premises. The purpose of constructing self-owned R&D headquarters and staff accommodation is not merely to add new R&D sites, but to address our

reliance on leased properties at both locations, thereby improving asset stability, optimizing the R&D and living environment for personnel, and enhancing employee engagement and retention. The constraints associated with the current leased premises may present certain challenges to the recruitment and retention of R&D personnel. The proposed R&D headquarters and accommodation will improve R&D collaboration efficiency, support staff retention, reduce reliance on external leases and provide the necessary infrastructure for further expansion of the Group's R&D capabilities. We also intend to use part of such [**REDACTED**] to support the recruitment, retention and accommodation of R&D personnel required for the operation of such facilities. We expect the centralized R&D platform to facilitate coordination across different technical functions and to support the development and validation of battery products in our target application areas.

The aforementioned is expected, on the one hand, to enhance R&D collaboration efficiency, support talent recruitment and retention, reduce reliance on external leases, and provide a solid infrastructure foundation for our continued expansion of its R&D capabilities; on the other hand, part of such [**REDACTED**] will also be used for related facility ancillary works and the recruitment and settlement of R&D personnel. We expect the centralized R&D platform to facilitate coordination across different technical functions and to support the development and validation of battery products in our target application areas, thereby continuing to strengthen our technological barriers;

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development of mini-size batteries for AI-powered terminals. The relevant [**REDACTED**] are expected to be used mainly for product design, materials and electrochemical development, process optimization, prototyping, testing and validation, customer sample preparation and related commercialization activities. We intend to develop ultra-thin batteries capable of delivering high energy within extremely limited size and space constrains. We believe such innovations have significant potential to meet the increasing demand for miniaturized smart wearables such as smart rings, a market which is experiencing immense growth and which requires sustained, high-intensity R&D investment to address evolving requirements for slim form factor, bendability, high energy density and long cycle life. As of the Latest Practicable Date, we have commenced batch shipment of our ultra-thin bent batteries to leading smart ring manufacturers. We may prioritize specific product categories in light of customer demand and product development progress from time to time. As part of the plan for this purpose, we may also strengthen the relevant R&D and engineering team, acquire or upgrade supporting testing and prototyping equipment, and carry out certification and qualification work necessary for customer onboarding and commercialization; and

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to develop high-power battery solutions for emerging, high-value sectors such as industrial drones, robots and other devices requiring higher power output and greater operational reliability. We intend to apply such [**REDACTED**] primarily toward the development and validation of battery products with enhanced power performance, safety, structural stability and application-specific adaptability, including work relating to materials and electrochemical systems, cell and structural design, process

development, testing and reliability verification. We may also use part of such [**REDACTED**] to strengthen the relevant R&D and engineering capabilities, acquire or upgrade testing and validation equipment and support customer sample and qualification work for these application scenarios. We will focus on improving battery materials and advancing electrochemical technologies to tailor our offerings to the specific needs of these sectors, providing a new avenue of growth for our Company.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to expand our production capabilities through the construction of new production lines. We plan to increase production capacity to meet the increasing market demand. Such proposed expansion is not solely for increasing nominal capacity. It is also intended to upgrade production lines, improve production efficiency and yield, support new product specifications and enhance automation. Certain existing equipment has partially aged and is expected to face concentrated renewal needs within the next two to three years. In addition, the rapid development of the AI industry has created new demand for battery capacity that cannot be met by our current production capacity. Upgraded and new production lines are therefore required to support the Group's competitiveness, production quality and delivery capability going forward. In addition, although revenue growth in 2025 was 6.1%, the Group has secured orders from customers for products used in certain new application scenarios, including drones, smart sports cameras, robots and other high-power stacked battery applications, and expects demand from these application areas to continue to grow. In relation to the aforementioned purposes, we expect to utilize the allocated proceeds by the end of 2030. In particular:

  - approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the construction of production lines in Huizhou for our new generation button batteries. The relevant [**REDACTED**] are expected to be used mainly for production line set-up, equipment procurement and installation, trial production and related engineering and quality support, with a view to supporting the commercialization of our new-generation button battery products for miniaturized application scenarios.

    The aforementioned is intended to complement the operational coordination among our production bases in Huizhou and Ganzhou and to support the Group's broader manufacturing, supply chain and business development strategies;

  - approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the construction of production lines for our various mini-size irregular battery solutions. The relevant [**REDACTED**] are expected to be used mainly for specialized production equipment, tooling, testing and inspection systems, and related engineering and production support for mini-size irregular battery products intended for compact and space-constrained devices;

  - approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the construction of a production line for replaceable hard-case batteries. The relevant [**REDACTED**] are expected to be used mainly for the establishment and optimization of production capability for replaceable hard-case battery products, including production equipment, tooling, testing support and related implementation resources; and

  - approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the establishment of a production

line for our high-power stacked battery solutions. The relevant [**REDACTED**] are expected to be used mainly for the establishment and enhancement of production capability for high-power stacked battery solutions, including equipment procurement and installation, line adaptation, trial production and quality and engineering support, in order to facilitate commercialization for higher-power application scenarios.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used to repay existing bank borrowings. Specifically, we intend to repay a loan with a principal amount of RMB20.0 million and an interest rate of 2.34% per annum, which matures in January 2029. Such loan was obtained from a commercial bank and is used to finance our daily operations. We expect to complete the aforementioned repayment by 2028.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for working capital and general corporate uses. Such [**REDACTED**] are expected to support the overall implementation of our development strategies, including customer and market development, overseas business development, supply chain coordination, talent and organizational support, and other general corporate purposes incidental to the execution of such strategies. In relation to the aforementioned purposes, we expect to utilize the allocated [**REDACTED**] by the end of 2027.

The Group does not currently intend to designate a separate standalone portion of the net [**REDACTED**] solely for the advancement of its global sales strategy. Rather, such strategy is expected to be advanced through R&D facilities and R&D personnel ancillary facilities which enhance our technological capabilities and R&D team stability, and principally through the [**REDACTED**] allocated to production capability expansion and, to a lesser extent, working capital and general corporate purposes, as these are expected to support the Group's broader global sales expansion.

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the [**REDACTED**] of the indicative [**REDACTED**], the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. If we make an upward or downward [**REDACTED**] adjustment to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**], we will increase or decrease the allocation of the [**REDACTED**] to the above purposes on a pro rata basis.

The additional [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**]) and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]).

To the extent that the [**REDACTED**] from the [**REDACTED**] (including the [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the [**REDACTED**] for the above purposes on a pro rata basis.

We will only place the [**REDACTED**] of the [**REDACTED**] that are not immediately required for the above purposes in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[●], 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 GUANGDONG MIC-POWER NEW ENERGY CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Guangdong Mic-Power New Energy Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], 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 30 June 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (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-4 to I-[●] 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 H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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 (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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 30 June 2026, 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.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, 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-4 have been made.

Dividends

We refer to Note 27(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

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 (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	351,162	532,859	565,349	285,852	337,163
Cost of sales		(249,408)	(346,606)	(384,184)	(192,274)	(226,807)
Gross profit		101,754	186,253	181,165	93,578	110,356
Other income	*5*	13,068	26,060	18,294	10,665	4,004
Selling expenses		(15,367)	(22,991)	(22,488)	(12,602)	(11,193)
Administrative expenses		(24,203)	(37,559)	(51,390)	(21,457)	(26,771)
Research and development costs		(38,095)	(54,339)	(93,504)	(44,522)	(47,862)
(Impairment loss)/reversal of impairment loss of trade and other receivables		(398)	(444)	29	53	1
Profit from operations		36,759	96,980	32,106	25,715	28,535
Finance costs	*6(a)*	(3,044)	(3,168)	(3,551)	(2,295)	(1,402)
Changes in the carrying amount of redemption liabilities	*24*	(26,185)	(26,201)	–	–	–
Profit before taxation	*6*	7,530	67,611	28,555	23,420	27,133
Income tax	*7(a)*	(735)	(9,515)	2,901	73	(788)
Profit for the year/period		6,795	58,096	31,456	23,493	26,345
Profit for the year/period attributable to:						
Equity shareholders of the Company		6,949	58,093	33,007	24,345	26,446
Non-controlling interests		(154)	3	(1,551)	(852)	(101)
Profit for the year/period		6,795	58,096	31,456	23,493	26,345
Earnings per share						
Basic and diluted (RMB)	*10*	0.07	0.61	0.35	0.26	0.28

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period		6,795	58,096	31,456	23,493	26,345
Other comprehensive income for the year/period						
Item that is or may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements with functional currency other than RMB		(234)	288	(2,155)	(1,244)	(704)
Total comprehensive income for the year/period		6,561	58,384	29,301	22,249	25,641
Total comprehensive income for the year/period attributable to:						
Equity shareholders of the Company		6,715	58,381	30,852	23,101	25,742
Non-controlling interests		(154)	3	(1,551)	(852)	(101)
Total comprehensive income for the year/period		6,561	58,384	29,301	22,249	25,641

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	At 31 December			At 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	182,935	269,579	332,326	350,472
Right-of-use assets	*12*	49,610	55,709	38,937	37,710
Intangible assets	*13*	2,002	2,006	3,510	3,272
Other investments	*17*	123,525	20,984	–	–
Deferred tax assets	*26(b)*	3,802	3,665	6,618	8,930
Other non-current assets	*14*	6,587	30,979	22,852	25,868
		368,461	382,922	404,243	426,252
Current assets					
Inventories and other contract costs	*15*	53,435	62,664	81,803	107,925
Trade and other receivables	*16*	136,524	244,016	213,456	213,155
Other investments	*17*	24,074	88,043	92,629	–
Tax recoverable	*26(a)*	960	–	–	–
Pledged bank deposits	*18(b)*	1,461	16,793	25,198	47,353
Cash and cash equivalents	*18(a)*	132,723	95,418	172,458	271,232
		349,177	506,934	585,544	639,665
Current liabilities					
Contract liabilities	*19*	3,473	5,987	1,663	3,166
Trade and other payables	*20*	122,057	195,837	274,616	298,837
Bank loans	*21*	16,150	11,000	35,750	31,200
Lease liabilities	*22*	10,769	11,104	8,578	9,223
Redemption liabilities	*24*	409,097	435,298	–	–
Current taxation	*26(a)*	833	6,615	665	4,063
		562,379	665,841	321,272	346,489
Net current (liabilities)/assets		(213,202)	(158,907)	264,272	293,176
Total assets less current liabilities		155,259	224,015	668,515	719,428
Non-current liabilities					
Bank loans	*21*	–	4,250	3,500	32,800
Lease liabilities	*22*	40,530	45,438	31,456	30,085
Deferred income	*23*	9,941	9,030	17,580	15,438
		50,471	58,718	52,536	78,323
NET ASSETS		104,788	165,297	615,979	641,105

	Note	At 31 December			At 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Paid-in capital	*27(c)*	94,880	–	–	–
Share capital	*27(d)*	–	94,880	94,880	94,880
Reserves		9,062	68,747	520,751	545,270
Total equity attributable to equity shareholders of the Company		103,942	163,627	615,631	640,150
Non-controlling interests		846	1,670	348	955
TOTAL EQUITY		104,788	165,297	615,979	641,105

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		At 31 December			At 30 June
	Note	**2023**	**2024**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	52,929	84,394	124,441	149,228
Right-of-use assets	*12*	22,993	31,255	27,165	27,535
Intangible assets	*13*	1,622	1,665	2,608	2,421
Other investments	*17*	123,525	20,984	–	–
Deferred tax assets		1,028	935	1,719	710
Investments in subsidiaries	*1*	118,548	141,896	187,334	195,090
Other non-current assets	*14*	4,676	18,396	7,377	8,694
		325,321	299,525	350,644	383,678
Current assets					
Inventories and other contract costs	*15*	39,157	39,568	39,976	51,259
Trade and other receivables	*16*	188,620	331,028	283,594	329,362
Other investments	*17*	20,002	88,043	92,629	–
Tax recoverable		960	–	–	–
Pledged bank deposits	*18(b)*	1,461	16,793	20,912	28,782
Cash and cash equivalents	*18(a)*	86,886	49,189	119,431	208,436
		337,086	524,621	556,542	617,839
Current liabilities					
Contract liabilities	*19*	3,167	4,754	339	624
Trade and other payables	*20*	102,996	173,525	234,607	249,765
Bank loans	*21*	16,150	11,000	25,750	30,200
Lease liabilities	*22*	3,639	6,054	6,368	7,081
Redemption liabilities	*24*	409,097	435,298	–	–
Current taxation		–	5,600	–	3,380
		535,049	636,231	267,064	291,050
Net current (liabilities)/assets		(197,963)	(111,610)	289,478	326,789
Total assets less current liabilities		127,358	187,915	640,122	710,467
Non-current liabilities					
Bank loans	*21*	–	4,250	3,500	28,800
Lease liabilities	*22*	19,606	26,714	22,825	22,667
Deferred income	*23*	1,154	660	165	–
		20,760	31,624	26,490	51,467
NET ASSETS		106,598	156,291	613,632	659,000

	Note	At 31 December			At 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Paid-in capital	*27(c)*	94,880	–	–	–
Share capital	*27(d)*	–	94,880	94,880	94,880
Reserves		11,718	61,411	518,752	564,120
TOTAL EQUITY		106,598	156,291	613,632	659,000

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company									
	Note	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Exchange reserve	Statutory reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total equity
		RMB'000 (Note 27(c))	*RMB'000 (Note 27(d))*	*RMB'000 (Note 27(f)(ii))*	*RMB'000 (Note 27(f)(iv))*	*RMB'000 (Note 27(f)(iii))*	*RMB'000 (Note 27(f)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		94,160	–	(509)	1,999	–	655	(3,049)	93,256	–	93,256
Changes in equity for 2023:											
Profit for the year		–	–	–	–	–	–	6,949	6,949	(154)	6,795
Other comprehensive income		–	–	–	–	(234)	–	–	(234)	–	(234)
Total comprehensive income		–	–	–	–	(234)	–	6,949	6,715	(154)	6,561
Capital contribution from shareholders	*27(c)*	720	–	12,280	–	–	–	–	13,000	–	13,000
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	1,000	1,000
Appropriation to statutory reserve		–	–	–	–	–	149	(149)	–	–	–
Issuance of financial instruments with redemption rights issued to investors	*24*	–	–	(13,000)	–	–	–	–	(13,000)	–	(13,000)
Vesting of restricted shares		–	–	1,902	(1,902)	–	–	–	–	–	–
Equity-settled share-based payment		–	–	–	3,971	–	–	–	3,971	–	3,971
Balance at 31 December 2023 and 1 January 2024		94,880	–	673	4,068	(234)	804	3,751	103,942	846	104,788

	Note	Attributable to equity shareholders of the Company									
		Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Exchange reserve	Statutory reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total equity
		RMB'000 (*Note 27(c)*)	*RMB'000* (*Note 27(d)*)	*RMB'000* (*Note 27(f)(ii)*)	*RMB'000* (*Note 27(f)(iv)*)	*RMB'000* (*Note 27(f)(iii)*)	*RMB'000* (*Note 27(f)(i)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes in equity for 2024:											
Profit for the year		-	-	-	-	-	-	58,093	58,093	3	58,096
Other comprehensive income		-	-	-	-	288	-	-	288	-	288
Total comprehensive income		-	-	-	-	288	-	58,093	58,381	3	58,384
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	821	821
Conversion to a joint stock company	*27(c), (d)*	(94,880)	94,880	(47,336)	-	-	-	47,336	-	-	-
Vesting of restricted shares		-	-	5,372	(5,372)	-	-	-	-	-	-
Equity-settled share-based payment		-	-	-	1,304	-	-	-	1,304	-	1,304
Appropriation to statutory reserve		-	-	-	-	-	4,790	(4,790)	-	-	-
Balance at 31 December 2024 and 1 January 2025		-	94,880	(41,291)	-	54	5,594	104,390	163,627	1,670	165,297

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserve	Share-based payment reserve	Exchange reserve	Statutory reserve	Retained profits	Total		
		RMB'000 (Note 27(d))	*RMB'000 (Note 27(f)(ii))*	*RMB'000 (Note 27(f)(iv))*	*RMB'000 (Note 27(f)(iii))*	*RMB'000 (Note 27(f)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes in equity for 2025:										
Profit for the year		-	-	-	-	-	33,007	33,007	(1,551)	31,456
Other comprehensive income		-	-	-	(2,155)	-	-	(2,155)	-	(2,155)
Total comprehensive income		-	-	-	(2,155)	-	33,007	30,852	(1,551)	29,301
Reclassification of redemption liabilities as equity		-	435,298	-	-	-	-	435,298	-	435,298
Disposal of a subsidiary		-	-	-	-	-	-	-	(298)	(298)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	527	527
Equity-settled share-based payment		-	-	845	-	-	-	845	-	845
Appropriation to statutory reserve		-	-	-	-	3,625	(3,625)	-	-	-
Dividends declared	27(b)	-	-	-	-	-	(14,991)	(14,991)	-	(14,991)
Balance at 31 December 2025		94,880	394,007	845	(2,101)	9,219	118,781	615,631	348	615,979

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserve	Share-based payment reserve	Exchange reserve	Statutory reserve	Retained profits	Total		
		RMB'000 (Note 27(d))	*RMB'000 (Note 27(f)(ii))*	*RMB'000 (Note 27(f)(iv))*	*RMB'000 (Note 27(f)(iii))*	*RMB'000 (Note 27(f)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)										
Balance at 1 January 2025		94,880	(41,291)	-	54	5,594	104,390	163,627	1,670	165,297
Changes in equity for the six months ended 30 June 2025:										
Profit for the period		-	-	-	-	-	24,345	24,345	(852)	23,493
Other comprehensive income		-	-	-	(1,244)	-	-	(1,244)	-	(1,244)
Total comprehensive income		-	-	-	(1,244)	-	24,345	23,101	(852)	22,249
Reclassification of redemption liabilities as equity		-	435,298	-	-	-	-	435,298	-	435,298
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	441	441
Equity-settled share-based payment	25	-	-	396	-	-	-	396	-	396
Dividends declared	27(b)	-	-	-	-	-	(14,991)	(14,991)	-	(14,991)
Balance at 30 June 2025		94,880	394,007	396	(1,190)	5,594	113,744	607,431	1,259	608,690

		Attributable to equity shareholders of the Company							
	Note	Share capital	Capital reserve	Share-based payment reserve	Exchange reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000 (Note 27(d))	*RMB'000 (Note 27(f)(ii))*	*RMB'000 (Note 27(f)(iv))*	*RMB'000 (Note 27(f)(iii))*	*RMB'000 (Note 27(f)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2026		94,880	394,007	845	(2,101)	9,219	118,781	615,631	348	615,979
Changes in equity for the six months ended 30 June 2026:										
Profit for the period		-	-	-	-	-	26,446	26,446	(101)	26,345
Other comprehensive income		-	-	-	(704)	-	-	(704)	-	(704)
Total comprehensive income		-	-	-	(704)	-	26,446	25,742	(101)	25,641
Acquisition of non-controlling interests	27(e)	-	(1,668)	-	-	-	-	(1,668)	708	(960)
Equity-settled share-based payment	25	-	-	445	-	-	-	445	-	445
Balance at 30 June 2026		94,880	392,339	1,290	(2,805)	9,219	145,227	640,150	955	641,105

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities:						
Cash generated from operations	*18(c)*	33,146	82,657	189,720	137,062	51,399
Interest income from bank deposits		2,147	4,909	4,388	1,889	2,832
Income tax (paid)/refunded	*26(a)*	(3,024)	(2,636)	(6,002)	(2,566)	298
Net cash generated from operating activities		32,269	84,930	188,106	136,385	54,529
Investing activities:						
Investment income received		788	1,488	2,429	138	47
Payments for purchase of financial assets measured at fair value through profit or loss ("FVPL")		(69,000)	(24,540)	(136,207)	(65,210)	(90,000)
Proceeds from disposal of financial assets measured at FVPL		75,000	45,612	68,213	60,210	160,994
Payment for acquisition of a subsidiary	*18(f)*	(16,291)	–	–	–	–
Payments for purchase of financial assets measured at amortised cost		(20,000)	(10,000)	–	–	–
Proceeds from disposal of financial assets measured at amortised cost		–	30,000	85,040	10,778	21,890
Proceeds from disposal of property, plant and equipment		51	1,054	839	755	794
Payments for purchase of property, plant and equipment		(39,590)	(156,843)	(122,454)	(61,004)	(60,674)
Payments for purchase of intangible assets		(1,104)	(118)	(2,128)	(1,389)	(1,096)
Net cash (used in)/generated from investing activities		(70,146)	(113,347)	(104,268)	(55,722)	31,955
Financing activities:						
Proceeds from bank loans	*18(d)*	16,200	15,502	35,000	10,000	35,000
Repayment of bank loans	*18(d)*	(19,800)	(13,500)	(11,000)	(250)	(10,250)
Finance costs paid	*18(d)*	(1,517)	(731)	(1,772)	(1,073)	(688)
Capital element of lease rentals paid	*18(d)*	(5,518)	(8,456)	(9,464)	(4,766)	(3,930)
Interest element of lease rentals paid	*18(d)*	(1,380)	(3,431)	(2,340)	(1,300)	(691)
Capital contribution from non-controlling interests		1,000	821	527	441	–
Capital contribution from shareholders	*18(d)*	13,000	–	–	–	–
[**REDACTED**] paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payment for acquisition of non-controlling interests		–	–	–	–	(820)
Dividends paid	*27(b)*	–	–	(14,991)	(14,991)	–
Net cash generated from/(used in) financing activities		1,985	(9,795)	(4,757)	(11,939)	18,104

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net (decrease)/increase in cash and cash equivalents		(35,892)	(38,212)	79,081	68,724	104,588
Effect of foreign exchange rate changes		1,028	907	(2,041)	(428)	(5,814)
Cash and cash equivalents at 1 January	*18(a)*	167,587	132,723	95,418	95,418	172,458
Cash and cash equivalents at 31 December/30 June	*18(a)*	132,723	95,418	172,458	163,714	271,232

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION
(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Guangdong Mic-Power New Energy Co., Ltd. (廣東微電新能源股份有限公司) (the "Company"), formerly known as Guangdong Mic-Power New Energy Ltd. (廣東微電新能源有限公司), was established in Huizhou, Guangdong Province, the People's Republic of China (the "PRC") on 5 December 2017 as a limited liability company. In October 2024, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, "the Group") are principally engaged in design, research and development and manufacture of micro battery products and energy storage battery products.

The financial statements of the Company and the subsidiaries of the Group were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the years ended 31 December 2023, 2024 and 2025 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 Guangdong Zhengda Accountant Firm Co., Ltd. (廣東正大會計師事務所有限公司).

As at 31 December 2023, 2024 and 2025 and 30 June 2026 and the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

Company name	Place and date of incorporation/ establishment	Legal form	Particulars of registered/issued and paid-up capital	Proportion of ownership interest					Principal activities and place of operation
				As at 31 December			As at 30 June	At the date of this report	
				2023	2024	2025	2026		
Directly held by the Company									
Jiangxi Mic-Power New Energy Co., Ltd.* (江西微電新能源有限公司) *(note i)* .	Chinese Mainland/ 27 May 2021	Limited liability company	RMB100,000,000/ RMB100,000,000	100%	100%	100%	100%	[100]%	[Battery manufacturing in China]
Indirectly held by the Company									
Mic-Power New Energy Vietnam Company Limited (越南微電新能源有限公司) *(note ii)* . . .	Vietnam/ 24 December 2014	N/A	USD3,000,000/ USD3,000,000	100%	100%	100%	100%	[100]%	[Battery manufacturing and assembly; sales of electronic products, communication equipment, electroacoustic products and phone accessories in Vietnam]

Notes:

(i) The financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with the PRC GAAP and audited by Guangdong Zhengda Accountant Firm Co., Ltd. (廣東正大會計師事務所有限公司).

(ii) No audited financial statements have been prepared for the entity for the year ended 31 December 2023. The financial statements of the entity for the ended 31 December 2024 and 2025 were prepared in accordance with Vietnamese Accounting Standards and audited by IPA Audit & Consulting Limited.

* The official name of the entity is in Chinese. The English translation is for identification purposes only.

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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2026 are set out in Note 32.

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 Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in 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 stated at their fair value as explained in the accounting policies set out in Note 2(d).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgments, 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 judgments 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.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the Historical Financial Information 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 Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised 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(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments

The Group's policies for investments, other than investments in subsidiaries are set out below.

Investments 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 FVPL 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 28(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(ii)).

– 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. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(g)), are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(h)(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).

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 Track Record Period are as follows:

– Plant and buildings	24 - 30 years
– Equipment and machinery	3 - 6 years
– Transportation equipment	4 years
– Office equipment and furniture	2 - 7 years
– Leasehold improvement	2 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date 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(h)(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.

(f) 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 live is finite) and impairment losses (see Note 2(h)(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 live for non-patented technology and software were decided with reference to the shortest period among the expected service live, the expected beneficial live and the effective live stipulated by the applicable law. The estimated useful lives for the Track Record Period are as follows:

Patents and trademarks	10 years
Software	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) 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.

(i) 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 short-term leases that have a lease term of 12 months or less and leases of low-value items which, for the Group are primarily vehicles and staff dormitories. 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 hence are charged to profit or loss 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(h)(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 Note 2(d), 2(s)(ii) and 2(h)(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 consolidated statements 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.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, trade and other receivables and financial assets measured at amortised cost).

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 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 amount.

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;
- 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.

(i) 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 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(i)(i)), property, plant and equipment (see note 2(e)) or intangible assets (see note 2(f)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will

be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 2(s)(i)).

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). 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)).

(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(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and 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 cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(h)(i).

(m) 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.

(n) Redemption liabilities

The Group recognises a redemption liability for its obligation to purchase its own equity instruments for cash or another financial asset. The redemption liability is measured at the highest present value of the settlement amounts that can arise. Any changes in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in profit or loss.

The Group derecognises the redemption liability when, and only when, the Group's obligation is discharged, cancelled or has expired.

(o) 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(u).

(p) 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 fair value of share-based payments awards granted to employees is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity. The fair value is measured at grant date with reference to the price per share in the latest equity financing transaction or fair value valuation techniques, taking into account the terms and conditions upon which the share-based payments awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of share-based payments awards is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior periods is charged/credited to the profit or loss for the period of the review with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the share-based payment reserve).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(q) 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 OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous periods. 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; and

– temporary differences related to investment in subsidiaries 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.

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.

(r) 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.

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.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognized when control over a product or service 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 goods and provision of services

Revenue is recognized when the customer takes possession of and accepts the products and/or services.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(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.

(iii) Government grants

Government grants are recognised in the consolidated statements 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 live of the related asset.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies 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.

(u) 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.

(v) 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.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, 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 JUDGEMENT AND ESTIMATES

Note 25 contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions. Other key sources of estimation uncertainty are as follows:

(i) Allowance for impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(ii) Net realisable value of inventories

Net realisable value of inventories 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. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items. Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(iii) Impairment of intangible assets and property, plant and equipment

The Group performs impairment reviews of intangible assets and property, plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management assesses the recoverable amount of each such asset or CGU based on its value in use or on its fair value less costs of disposal, whichever is higher, depending upon the anticipated future plans for the asset or CGU. These calculations require the use of judgements and estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Revenue represents the sales value of goods supplied and development services provided to customers. Revenue is after deduction of any trade discounts. Disaggregation of revenue from contracts with customers by application scenarios and related parties are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by application scenarios					
– Wearable devices	268,772	417,937	427,099	211,506	227,218
– Personal smart medical devices	28,275	46,813	61,138	28,986	39,960
– Portable energy storage battery packs	27,881	33,383	25,473	16,392	13,438
– Smart educational and entertainment devices	–	410	2,168	353	1,147
– Development services	4,200	1,672	12,325	5,341	38,071
– Others	22,034	32,644	37,146	23,274	17,329
	351,162	532,859	565,349	285,852	337,163
Disaggregated by customer's types					
– Third parties	342,460	497,280	545,512	275,178	329,771
– Related parties	8,702	35,579	19,837	10,674	7,392
	351,162	532,859	565,349	285,852	337,163

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Point-in-time	351,162	532,859	565,349	285,852	337,163

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are RMB9,463,000, RMB9,604,000, RMB5,224,000 and RMB3,893,000 respectively. This amount represents revenue expected to be recognised in the future from provision of development services. The Group will recognise the expected revenue in future when development services are provided to customers, which is expected to occur over the next 12 to 48 months.

The Group has also applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales of products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of battery products that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief executive officer reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. The Group has only one single reportable segment.

Accordingly, no reportable segment information is presented.

(i) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets and other relevant non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the customers are registered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, right-of-use assets and the location of the operation to which they are allocated, in the case of intangible assets.

Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Chinese Mainland	252,432	396,450	401,970	207,424	213,243
Asia (excluding Chinese Mainland)	91,646	128,428	145,655	70,149	81,756
Europe	6,190	4,875	10,534	5,926	37,083
Others	894	3,106	7,190	2,353	5,081
	351,162	532,859	565,349	285,852	337,163

Specific non-current assets

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	218,527	291,948	331,412	349,668
Vietnam	16,020	35,346	43,361	41,786
	234,547	327,294	374,773	391,454

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	N/A*	78,456	70,054	34,179	N/A*
Customer B	40,096	N/A*	N/A*	N/A*	N/A*
Customer C	73,651	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	28,883	N/A*
Customer E	N/A*	N/A*	N/A*	N/A*	42,786

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for the respective year/period.

Details of concentrations of credit risk arising from these customers are set out in Note 28(a).

5 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Government grants *(note)*	6,709	13,448	9,907	5,365	6,272
Investment income	4,230	3,987	3,068	1,577	314
Interest income from bank deposits	2,147	4,909	4,388	1,889	2,832
Net (loss)/gains on disposal of property, plant and equipment and right-of-use assets	(24)	(85)	(7)	(12)	159
Net foreign exchange (loss)/gain	(720)	2,037	(3,229)	(374)	(6,234)
Net loss on disposal of a subsidiary	–	–	(59)	–	–
Additional value-added tax deduction	788	2,020	5,542	2,178	1,307
Others	(62)	(256)	(1,316)	42	(646)
	13,068	26,060	18,294	10,665	4,004

Note: The amounts mainly represented government incentive and support to the Group recognised during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026. There are no unfulfilled conditions or contingencies relating to the grants.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	1,527	2,437	1,779	1,222	714
Interest on bank loans	618	349	839	339	604
Others	899	382	933	734	84
	3,044	3,168	3,551	2,295	1,402

(b) Staff costs (including directors' and supervisors' emoluments)

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	99,302	153,413	177,560	93,317	99,072
Contributions to defined contribution retirement plans *(note)*	5,016	7,528	11,112	5,250	6,285
Equity-settled share-based payment expenses	3,971	1,304	845	396	445
	108,289	162,245	189,517	98,963	105,802

Note: Employees of the Group's entities are required to participate in a defined contribution retirement scheme administered and operated by respective local municipal government. These entities contribute funds which are calculated on certain percentages of the average employee salary as agreed by respective local municipal government to the scheme to fund the retirement benefits of the employees.

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			Six months ended 30 June	
	Note	2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of inventories *(note)*	*15(b)*	248,600	346,203	381,715	191,202	225,677
Depreciation:						
– owned property, plant and equipment	*11*	37,693	45,838	66,107	29,510	38,476
– right-of-use assets	*12*	6,462	8,558	8,859	5,093	4,184
		44,155	54,396	74,966	34,603	42,660
Amortisation of intangible assets	*13*	206	258	436	199	238
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditors' remuneration		425	858	125	63	63

Note: Cost of inventories include RMB100,256,000, RMB133,427,000 and RMB152,803,000, RMB76,360,000 (unaudited) and RMB79,848,000 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax:						
Provision for income tax for the year/period	*26(a)*	1,169	9,378	52	707	3,100
Deferred tax:						
Origination and reversal of temporary differences	*26(b)*	(434)	137	(2,953)	(780)	(2,312)
		735	9,515	(2,901)	(73)	788

(b) Reconciliation between tax expense/(credit) and accounting profits at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	7,530	67,611	28,555	23,420	27,133
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	1,883	17,087	7,392	5,946	7,029
Effect of preferential tax rate (i)	(711)	(7,011)	(4,020)	(2,883)	(3,656)
Effect of additional deduction on research and development expenses (ii)	(5,092)	(5,804)	(9,914)	(4,780)	(5,128)
Effect of non-deductible expenses on changes in the carrying amount of redemption liabilities	3,928	3,930	–	–	–
Effect of utilisation of tax losses not recognised in prior years	–	(53)	–	–	–
Effect of other non-deductible expenses	729	389	311	158	128
Effect of temporary differences and tax losses not recognised	96	690	3,330	1,486	2,415
Others	(98)	287	–	–	–
Actual tax expense/(credit)	735	9,515	(2,901)	(73)	788

Notes:

(i) The PRC Corporate Income Tax ("CIT") rate applicable to the Company and Company's subsidiaries in Chinese Mainland is principally 25% for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, except the Company and its subsidiary, Jiangxi Mic-Power New Energy Co., Ltd., were qualified as High and New Technology Enterprise and entitled to a preferential income tax rate of 15% for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

The Company's subsidiary incorporated in Vietnam is subject to Vietnam corporate income tax at rates ranging from 15% to 20% of its annual taxable income.

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first Hong Kong dollar ("HKD") 2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000.

(ii) 100% additional tax deduction is allowed for qualified research and development costs for the Company and its subsidiary, Jiangxi Mic-Power New Energy Co., Ltd., for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The details of directors' and supervisors' remuneration are disclosed as follows:

Year ended 31 December 2023	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Chen Zhiyong	–	785	98	7	890	–	890
Mr. Xu Jiangtao	–	787	98	7	892	–	892
Non-executive directors							
Mr. Wang Minglun	–	–	–	–	–	–	–
Mr. Yi Lei	–	–	–	–	–	–	–
Mr. Wu Shihong	–	–	–	–	–	–	–
	–	1,572	196	14	1,782	–	1,782

Year ended 31 December 2024	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Chen Zhiyong	–	862	224	8	1,094	–	1,094
Mr. Xu Jiangtao	–	867	224	8	1,099	–	1,099
Non-executive directors							
Mr. Wang Minglun	–	–	–	–	–	–	–
Mr. Yi Lei	–	–	–	–	–	–	–
Mr. Wu Shihong	–	–	–	–	–	–	–
Supervisors							
Mr. Shen Guoliang (appointed on 9 September 2024)	–	69	48	–	117	–	117
Mr. Li Zhaobo (appointed on 9 September 2024)	–	85	46	3	134	95	229
Ms. Chu Ke (appointed on 9 September 2024)	–	124	60	3	187	87	274
	–	2,007	602	22	2,631	182	2,813

Year ended 31 December 2025	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Chen Zhiyong	–	785	1	9	795	–	795
Mr. Xu Jiangtao	–	797	–	9	806	–	806
Non-executive directors							
Mr. Wang Minglun	–	–	–	–	–	–	–
Mr. Yi Lei	–	–	–	–	–	–	–
Mr. Wu Shihong	–	–	–	–	–	–	–
Mr. Huang Jiansheng (appointed on 12 November 2025)	–	56	2	2	60	–	60
Independent directors							
Ms. Duan Chunlin (appointed on 28 November 2025)	8	–	–	–	8	–	8
Mr. Huang Haitao (appointed on 28 November 2025)	8	–	–	–	8	–	8
Mr. Yang Ge (appointed on 28 November 2025)	8	–	–	–	8	–	8
Supervisors							
Mr. Shen Guoliang (resigned on 28 November 2025)	–	168	–	5	173	–	173
Mr. Li Zhaobo (resigned on 28 November 2025)	–	211	–	8	219	–	219
Ms. Chu Ke (resigned on 28 November 2025)	–	301	7	8	316	–	316
	24	2,318	10	41	2,393	–	2,393

Six months ended 30 June 2025 (unaudited)	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Chen Zhiyong	–	426	70	4	500	–	500
Mr. Xu Jiangtao	–	429	70	4	503	–	503
Non-executive directors							
Mr. Wang Minglun	–	–	–	–	–	–	–
Mr. Yi Lei	–	–	–	–	–	–	–
Mr. Wu Shihong	–	–	–	–	–	–	–
Supervisors							
Mr. Shen Guoliang	–	94	15	1	110	–	110
Mr. Li Zhaobo	–	118	19	4	141	–	141
Ms. Chu Ke	–	181	30	4	215	–	215
	–	1,248	204	17	1,469	–	1,469

Six months ended 30 June 2026	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Chen Zhiyong	–	420	–	5	425	–	425
Mr. Xu Jiangtao	–	412	–	5	417	–	417
Non-executive directors							
Mr. Wang Minglun	–	–	–	–	–	–	–
Mr. Yi Lei	–	–	–	–	–	–	–
Mr. Wu Shihong	–	–	–	–	–	–	–
Mr. Huang Jiansheng	–	176	–	5	181	–	181
Independent directors							
Ms. Duan Chunlin	50	–	–	–	50	–	50
Mr. Huang Haitao	50	–	–	–	50	–	50
Mr. Yang Ge	50	–	–	–	50	–	50
	150	1,008	–	15	1,173	–	1,173

Note:

(i) These represent the expense recognised in respect of restricted shares granted to the directors and supervisors under the Company's restricted share scheme. The value of these restricted share is measured according to the Group's accounting policy for share-based payments transactions as set out in Note 2(p)(ii). The details of share-based payment, including the principal terms and number of shares granted, are disclosed in Note 25.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

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 and the six months ended 30 June 2025 and 2026, two, two, two, one (unaudited) and two are directors and/or supervisors and disclosed in Note 8 and the emoluments in respect of the remaining three, three, three, four (unaudited) and three individuals for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowance and benefits in kind	2,251	3,195	3,139	2,220	1,847
Discretionary bonuses	144	362	10	366	–
Retirement scheme contributions	16	22	26	17	14
Equity-settled share-based payments	538	463	–	30	121
	2,949	4,042	3,175	2,633	1,982

The emoluments of the individuals who are not director/supervisor and with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
HKD					
Nil to 1,000,000	1	1	2	3	2
1,000,001 - 1,500,000	2	1	–	1	1
1,500,001 - 2,000,000	–	–	–	–	–
2,000,001 - 2,500,000	–	1	1	–	–

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the 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 years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

As described in Note 27(d), the Company was converted into a joint stock limited liability company and 94,880,000 ordinary shares of RMB1.00 each were issued in October 2024. For the purpose of calculating basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion had occurred since 1 January 2023, at the exchange ratio established in the conversion in October 2024.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit for the year attributable to ordinary equity shareholders of the Company (in RMB'000) *(note (i))*	5,011	41,893	33,007	24,345	26,446
Weighted average number of ordinary shares in issue or deemed to be in issue (in thousands) *(note (ii))*	68,421	68,421	94,880	94,880	94,880
Basic earnings per share (in RMB)	0.07	0.61	0.35	0.26	0.28

(i) Profit attributable to ordinary equity shareholders of the Company

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period attributable to all equity shareholders of the Company	6,949	58,093	33,007	24,345	26,446
Allocation of profit for the year attributable to ordinary shares with redemption rights issued to investors *(Note 24)*	(1,938)	(16,200)	–	–	–
Profit for the year/period attributable to ordinary equity shareholders of the Company	5,011	41,893	33,007	24,345	26,446

(ii) Weighted average number of ordinary shares in issue or deemed to be in issue

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*RMB'000* (unaudited)	*RMB'000*
Ordinary shares at 1 January in issue or deemed to be in issue	94,160	94,880	94,880	94,880	94,880
Effect of ordinary shares with redemption rights issued to investors *(Note 24)*	(26,459)	(26,459)	–	–	–
Effect of ordinary shares in issue or deemed to be in issue	720	–	–	–	–
Weighted average number of ordinary shares at 31 December in issue or deemed to be in issue	68,421	68,421	94,880	94,880	94,880

(b) Diluted earnings per share

For the years ended 31 December 2023 and 2024, ordinary shares with redemption rights issued to investors (Note 24) were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore diluted earnings per share were the same as the basic earnings per share.

For the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, there were no dilutive potential ordinary shares and therefore diluted earnings per share were the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Equipment and machinery	Office equipment and furniture	Transportation equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2023	–	175,758	3,975	636	42,871	6,925	230,165
Acquisition of a subsidiary	3,988	–	50	–	7,064	–	11,102
Additions	–	–	–	–	969	44,429	45,398
Transfer	–	48,370	1,196	196	–	(49,762)	–
Disposals	–	(556)	(135)	–	–	–	(691)
At 31 December 2023 and 1 January 2024	3,988	223,572	5,086	832	50,904	1,592	285,974
Additions	–	74	145	54	336	133,093	133,702
Transfer	–	104,598	2,614	808	1,358	(109,378)	–
Disposals	–	(2,209)	(271)	–	–	–	(2,480)
Exchange adjustments	(116)	–	(14)	–	(20)	–	(150)
At 31 December 2024 and 1 January 2025	3,872	326,035	7,560	1,694	52,578	25,307	417,046
Additions	–	302	212	2	5,647	125,220	131,383
Transfer	–	124,972	3,863	12	5,588	(134,435)	–
Disposals	–	(4,431)	(464)	(2)	(601)	(81)	(5,579)
Exchange adjustments	(240)	(10)	(50)	–	(242)	(1,393)	(1,935)
At 31 December 2025 and 1 January 2026	3,632	446,868	11,121	1,706	62,970	14,618	540,915
Additions	–	62	148	–	1,174	56,423	57,807
Transfer	–	57,069	1,061	–	145	(58,275)	–
Disposals	–	(951)	(121)	–	–	–	(1,072)
Exchange adjustments	(62)	(232)	(9)	–	(35)	(277)	(615)
At 30 June 2026	3,570	502,816	12,200	1,706	64,254	12,489	597,035
Accumulated depreciation and impairment losses:							
At 1 January 2023	–	(52,294)	(1,821)	(377)	(11,470)	–	(65,962)
Charge for the year	–	(30,508)	(903)	(94)	(6,188)	–	(37,693)
Written back on disposals	–	499	117	–	–	–	616
At 31 December 2023 and 1 January 2024	–	(82,303)	(2,607)	(471)	(17,658)	–	(103,039)
Charge for the year	(228)	(40,356)	(1,146)	(167)	(3,941)	–	(45,838)
Written back on disposals	–	1,074	267	–	–	–	1,341
Exchange adjustments	38	–	13	–	18	–	69
At 31 December 2024 and 1 January 2025	(190)	(121,585)	(3,473)	(638)	(21,581)	–	(147,467)
Charge for the year	(211)	(58,699)	(1,918)	(320)	(4,959)	–	(66,107)
Written back on disposals	–	3,739	392	–	601	–	4,732
Exchange adjustments	(22)	–	34	–	241	–	253
At 31 December 2025 and 1 January 2026	(423)	(176,545)	(4,965)	(958)	(25,698)	–	(208,589)
Charge for the period	(104)	(33,768)	(1,243)	(153)	(3,208)	–	(38,476)
Written back on disposals	–	326	111	–	–	–	437
Exchange adjustments	7	17	6	–	35	–	65
At 30 June 2026	(520)	(209,970)	(6,091)	(1,111)	(28,871)	–	(246,563)

	Plant and buildings	Equipment and machinery	Office equipment and furniture	Transportation equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net book value:							
At 31 December 2023	3,988	141,269	2,479	361	33,246	1,592	182,935
At 31 December 2024	3,682	204,450	4,087	1,056	30,997	25,307	269,579
At 31 December 2025	3,209	270,323	6,156	748	37,272	14,618	332,326
At 30 June 2026	3,050	292,846	6,109	595	35,383	12,489	350,472

The Company

	Equipment and machinery	Office equipment and furniture	Transportation equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	95,151	3,104	624	12,455	853	112,187
Additions	–	–	–	549	15,119	15,668
Transfer	14,107	582	190	–	(14,879)	–
Disposals	(13,509)	(193)	–	–	–	(13,702)
At 31 December 2023 and 1 January 2024	95,749	3,493	814	13,004	1,093	114,153
Additions	105	–	54	–	53,521	53,680
Transfer	47,831	1,497	791	–	(50,119)	–
Disposals	(11,336)	(86)	–	–	–	(11,422)
At 31 December 2024 and 1 January 2025	132,349	4,904	1,659	13,004	4,495	156,411
Additions	8,821	73	–	2,880	66,441	78,215
Transfer	60,216	2,256	5	5,289	(67,766)	–
Disposals	(16,068)	(415)	(168)	–	–	(16,651)
At 31 December 2025 and 1 January 2026	185,318	6,818	1,496	21,173	3,170	217,975
Additions	11,297	138	–	1,160	29,598	42,193
Transfer	26,144	775	–	145	(27,064)	–
Disposals	(1,234)	(123)	–	–	–	(1,357)
At 30 June 2026	221,525	7,608	1,496	22,478	5,704	258,811
Accumulated depreciation and impairment losses:						
At 1 January 2023	(38,141)	(1,692)	(376)	(9,429)	–	(49,638)
Charge for the year	(15,553)	(630)	(91)	(3,093)	–	(19,367)
Written back on disposal	7,619	162	–	–	–	7,781
At 31 December 2023 and 1 January 2024	(46,075)	(2,160)	(467)	(12,522)	–	(61,224)
Charge for the year	(15,869)	(662)	(161)	(81)	–	(16,773)
Written back on disposal	5,923	57	–	–	–	5,980
At 31 December 2024 and 1 January 2025	(56,021)	(2,765)	(628)	(12,603)	–	(72,017)
Charge for the year	(25,996)	(1,083)	(310)	(976)	–	(28,365)
Written back on disposal	6,448	296	104	–	–	6,848
At 31 December 2025	(75,569)	(3,552)	(834)	(13,579)	–	(93,534)
Charge for the period	(14,424)	(758)	(129)	(1,023)	–	(16,334)
Written back on disposal	184	101	–	–	–	285
At 30 June 2026	(89,809)	(4,209)	(963)	(14,602)	–	(109,583)
Net book value:						
At 31 December 2023	49,674	1,333	347	482	1,093	52,929
At 31 December 2024	76,328	2,139	1,031	401	4,495	84,394
At 31 December 2025	109,749	3,266	662	7,594	3,170	124,441
At 30 June 2026	131,716	3,399	533	7,876	5,704	149,228

12 RIGHT-OF-USE ASSETS

The Group

	Ownership interests in leasehold land held for own use	Other properties leased for own use	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	–	38,168	38,168
Acquisition of a subsidiary	4,918	–	4,918
Additions	–	23,540	23,540
Termination of leases	–	(9,535)	(9,535)
At 31 December 2023 and 1 January 2024	4,918	52,173	57,091
Additions	–	14,693	14,693
Exchange adjustments	(45)	–	(45)
At 31 December 2024 and 1 January 2025	4,873	66,866	71,739
Additions	–	3,311	3,311
Lease modification	–	(10,972)	(10,972)
Termination of leases	–	(273)	(273)
Exchange adjustments	(160)	–	(160)
At 31 December 2025 and 1 January 2026	4,713	58,932	63,645
Additions	–	4,103	4,103
Termination of leases	–	(4,877)	(4,877)
Exchange adjustments	(36)	–	(36)
At 30 June 2026	4,677	58,158	62,835
Accumulated depreciation:			
At 1 January 2023	–	(10,554)	(10,554)
Charge for the year	–	(6,462)	(6,462)
Termination of leases	–	9,535	9,535
At 31 December 2023 and 1 January 2024	–	(7,481)	(7,481)
Charge for the year	(143)	(8,415)	(8,558)
Exchange adjustments	9	–	9
At 31 December 2024 and 1 January 2025	(134)	(15,896)	(16,030)
Charge for the year	(139)	(8,720)	(8,859)
Termination of leases	–	144	144
Exchange adjustments	37	–	37
At 31 December 2025 and 1 January 2026	(236)	(24,472)	(24,708)
Charge for the period	(68)	(4,116)	(4,184)
Termination of leases	–	3,758	3,758
Exchange adjustments	9	–	9
At 30 June 2026	(295)	(24,830)	(25,125)
Net book value:			
At 31 December 2023	4,918	44,692	49,610
At 31 December 2024	4,739	50,970	55,709
At 31 December 2025	4,477	34,460	38,937
At 30 June 2026	4,382	33,328	37,710

The Company

	Other properties leased for own use
	RMB'000
Cost:	
At 1 January 2023	12,406
Additions	21,610
Termination of leases	(9,535)
At 31 December 2023 and 1 January 2024	24,481
Additions	13,795
At 31 December 2024 and 1 January 2025	38,276
Additions	2,887
Termination of leases	(119)
At 31 December 2025 and 1 January 2026	41,044
Additions	3,950
Termination of leases	(2,948)
At 30 June 2026	42,046
Accumulated depreciation:	
At 1 January 2023	(7,283)
Charge for the year	(3,740)
Termination of leases	9,535
At 31 December 2023 and 1 January 2024	(1,488)
Charge for the year	(5,533)
At 31 December 2024 and 1 January 2025	(7,021)
Charge for the year	(6,960)
Termination of leases	102
At 31 December 2025 and 1 January 2026	(13,879)
Charge for the period	(3,425)
Termination of leases	2,793
At 30 June 2026	(14,511)
Net book value:	
At 31 December 2023	22,993
At 31 December 2024	31,255
At 31 December 2025	27,165
At 30 June 2026	27,535

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December			At 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
– Ownership interests in leasehold land held for own use	–	143	139	75	68
– Other properties leased for own use	6,462	8,415	8,720	5,018	4,116
Interest on lease liabilities *(Note 6(a))*	1,527	2,437	1,779	1,222	714
Expense relating to short-term leases	600	947	1,201	783	622

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, additions to right-of-use assets of the Group were RMB23,540,000, RMB14,693,000, RMB3,311,000 and RMB4,103,000 respectively. This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 22, respectively.

(a) Ownership interests in leasehold land held for own use

Ownership interests in leasehold land held for own use are all located in Vietnam with a lease period of 43 years when granted. The Group holds an industrial building for its business in Vietnam, where its manufacturing facilities are primarily located. The Group is the registered owner of the property interest, including the whole or part of undivided share in the underlying land. Lump sum payment was made upfront to acquire the property interest from its previous registered owner, and there is no ongoing payment to be made under the terms of the land lease.

(b) Other properties leased for own use

The Group has obtained the right to use other properties as production factories and offices through tenancy agreements. The leases typically run for an initial period of 2 to 11 years.

13 INTANGIBLE ASSETS

The Group

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	1,493	243	1,736
Additions	820	–	820
At 31 December 2023 and 1 January 2024	2,313	243	2,556
Additions	262	–	262
At 31 December 2024 and 1 January 2025	2,575	243	2,818
Additions	1,940	–	1,940
At 31 December 2025, 1 January 2026 and 30 June 2026	4,515	243	4,758
Accumulated amortisation:			
At 1 January 2023	(342)	(6)	(348)
Charge for the year	(182)	(24)	(206)
At 31 December 2023 and 1 January 2024	(524)	(30)	(554)
Charge for the year	(234)	(24)	(258)
At 31 December 2024 and 1 January 2025	(758)	(54)	(812)
Charge for the year	(412)	(24)	(436)
At 31 December 2025 and 1 January 2026	(1,170)	(78)	(1,248)
Charge for the period	(226)	(12)	(238)
At 30 June 2026	(1,396)	(90)	(1,486)
Net book value:			
At 31 December 2023	1,789	213	2,002
At 31 December 2024	1,817	189	2,006
At 31 December 2025	3,345	165	3,510
At 30 June 2026	3,119	153	3,272

The amortisation charge for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 is included in "cost of sales", "selling expenses", "administrative expenses" and "research and development costs" in the consolidated statements of profit or loss and other comprehensive income.

The Company

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	1,493	243	1,736
Additions	431	–	431
At 31 December 2023 and 1 January 2024	1,924	243	2,167
Additions	262	–	262
At 31 December 2024 and 1 January 2025	2,186	243	2,429
Additions	1,311	–	1,311
At 31 December 2025, 1 January 2026 and 30 June 2026	3,497	243	3,740
Accumulated amortisation:			
At 1 January 2023	(342)	(6)	(348)
Charge for the year	(173)	(24)	(197)
At 31 December 2023 and 1 January 2024	(515)	(30)	(545)
Charge for the year	(195)	(24)	(219)
At 31 December 2024 and 1 January 2025	(710)	(54)	(764)
Charge for the year	(344)	(24)	(368)
At 31 December 2025 and 1 January 2026	(1,054)	(78)	(1,132)
Charge for the period	(175)	(12)	(187)
At 30 June 2026	(1,229)	(90)	(1,319)
Net book value:			
At 31 December 2023	1,409	213	1,622
At 31 December 2024	1,476	189	1,665
At 31 December 2025	2,443	165	2,608
At 30 June 2026	2,268	153	2,421

14 OTHER NON-CURRENT ASSETS

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	3,942	27,337	18,366	21,353
Deposits for rental of properties	2,645	3,642	4,486	4,515
	6,587	30,979	22,852	25,868

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	2,652	15,375	3,590	4,884
Deposits for rental of properties	2,024	3,021	3,787	3,810
	4,676	18,396	7,377	8,694

15 INVENTORIES AND OTHER CONTRACT COSTS

(a) Inventories and other contract costs in the statements of financial position comprise:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	7,769	8,243	20,231	29,385
Semi-finished products and work in progress	30,190	38,060	42,582	60,816
Finished goods	14,143	15,476	18,099	12,910
Contract fulfilment costs	–	–	–	4,498
Right to recover return of goods	1,333	885	891	316
	53,435	62,664	81,803	107,925

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	4,222	4,554	6,454	7,199
Semi-finished products and work in progress	21,216	21,507	17,849	29,636
Finished goods	12,512	12,660	14,822	9,613
Contract fulfilment costs	–	–	–	4,498
Right to recover return of goods	1,207	847	851	313
	39,157	39,568	39,976	51,259

(b) The analysis of the Group's amount of inventories and other contract costs recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories sold and contract fulfilment costs capitalised	246,006	338,614	374,878	186,965	223,541
Write-down of inventories	2,594	7,589	6,837	4,237	2,136
	248,600	346,203	381,715	191,202	225,677

(c) Contract fulfilment costs

Contract costs capitalised as at 30 June 2026 represented costs directly related to providing development service to customers. Contract costs are recognised as part of "cost of sales" in the consolidated statements of profit or loss and other comprehensive income when revenue from the related development services is recognised. The amounts of capitalised costs recognised in profit or loss during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 were nil, nil, nil and RMB8,719,000 respectively.

All of the capitalised contract costs are expected to be recovered within one year.

16 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance				
– Related parties *(Note 30(d))*	4,295	14,470	4,990	5,875
– Third parties	105,639	197,243	178,821	179,797
	109,934	211,713	183,811	185,672
Bills receivables				
– Third parties	8,831	3,005	7,270	8,699
Trade and bills receivables	118,765	214,718	191,081	194,371
Interest receivables	390	391	134	–
Prepayments	2,781	2,915	13,976	12,947
VAT recoverable	13,660	22,167	5,545	3,333
Other receivables and deposits, net of loss allowance	928	3,825	2,720	2,504
	136,524	244,016	213,456	213,155

All of trade and other receivables are expected to be recovered or recognised as expenses within one year. Trade receivables from related parties are disclosed in Note 30(d).

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance				
– Related parties	4,295	14,470	4,990	5,875
– Subsidiaries	26,523	42,101	1,844	5,764
– Third parties	95,022	190,123	177,739	171,277
	125,840	246,694	184,573	182,916
Bills receivables				
– Subsidiaries	2,310	–	–	119
– Third parties	6,521	3,005	6,881	8,583
	8,831	3,005	6,881	8,702
Trade and bills receivables	134,671	249,699	191,454	191,618
Interest receivables	391	391	134	–
Amounts due from subsidiaries	50,006	75,194	83,862	125,417
Prepayments	1,244	549	5,060	9,887
VAT recoverable	1,501	1,893	836	–
Other receivables and deposits, net of loss allowance	807	3,302	2,248	2,440
	188,620	331,028	283,594	329,362

As of the end of each reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	109,713	192,546	159,912	184,361
Three to six months	8,958	22,110	30,928	9,793
Six to nine months	51	62	150	10
Nine to twelve months	34	–	89	64
One to two years	9	–	2	143
	118,765	214,718	191,081	194,371

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	126,603	227,689	160,314	181,191
Three to six months	7,974	21,948	30,520	9,710
Six to nine months	51	62	530	52
Nine to twelve months	34	–	88	142
One to two years	9	–	2	523
	134,671	249,699	191,454	191,618

Trade receivables are generally due within 0-90 days from the date of billing. Bills receivables are generally due within 3-6 months from the date of billing. The Group's credit policy is set out in Note 28(a).

17 OTHER INVESTMENTS

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Financial assets measured at amortised cost	123,525	20,984	–	–
Current				
Financial assets measured at FVPL	24,074	3,003	71,006	–
Financial assets measured at amortised cost	–	85,040	21,623	–
	24,074	88,043	92,629	–
	147,599	109,027	92,629	–

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Financial assets measured at amortised cost	123,525	20,984	–	–
Current				
Financial assets measured at FVPL	20,002	3,003	71,006	–
Financial assets measured at amortised cost	–	85,040	21,623	–
	20,002	88,043	92,629	–
	143,527	109,027	92,629	–

(a) Financial assets measured at FVPL:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Wealth management products	4,072	–	–	–
Structured deposits	20,002	–	70,007	–
Fund investment	–	3,003	–	–
Bonds	–	–	999	–
	24,074	3,003	71,006	–

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	20,002	–	70,007	–
Fund investment	–	3,003	–	–
Bonds	–	–	999	–
	20,002	3,003	71,006	–

(b) Financial assets measured at amortised cost:

The Group and the Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Certificate of deposits	123,525	20,984	–
Current			
Certificate of deposits	–	85,040	21,623
	123,525	106,024	21,623

The balances represent certificates of deposits and related accrued interests. The directors of the Group determine such certificate of deposits are held for the collection of contractual cash flows which represent solely payments of principal and interest. Therefore, the certificate of deposits is classified as financial assets measured at amortised cost.

18 CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	132,723	95,418	172,458	271,232

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	86,886	49,189	119,431	208,436

(b) Pledged bank deposits:

Pledged bank deposits are mainly deposits for bank acceptance bills.

(c) Reconciliation of profit before taxation to cash generated from operations:

	Note	At 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation		7,530	67,611	28,555	23,420	27,133
Adjustments for:						
Depreciation	*6(c)*	44,155	54,396	74,966	34,603	42,660
Amortisation	*6(c)*	206	258	436	199	238
Investment income	*5*	(4,230)	(3,987)	(3,068)	(1,577)	(314)
Finance costs	*6(a)*	3,044	3,168	3,551	2,295	1,402
Changes in the carrying amount of redemption liabilities	*24*	26,185	26,201	–	–	–
Impairment loss/(reversal of impairment loss) of trade and other receivables		398	444	(29)	(53)	(1)
Net loss/(gains) on disposal of property, plant and equipment and right-of-use assets	*5*	24	85	7	12	(159)
Equity-settled share-based payment expenses	*6(b)*	3,971	1,304	845	396	445
Interest income from bank deposit	*5*	(2,147)	(4,909)	(4,388)	(1,889)	(2,832)
Net loss of disposal of a subsidiary	*5*	–	–	59	–	–
Net gain on financial assets measured at FVPL		(74)	(1)	(9)	(21)	12
Net foreign exchange loss/(gain)	*5*	720	(2,037)	3,229	374	6,234
Changes in working capital:						
(Increase)/decrease in inventories and other contract costs		(6,624)	(9,229)	(19,139)	1,741	(26,122)
(Increase)/decrease in trade and other receivables		(43,742)	(110,749)	19,916	(11,910)	9,113
Increase in pledged bank deposits		(1,460)	(15,332)	(8,405)	(4,258)	(22,155)
Increase in trade and other payables		16,727	73,831	88,968	97,682	16,384
Increase/(decrease) in deferred income		536	(911)	8,550	5,078	(2,142)
(Decrease)/increase in contract liabilities		(12,073)	2,514	(4,324)	(9,031)	1,503
Cash generated from operations		33,146	82,657	189,720	137,061	51,399

(d) 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 statements of cash flows as cash flows from financing activities.

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000 (Note 24)*	*RMB'000*
At 1 January 2023	19,750	33,130	369,912	422,792
Changes from financing cash flows:				
Proceeds from bank loans	16,200	–	–	16,200
Repayment of bank loans	(19,800)	–	–	(19,800)
Capital element of lease rentals paid	–	(5,518)	–	(5,518)
Interest element of lease rentals paid	–	(1,380)	–	(1,380)
Finance costs paid	(1,517)	–	–	(1,517)
Total changes from financing cash flows	(5,117)	(6,898)	–	(12,015)
Other changes:				
Redemption rights granted upon paid-in capital issuance	–	–	13,000	13,000
Finance costs	1,517	1,527	–	3,044
Changes in the carrying amount of redemption liabilities	–	–	26,185	26,185
Increase in lease liabilities from entering into new leases during the year	–	23,540	–	23,540
Total other changes	1,517	25,067	39,185	65,769
At 31 December 2023	16,150	51,299	409,097	476,546

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000 (Note 24)*	*RMB'000*
At 1 January 2024	16,150	51,299	409,097	476,546
Changes from financing cash flows:				
Proceeds from bank loans	15,502	–	–	15,502
Repayment of bank loans	(13,500)	–	–	(13,500)
Capital element of lease rentals paid	–	(8,456)	–	(8,456)
Interest element of lease rentals paid	–	(3,431)	–	(3,431)
Finance costs paid	(731)	–	–	(731)
Total changes from financing cash flows	1,271	(11,887)	–	(10,616)
Other changes:				
Finance costs	731	2,437	–	3,168
Changes in the carrying amount of redemption liabilities	–	–	26,201	26,201
Increase in lease liabilities from entering into new leases during the year	–	14,693	–	14,693
Changes in connection with discounted bills	(2,902)	–	–	(2,902)
Total other changes	(2,171)	17,130	26,201	41,160
At 31 December 2024	15,250	56,542	435,298	507,090

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000 (Note 24)*	*RMB'000*
At 1 January 2025	15,250	56,542	435,298	507,090
Changes from financing cash flows:				
Proceeds from bank loans	35,000	–	–	35,000
Repayment of bank loans	(11,000)	–	–	(11,000)
Capital element of lease rentals paid	–	(9,464)	–	(9,464)
Interest element of lease rentals paid	–	(2,340)	–	(2,340)
Finance costs paid	(1,772)	–	–	(1,772)
Total changes from financing cash flows	22,228	(11,804)	–	10,424
Other changes:				
Finance costs	1,772	1,779	–	3,551
Derecognition of redemption liabilities	–	–	(435,298)	(435,298)
Increase in lease liabilities from entering into new leases during the year	–	3,311	–	3,311
Decrease in lease liabilities from early termination of leases during the year	–	(9,794)	–	(9,794)
Total other changes	1,772	4,704	(435,298)	(438,230)
At 31 December 2025	39,250	40,034	–	79,284

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000 (Note 24)*	*RMB'000*
(Unaudited)				
At 1 January 2025	15,250	56,542	435,298	507,090
Changes from financing cash flows:				
Proceeds from bank loans	10,000	–	–	10,000
Repayment of bank loans	(250)	–	–	(250)
Capital element of lease rentals paid	–	(4,766)	–	(4,766)
Interest element of lease rentals paid	–	(1,300)	–	(1,300)
Finance costs paid	(1,073)	–	–	(1,073)
Total changes from financing cash flows	8,677	(6,066)	-	2,611
Other changes:				
Finance costs	1,073	1,222	-	2,295
Derecognition of redemption liabilities	–	–	(435,298)	(435,298)
Increase in lease liabilities from entering into new leases during the period	–	2,910	–	2,910
Decrease in lease liabilities from early termination of leases during the period	–	(1,866)	–	(1,866)
Total other changes	1,073	2,266	(435,298)	(431,959)
At 30 June 2025	25,000	52,742	–	77,742

	Bank loans	Lease liabilities	Total
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000*
At 1 January 2026	39,250	40,034	79,284
Changes from financing cash flows:			
Proceeds from bank loans	35,000	–	35,000
Repayment of bank loans	(10,250)	–	(10,250)
Capital element of lease rentals paid	–	(3,930)	(3,930)
Interest element of lease rentals paid	–	(691)	(691)
Finance costs paid	(688)	–	(688)
Total changes from financing cash flows	24,062	(4,621)	19,441
Other changes:			
Finance costs	688	714	1,402
Increase in lease liabilities from entering into new leases during the period	–	4,103	4,103
Decrease in lease liabilities from early termination of leases during the period	–	(922)	(922)
Total other changes	688	3,895	4,583
At 30 June 2026	64,000	39,308	103,308

(e) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	At 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating cash flows	600	947	1,201	783	622
Within financing cash flows	6,898	11,887	11,804	6,066	4,621
	7,498	12,834	13,005	6,849	5,243

These amounts are related to lease rentals paid.

(f) Net cash outflow arising from the acquisition of a subsidiary

In December 2023, the Group acquired a subsidiary, with the purpose of acquiring its assets. The recognised amounts of assets acquired and liabilities at the date of acquisition of a subsidiary comprise the following:

	Year ended 31 December 2023
	RMB'000
Property, plant and equipment *(Note 11)*	11,102
Right-of-use assets *(Note 12)*	4,918
Trade and other receivables	276
Cash and cash equivalents	190
Trade and other payables	(5)
Total consideration paid in cash	16,481
Less: cash of subsidiary acquired	(190)
	16,291

19 CONTRACT LIABILITIES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of goods and provision of services				
– Billing in advance of performance	3,473	5,987	1,663	3,166

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of goods and provision of services				
– Billing in advance of performance	3,167	4,754	339	624

Movements in contract liabilities

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January	15,546	3,473	5,987	1,663
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(15,517)	(446)	(5,956)	(1,086)
Increase in contract liabilities as a result of billing in advance of sales of goods	3,444	2,960	1,632	2,589
Balance at 31 December/30 June	3,473	5,987	1,663	3,166

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January	1,355	3,167	4,754	339
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(1,326)	(140)	(4,754)	(322)
Increase in contract liabilities as a result of billing in advance of sales of goods	3,138	1,727	339	607
Balance at 31 December/30 June	3,167	4,754	339	624

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the amounts of contract liabilities of the Group expected to be recognised as income after more than one year are RMB3,012,000, RMB69,000, nil and nil respectively. All of the other contract liabilities are expected to be recognised as income within one year.

20 TRADE AND OTHER PAYABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Related parties *(Note 30(d))*	3,975	4,118	2,966	4,110
– Third parties	24,098	48,398	43,506	54,580
	28,073	52,516	46,472	58,690
Bills payables				
– Related parties	20,658	27,680	109,498	117,681
– Third parties	3,800	18,221	15,455	16,920
	24,458	45,901	124,953	134,601
Trade and bill payables	52,531	98,417	171,425	193,291
Payables for purchase of property, plant and equipment	31,617	48,186	65,396	70,706
Accrued payroll	14,339	27,991	16,526	18,176
Other payables and accruals	23,570	21,243	21,269	16,664
	122,057	195,837	274,616	298,837

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Subsidiaries	12,515	15,551	27,792	47,596
– Related parties	1,900	3,348	2,381	3,824
– Third parties	17,650	35,380	27,597	31,715
	32,065	54,279	57,770	83,135
Bills payables				
– Subsidiaries	20,858	41,708	95,561	79,475
– Third parties	3,800	18,221	15,455	16,920
	24,658	59,929	111,016	96,395
Trade and bill payables	56,723	114,208	168,786	179,530
Payables for purchase of property, plant and equipment	10,905	20,219	31,563	39,108
Accrued payroll	9,770	19,430	9,091	9,537
Other payables and accruals	25,598	19,668	25,167	21,590
	102,996	173,525	234,607	249,765

All trade and other payables are expected to be settled within one year or are repayable on demand. Trade payables to related parties are disclosed in Note 30(d).

As of the end of each reporting period, the ageing analysis of trade and bill payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	52,395	98,160	170,782	192,956
One to two years	111	184	412	89
Two to three years	25	51	169	82
Over three years	–	22	62	164
	52,531	98,417	171,425	193,291

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	56,593	113,968	168,349	179,222
One to two years	105	172	194	72
Two to three years	25	46	167	78
Over three years	–	22	76	158
	56,723	114,208	168,786	179,530

21 BANK LOANS

(a) As of the end of each reporting period, bank loans were repayable as follows:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year or on demand	16,150	11,000	35,750	31,200
After one year but within two years	–	750	3,500	11,000
After two years but within five years	–	3,500	–	21,800
	–	4,250	3,500	32,800
	16,150	15,250	39,250	64,000

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year or on demand	16,150	11,000	25,750	30,200
After one year but within two years	–	750	3,500	10,000
After two years but within five years	–	3,500	–	18,800
	–	4,250	3,500	28,800
	16,150	15,250	29,250	59,000

(b) As of the end of each reporting period, bank loans of the Group were guaranteed and secured as follows:

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured and guaranteed bank loans *(note i)*	9,750	–	10,000	5,000
Discounted bills *(note ii)*	2,902	–	–	–
Unsecured and unguaranteed bank loans	3,498	15,250	29,250	29,000
Secured and unguaranteed bank loans *(note iii)*	–	–	–	30,000
	16,150	15,250	39,250	64,000

Notes:

(i) As at 31 December 2023, the bank loan was borrowed by the Company, and guaranteed by the shareholders. As at 31 December 2025 and 30 June 2026, the bank loan was borrowed by a subsidiary of the Company, and guaranteed by the Company.

(ii) As at 31 December 2023, bank loans of RMB2,902,000 represented the discounted bills with recourse which had a maturity of three months.

(iii) As at 30 June 2026, the bank loan was borrowed by the Company and secured by the Company's patent right.

Certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the

related loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. Further details of the covenants and the Group's management of liquidity risk are set out in Note 28(b). As at 31 December 2023, 2024 and 2025 and 30 June 2026, none of the covenants relating to drawn down facilities had been breached.

22 LEASE LIABILITIES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	10,769	11,104	8,578	9,223
After one year but within two years	6,532	9,083	8,005	8,743
After two years but within five years	20,609	29,091	21,504	20,458
After five years	13,389	7,264	1,947	884
	40,530	45,438	31,456	30,085
	51,299	56,542	40,034	39,308

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	3,639	6,054	6,368	7,081
After one year but within two years	3,847	5,922	6,725	7,840
After two years but within five years	11,549	19,678	16,082	14,827
After five years	4,210	1,114	18	–
	19,606	26,714	22,825	22,667
	23,245	32,768	29,193	29,748

23 DEFERRED INCOME

Deferred income represented unamortised conditional government grants for compensating the Group for the cost of assets and will be recognised in profit or loss over the useful lives of these assets.

24 REDEMPTION LIABILITIES

Pursuant to the agreements signed before and during the Track Record Period between the Company, the controlling shareholders, Mr. Chen Zhiyong and Mr. Xu Jiangtao (the "Controlling Shareholders") and investors, the investors were granted the right to require the Company and the Controlling Shareholders of the Company to redeem all or part of their capital upon the occurrence of triggering events, including but not limited to: (i) a qualified listing does not occur before a specified date; (ii) a material breach of the agreement by the Company; and (iii) a change in the actual controllers of the Group without the written consent of the investors.

The redemption price of each share shall be equal to the aggregate of the original price plus an amount at a simple annual rate of 7% per annum for the period from the payment date of the consideration up to the redemption date, deducting all paid dividends.

Presentation and classification

The Company recognised its obligation to pay to those investors with redemption rights as redemption liabilities, because not all triggering events are within the control of the Company. The redemption liabilities are measured at the present value of the redemption amount. The changes in the carrying amount of the financial liabilities were recorded in profit or loss as "changes in the carrying amount of redemption liabilities".

The movements of the redemption liabilities for the years ended 31 December 2023, 2024 and 2025 are as follows:

The Group and the Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	369,912	409,097	435,298
Redemption rights granted upon share issuance	13,000	–	–
Changes in the carrying amount of the redemption liabilities	26,185	26,201	–
Reclassification of redemption liabilities to equity *(note)*	–	–	(435,298)
At the end of the year/period	409,097	435,298	–

Note: In January 2025, pursuant to the supplementary agreement signed by the Company, Controlling Shareholders and investors with redemption rights, the redemption rights granted in previous years were terminated. Hence, the redemption liabilities were reclassified to equity thereafter.

25 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Controlling Shareholders adopted a restricted share scheme in January 2021 (the "Restricted Share Scheme") for the purpose of providing incentives to the selected employees. Under the Restricted Share Scheme, a total of 6,068,948 restricted shares of the Company can be granted to the selected employees in the Group.

These restricted shares will vest upon being granted, or after certain periods from the grant date on the condition that the employees remain in service. If employees leave the Group before the vesting date, the restricted shares will be forfeited. The forfeited shares will be repurchased by the Controlling Shareholders or other shareholders designated by them, at the original subscription price, and if applicable, could be reallocated in the subsequent grants at the discretion of the Controlling Shareholders.

(a) The terms and conditions of equity-settled share-based payments granted are as follows:

	Before Track Record Period	28 August 2023	1 December 2023	20 February 2025
Subscription price per share (RMB)	1.21-3.17	5.53	5.62	6.47
Fair value per share (RMB)	7.02-9.07	9.11	9.11	13.52
Number of shares granted	5,160,714	796,605	250,000	550,000
Vesting period	Vested upon being granted/ grant date to 31 December 2024	Vested upon being granted/ grant date to 31 December 2024	Grant date to 31 December 2024	Grant date to 31 December 2027

(b) Movements in the number of restricted shares granted to employees are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	Number of restricted shares	*Number of restricted shares*	*Number of restricted shares*	*Number of restricted shares*
At the beginning of the year/period	675,529	1,063,402	–	555,000
Granted during the year/period	1,046,605	–	555,000	–
Forfeited during the year/period	(128,115)	–	–	(40,000)
Vested during the year/period	(530,617)	(1,063,402)	–	–
At the end of the year/period	1,063,402	–	555,000	515,000

(c) Fair value of share-based payment and assumptions

The fair value of the restricted shares granted was determined by reference on the fair value of ordinary shares of the Company as of the grant date. The directors have used the discounted cash flow approach or referred to the price per share in the latest equity financing transaction, to determine the fair value of the underlying shares of the Company.

The key assumptions to the valuation at the grant date are summarised as below:

	Year ended 31 December 2023	Year ended 31 December 2025
Risk-free interest rate	2.30%	1.14%
Expected dividend yield	0.00%	0.00%
Expected volatility	58.70%	50.46%
Discount lack of marketability	22.23%	15.63%

(d) Equity settled share-based transactions expenses recognised in the consolidated statements of profit or loss and other comprehensive income:

Total share-based payment expenses of RMB3,971,000, RMB1,304,000, RMB845,000, RMB396,000 (unaudited) and RMB445,000 are recognised as staff costs (Note 6(b)) in the consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

26 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	Note	At 31 December 2023	At 31 December 2024	At 31 December 2025	At 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance of CIT at 1 January		1,728	(127)	6,615	665
Provision for income tax for the year/period	*7(a)*	1,169	9,378	52	3,100
Income tax (paid)/refunded during the year/period		(3,024)	(2,636)	(6,002)	298
Balance of CIT at 31 December/ 30 June		(127)	6,615	665	4,063
Represented by:					
Current taxation		833	6,615	665	4,063
Tax recoverable		(960)	–	–	–

(b) Deferred tax assets recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Deferred income	Provisions for inventories and receivables	Unused tax losses	Right-of-use assets	Lease liabilities	Other	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,410	873	432	(4,142)	4,417	378	3,368
Credited/(charged) to profit or loss	80	(168)	(432)	(2,562)	3,277	239	434
At 31 December 2023 and 1 January 2024	1,490	705	–	(6,704)	7,694	617	3,802
(Charged)/credited to profit or loss	(135)	149	–	(942)	786	5	(137)
At 31 December 2024 and 1 January 2025	1,355	854	–	(7,646)	8,480	622	3,665
Credited/(charged) to profit or loss	1,282	(319)	2,500	2,538	(2,540)	(508)	2,953
At 31 December 2025 and 1 January 2026	2,637	535	2,500	(5,108)	5,940	114	6,618
(Charged)/credited to profit or loss	(321)	18	2,386	108	(45)	166	2,312
At 30 June 2026	2,316	553	4,886	(5,000)	5,895	280	8,930

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB697,000, RMB5,175,000, RMB20,152,000 and RMB28,914,000 as of 31 December 2023, 2024 and 2025 and 30 June 2026 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities.

The unrecognised tax losses will be expired in the following years:

	As 31 December			At 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2028	697	483	483	483
2029	–	4,692	4,692	4,692
2030	–	–	14,962	14,979
2031	–	–	15	8,722
After 2031	–	–	–	83
	697	5,175	20,152	28,914

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity of the Company

The reconciliation between the opening and closing balances 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:

	Note	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Statutory reserve	Retained profits	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 27(c))	*(Note 27(d))*	*(Note 27(f)(ii))*	*(Note 27(f)(iv))*	*(Note 27(f)(i))*		
Balance at 1 January 2023		94,160	–	(892)	1,757	655	5,895	101,575
Profit and total comprehensive income for the year		–	–	–	–	–	1,487	1,487
Issuance of financial instruments with redemption rights issued to investors		–	–	(13,000)	–	–	–	(13,000)
Capital contribution from shareholders	*27(c)*	720	–	12,280	–	–	–	13,000
Appropriation to statutory reserve		–	–	–	–	149	(149)	–
Vesting of restricted shares		–	–	1,724	(1,724)	–	–	–
Equity-settled share-based payment	*25*	–	–	–	3,536	–	–	3,536
Balance at 31 December 2023 and 1 January 2024		94,880	–	112	3,569	804	7,233	106,598
Profit and total comprehensive income for the year		–	–	–	–	–	47,901	47,901
Conversion to a joint stock company	*27(c), (d)*	(94,880)	94,880	(47,336)	–	–	47,336	–
Appropriation to statutory reserve		–	–	–	–	4,790	(4,790)	–
Vesting of restricted shares		–	–	5,359	(5,359)	–	–	–
Equity-settled share-based payment	*25*	–	–	–	1,792	–	–	1,792
Balance at 31 December 2024 and 1 January 2025		–	94,880	(41,865)	2	5,594	97,680	156,291
Profit and total comprehensive income for the year		–	–	–	–	–	36,247	36,247
Reclassification of redemption liabilities as equity	*24*	–	–	435,298	–	–	–	435,298
Equity-settled share-based payment		–	–	–	787	–	–	787
Appropriation to statutory reserve		–	–	–	–	3,625	(3,625)	–
Dividends declared	*27(b)*	–	–	–	–	–	(14,991)	(14,991)
Balance at 31 December 2025 and 1 January 2026		–	94,880	393,433	789	9,219	115,311	613,632
Profit and total comprehensive income for the period		–	–	–	–	–	44,955	44,955
Equity-settled share-based payment		–	–	–	413	–	–	413
Balance at 30 June 2026		–	94,880	393,433	1,202	9,219	160,266	659,000

(b) Dividends

For the year ended 31 December 2025, the Company declared and paid the dividends of RMB14,991,000 to its then shareholders of RMB0.158 per share. The Company did not declare dividends during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2026.

(c) Paid-in capital

The paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Total
	RMB'000
At 1 January 2023	94,160
Capital contribution from shareholders	720
At 31 December 2023 and 1 January 2024	94,880
Conversion into a joint stock company *(Note 27(d))*	(94,880)
At 31 December 2024, 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	–

(d) Share capital

	Numbers of ordinary shares	
	'000	*RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–
Issue of new shares upon conversion into a joint stock company *(note)*	94,880	94,880
At 31 December 2024, 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	94,880	94,880

Note: In October 2024, 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 as of the conversion base date were converted into 94,880,000 ordinary shares at RMB1.00 each.

(e) Acquisition of non-controlling interests

In March 2026, the Company acquired 33.0% equity interest of a subsidiary, Huizhou Weidong New Energy Co., Ltd. with consideration of RMB230,000 and acquired 38.7% equity interest of a subsidiary, Guangdong Gic-Power New Energy Co., Ltd. with consideration of RMB590,000 from the then minority shareholders. After the acquisition, the subsidiaries became wholly owned subsidiaries of the Company. As at 30 June 2026, the consideration was paid in full.

(f) Nature and purpose of reserves

(i) Statutory reserve

According to the Company's Articles of Association, the Group is required to appropriate at least 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The appropriation to this reserve must be made before distribution of a dividend to equity owners. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to convert into capital, provided that the balance after such issue is not less than 25% of its registered capital. The statutory reserve of the Group only comprises the appropriation of net profit of the Company.

(ii) Capital reserve

The capital reserve mainly comprises the amounts in relation to the recognition of the redemption liabilities (see Note 24); and the excess of the net contributions from the shareholders of the Company over the total paid-in capital issued.

(iii) Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) Share-based payment reserve

The share-based payment reserve represented the portion of the grant date fair value of restricted shares granted to the employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p).

(g) 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.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUE 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 receivables and other receivables and deposits.

The Group's exposure to credit risk arising from cash and cash equivalents, bills receivables and financial assets measured at amortised costs is limited because the counterparties are banks and tax authorities 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 within 0 days to 90 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, 2025 and 30 June 2026 represented 32%, 51%, 44% and 43% of the total trade receivables respectively, while 9%, 13%, 10% and 12% of the total trade receivables were due from the largest customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. 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:

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Provision on a collective basis			
Not past due	0.03%	105,528	30
Aged less than three months	0.74%	4,047	30
Aged three to six months	12.71%	425	54
Aged six to nine months	30.61%	49	15
Aged nine to twelve months	72.00%	50	36
Aged over one year	100.00%	76	76
		110,175	241

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00%	291	291
Provision on a collective basis			
Not past due	0.02%	208,756	40
Aged less than three months	0.85%	2,827	24
Aged three to six months	7.18%	209	15
Aged over one year	100.00%	73	73
		212,156	443

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Provision on a collective basis			
Not past due	0.01%	182,052	20
Aged less than three months	0.52%	1,717	9
Aged three to six months	5.56%	72	4
Aged six to nine months	16.82%	1	-
Aged nine to twelve months	33.33%	3	1
Aged over one year	100.00%	75	75
		183,920	109

	As at 30 June 2026		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Provision on a collective basis			
Not past due	0.01%	183,510	16
Aged less than three months	0.40%	1,749	7
Aged three to six months	4.37%	389	17
Aged six to nine months	13.04%	23	3
Aged nine to twelve months	34.33%	67	23
Aged over one year	100.00%	3	3
		185,741	69

Expected loss rates are based on actual loss experience over the past 12 months. 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 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Balance at 1 January	27	241	443	443	109
Amounts write-off	–	–	(291)	(291)	–
Impairment losses/(reversal of impairment loss) recognised during the year/period	214	202	(43)	(30)	(40)
Balance at 31 December/30 June	241	443	109	122	69

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes 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 HKFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 2025 and 30 June 2026.

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As disclosed in Note 21(b), certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related loans would become payable on demand, the Group did not identify any difficulties complying with the covenants. Information about the covenants for those bank loans classified as non-current at the end of the reporting period is set out below:

Loans	Carrying amount				Covenant(s)	Timing to comply with the covenant(s)
	At 31 December			At 30 June		
	2023	2024	2025	2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Loan A	–	4,750	4,250	4,000	(i) The Company's debt-to-asset ratio* shall not exceed 90% (ii) The total amount of external guarantees shall not exceed its own net assets	At any time throughout the loan term
Loan B	–	–	–	20,000	(i) The Company's debt-to-asset ratio* shall not exceed 90% (ii) Operating cash cannot remain negative for three years	At any time throughout the loan term

* This is calculated based on the total debts (defined as total liabilities minus redemption liabilities) divided by total assets of the Company.

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	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	16,350	–	–	–	16,350	16,150
Trade and other payables	122,307	–	–	–	122,307	122,057
Redemption liabilities	409,097	–	–	–	409,097	409,097
Lease liabilities	12,959	8,411	24,283	14,295	59,948	51,299
	560,713	8,411	24,283	14,295	607,702	598,603

	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	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	11,390	874	3,553	–	15,817	15,250
Trade and other payables	195,837	–	–	–	195,837	195,837
Redemption liabilities	435,298	–	–	–	435,298	435,298
Lease liabilities	13,369	10,944	32,218	7,640	64,171	56,542
	655,894	11,818	35,771	7,640	711,123	702,927

	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	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	36,350	3,553	–	–	39,903	39,250
Trade and other payables	274,616	–	–	–	274,616	274,616
Lease liabilities	9,061	9,064	22,776	1,989	42,890	40,034
	320,027	12,617	22,776	1,989	357,409	353,900

	At 30 June 2026					
	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	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	32,263	11,765	22,090	–	66,118	64,000
Trade and other payables	298,837	–	–	–	298,837	298,837
Lease liabilities	10,408	9,628	21,414	896	42,346	39,308
	341,508	21,393	43,504	896	407,301	402,145

(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 bank loans and lease liabilities. Bank loans and lease liabilities that are 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 rate profile as monitored by management is set out below.

(i) Interest rate profile

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate instruments				
Bank loans	3,500	10,500	30,000	55,000
Lease liabilities	46,716	54,445	40,034	39,308
	50,216	64,945	70,034	94,308
Variable rate instruments				
Bank loans	9,750	4,750	9,250	9,000

(ii) Sensitivity analysis

At 31 December 2023, 2024 and 2025 and 30 June 2026, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by RMB21,000, RMB10,000, RMB20,000 and RMB10,000 respectively in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred 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 profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis during the Track Record Period.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD").

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

	Exposure to foreign currencies (expressed in RMB)			
	2023	2024	2025	30 June 2026
	USD RMB'000	*USD RMB'000*	*USD RMB'000*	*USD RMB'000*
Trade and other receivables	59,016	70,303	95,605	110,711
Cash and cash equivalents	46,519	76,891	102,624	193,575
Trade and other payables	(21,353)	(28,188)	(54,422)	(59,174)
	84,182	119,006	143,807	245,112

(ii) 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	Change in profit after tax and retained profits
		RMB'000
At 31 December 2023		
USD	5%	3,578
	(5)%	(3,578)
At 31 December 2024		
USD	5%	5,058
	(5)%	(5,058)
At 31 December 2025		
USD	5%	6,112
	(5)%	(6,112)
At 30 June 2026		
USD	5%	10,417
	(5)%	(10,417)

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, 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 currency. The analysis is performed on the same basis during the Track Record Period.

(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 each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 9, *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

	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 measured at FVPL:				
– Wealth management products	4,072	–	4,072	–
– Structured deposits	20,002	–	20,002	–
	24,074	–	24,074	–

	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 measured at FVPL:				
– Fund investment	3,003	–	3,003	–

	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 measured at FVPL:				
– Structured deposits	70,007	-	70,007	–
– Bonds	999	999	–	–
	71,006	999	70,007	–

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Valuation techniques and inputs used for fair value measurement at the Level 2:

The fair value of wealth management products and fund investment are measured by referencing to the net asset value published by the banks, and the structured deposits with variable interest rate are measured by referencing to the expected return rates of 0.9%-2.75%.

(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 amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025 and 30 June 2026.

29 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2023, 2024 and 2025 and 30 June 2026 not provided for in the Historical Financial Information were as follows:

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	65,046	106,724	106,493	132,139

30 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			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	3,823	5,202	5,481	3,015	2,653
Discretionary bonuses	340	964	20	496	–
Contributions to defined contribution retirement plan	30	44	67	30	24
Equity-settled share-based payment expenses	538	645	–	30	121
	4,731	6,855	5,568	3,571	2,798

Total remuneration is included in staff costs (see Note 6(b)).

(b) Identity of related parties

During the Track Record Period, the directors are of the view that related parties of the Group that had transactions with the Group include the following:

Names of related parties	Relationship with the Group
Shandong Ruisi Precision Industry Co., Ltd.* (山東睿思精密工業有限公司)	An entity controlled by a director of the Company
Luxshare Precision Industry Co., Ltd.* (立訊精密工業股份有限公司)	An entity controlled by close relatives of a director of the Company

* The official names of these entities are in Chinese. The English translation is for identification purposes only.

(c) Significant transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of goods:					
Luxshare Precision Industry Co., Ltd.	8,662	35,579	19,837	10,674	7,392
Shandong Ruisi Precision Industry Co., Ltd.	40	–	–	–	–
	8,702	35,579	19,837	10,674	7,392
Purchase of goods and services:					
Shandong Ruisi Precision Industry Co., Ltd.	12,037	12,434	8,902	4,506	4,337
Purchase of property, plant and equipment:					
Shandong Ruisi Precision Industry Co., Ltd.	53	97	–	–	80

(d) Balances with related parties

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Luxshare Precision Industry Co., Ltd.	4,295	14,470	4,990	5,875
Trade payables				
Shandong Ruisi Precision Industry Co., Ltd.	3,975	4,118	2,966	4,110

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 30 June 2026, the directors consider the ultimate controlling parties of the Group to be Mr. Chen Zhiyong and Mr. Xu Jiangtao.

32 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 HKICPA has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
HKFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
HKFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to HKAS 21, *Translation to a hyperinflationary presentation currency*	1 January 2027
HKFRS 20, *Regulatory Assets and Regulatory Liabilities*	1 January 2029
Amendments to HKFRS 10 and HKAS 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 is expected to be in the period of initial [**REDACTED**]. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 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 HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

33 SIGNIFICANT NON-ADJUSTING EVENTS AFTER 30 JUNE 2026

There is no significant non-adjusting event after 30 June 2026.

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 30 June 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This Appendix sets out an overview of our principal provisions of the Articles of Association passed on December 26, 2025 and will come into effect on the date of the Company's issuance of H Shares for [**REDACTED**] on the Stock Exchange of Hong Kong Limited. Since the following information is only a summary, it may not contain all the information that may be important to potential investors.

SHARE

Share Issuance

Shares of the Company shall be issued in an open, fair and impartial manner, and each Share of the same class has the same rights. Shares issued at the same time and within the same class shall be issued on the same conditions and at the same price for each Share; the subscriber shall pay the same price for each Share for which it/he/she subscribes for.

Increase, Deduction and Repurchase of Shares

Based on its operational and development needs, the Company may, pursuant to the laws and regulations and with the approval by a resolution at the Shareholders' meeting respectively, increase its capital by the following ways:

(I) public offering of Shares;

(II) non-public offering of Shares;

(III) issuing bonus Shares to existing Shareholders;

(IV) converting reserve fund into Share capital;

(V) any other means as approved by laws, provisions of administrative regulations, the CSRC and the securities regulatory authorities of the place where the Shares of the Company are listed.

The Company may reduce its registered capital. Any reduction in the registered capital of the Company has to be complied with the procedures stipulated in the Company Law and any other relevant regulations and the Articles of Association.

The Company may purchase its Shares in accordance with laws, administrative regulations, departmental rules and the Articles of Association under the following circumstances:

(I) to reduce the registered capital of the Company;

(II) to merge with other company that holds the Shares of the Company;

(III) to use the Shares for employee stock ownership plans or as equity incentive;

(IV) to purchase its own Shares at the request made by Shareholders who have dissenting views on any resolutions adopted at the Shareholders' meeting concerning the merger or division of the Company;

(V) to use Shares for conversion of corporate bonds issued by the Company which are convertible into Shares;

(VI) to be necessary for the Company to maintain its value and safeguard Shareholders' interests.

Other than the aforesaid circumstances, the Company will not engage in any activities involving the sales or purchase of its own Shares.

The Company may purchase its own Shares through centralized public trading, making an offer or any other means accepted by laws, administrative regulations, CSRC, securities regulatory authorities of the place where the Shares of the Company are listed.

The purchase by the Company of its own Shares under any of the circumstances specified in sub-paragraphs (I) and (II) of paragraph 1 of Article 24 of the Articles of Association is subject to resolution passed by the Shareholders' meeting. The purchase by the Company of its own Shares under the circumstances specified in sub-paragraphs (III), (V) and (VI) of paragraph 1 of Article 24 is subject to a Board resolution approved by more than two-thirds of Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of the Shareholders' meeting, provided that it complies with the securities regulatory rules of the places where the Shares of the Company are listed.

After purchasing its own Shares in accordance with the provisions of paragraph 1 of Article 24 under the circumstances specified in sub-paragraph (I) of paragraph 1 of this article, the Shares shall be canceled by the Company within 10 days from the date of purchase; under the circumstances in sub-paragraphs (II) and (IV), the Shares shall be transferred or canceled by the Company within six months; under the circumstances specified in items (III), (V) and (VI), the total number of Shares of the Company held by the Company shall not exceed 10% of the total issued Shares of the Company and the Shares shall be transferred or canceled within three years. Where otherwise provided for by laws, regulations and the securities regulatory rules of the place where the Shares of the Company are listed in relation to matters regarding above circumstances, such statutes prevail.

Share Transfer

The Shares of the Company may be transferred in accordance with laws. All transfers of H Shares shall be effected by instruments of transfer in writing in an ordinary or regular form or in any other forms acceptable to the Board of Directors (including the standard transfer format or transfer form as prescribed by the Hong Kong Stock Exchange from time to time); the instruments of transfer may only be signed by hand or affixed with the valid seal of the company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as the "**Recognized Clearing House**") or its agent as defined by relevant provisions under the laws of the Hong Kong Special Administrative Region in force from time to time, the instrument of transfer may be signed by hand or by machine-printed signatures. All the instruments of transfer are required to be maintained at the legal address of the Company or address as the Board of Directors may specify from time to time.

Shares of the Company issued prior to the public offer of Shares may not be transferred within one year from the date on which the Shares of the Company are listed and traded on a stock exchange.

Directors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes of such shareholdings, they shall not transfer more than 25% of the total number of Shares of the same class they hold in the Company annually during their term of office; and they shall not transfer the Shares they hold in the Company within one year from the date on which the Shares of the Company are listed and traded. The shares in the Company held by them may not be transferred within half a year from the date on which they cease to be employed by the Company. Where the Shares are pledged within the period of restriction on transfer prescribed by laws or the administrative regulations, the pledgee is not allowed to exercise the pledge right within such period of restriction on transfer. Where otherwise provided for by laws, administrative regulations or the listing rules of the place where the Shares of the Company are listed on the transfer of the Company's Shares, such provisions prevail.

Where Shareholders, Directors or the senior management who hold more than 5% of the Shares of the Company, such Shareholders, Directors or the senior management of the

Company sell the Shares of the Company or any other securities that are equity in nature which they hold within six months after the date of purchase or repurchase them within six months after the date of sale, the proceeds received therefrom shall belong to the Company, and the Board of Directors of the Company shall be responsible for recovering such proceeds, except where a securities company holds more than 5% of the Shares due to its purchase of unsubscribed Shares in an underwriting transaction, and for other circumstances stipulated by the CSRC.

The Shares or any other securities that are equity in nature held by the above-mentioned Directors, senior management and natural person Shareholders include those held by their spouses, parents, children, as well as those held through other parties' accounts.

If the Board of Directors of the Company fails to comply with the provisions of paragraph 1 of this article, Shareholders have the right to request the Board of Directors to implement within 30 days. If the Board of Directors of the Company fails to implement within the time limit mentioned above, Shareholders have the right to directly bring a lawsuit before the people's court in their own name for the benefit of the Company.

If the Board of Directors of the Company fails to implement with the provisions of paragraph 1 of this article, the responsible Directors shall be jointly and severally liable according to law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions for Shareholders

The Company shall establish a register of members based on the proofs provided by the securities registration and clearing house, the register of members shall be the sufficient evidence proving the Shareholders' holding of the Shares of the Company. Shareholders enjoy rights and assume obligations based on the class of Shares held by him/her. Shareholders who hold Shares of the same class enjoy equal rights and assume equal obligations.

The rights of the Company's Shareholders are as follows:

(I) to receive distribution of dividends and other forms of benefits in proportion to the number of Shares held by them;

(II) to demand, convene, preside, attend or appoint proxy(ies) to attend the Shareholders' meetings lawfully and to exercise corresponding voting rights;

(III) to supervise the business operations of the Company, provide suggestions or raise queries;

(IV) to transfer, grant or pledge the Shares held in accordance with the provisions of laws, administrative regulations and the Articles of Association;

(V) to inspect and photocopy the Articles of Association, register of members, minutes of Shareholders' meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports;

(VI) to have the right to participate in the distribution of the remaining property of the Company in proportion to the number of Shares held by them in the event of termination or liquidation of the Company;

(VII) to request the Company to purchase the Shares they hold if such Shareholders have expressed their dissenting views on the resolutions of merger or division passed by the Shareholders' meeting;

(VIII) to enjoy any other rights as provided for by laws, administrative regulations, departmental rules, regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

If any resolution of the Company's Shareholders' meeting or the Board of Directors is in violation of the laws and administrative regulations, Shareholders have the right to petition the people's court for invalidating the said resolution.

If the convening procedures or voting methods of the Shareholders' meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to petition the people's court for revoking the resolution within 60 days from the date on which the resolution is passed, unless there are only minor flaws in the convening procedures or voting methods of the Shareholders' meeting or the Board meeting resulting in no substantial impact on the resolution.

Where the Board of Directors, Shareholders or any other relevant parties have any disputes over the validity of the resolutions of the Shareholders' meeting, they shall promptly file a lawsuit before the people's court. Prior to the people's court making a judgment or ruling on revocation of such resolution, the relevant parties shall implement the resolution passed by the Shareholders' meeting. The Company, Directors and senior management personnel shall earnestly perform their duties to ensure the normal operation of the Company.

Where the people's court makes a judgment or ruling on relevant matters, the Company shall perform information disclosure obligation pursuant to the provisions of laws, administrative regulations, the CSRC and the securities regulatory rules of the place where the Company's Shares are listed, provide adequate explanation on the impact and actively cooperate in enforcement of the judgment or ruling upon its validity. Where a correction of preliminary matter is involved, the correction shall be promptly made, and the corresponding information disclosure obligation shall be performed.

Shareholders of the Company shall undertake the following obligations:

(I) to abide by the laws, administrative regulations and the Articles of Association;

(II) to pay the Share subscription money based on the Shares subscribed for by them and the method of acquiring such Shares;

(III) not to withdraw their capital except under the circumstances stipulated by laws and regulations;

(IV) not to abuse Shareholders' right to infringe upon the interests of the Company or other Shareholders; not to abuse the separate legal status of the Company's legal person and the limited liability of Shareholders to damage the interests of the Company's creditors;

(V) to assume any other obligations imposed 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's rights and causes losses to the Company or any other Shareholders, he/she shall bear the liability for compensation in accordance with law. If a Shareholder of the Company abuses the separate legal status of the Company's as a legal person and the limited liability of Shareholders, evade debts

and causes material harm to the interests of the Company's creditors, he/she shall bear joint and several liability for the debts of the Company.

Controlling Shareholders and Actual Controllers

The controlling Shareholders and actual controllers of the Company shall exercise their rights and perform their obligations in accordance with the laws, administrative regulations and requirements of securities regulatory rules of the place where the Shares of the Company are listed to safeguard the interests of the listed company.

The controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

(I) to exercise their rights as Shareholders in accordance with the law, and not abuse their controlling power or to use their related relationships to prejudice the legitimate rights and interests of the Company or other Shareholders;

(II) to strictly implement the public statements and undertakings made and shall not change or waive them without authorization;

(III) to fulfill information disclosure obligations in strict accordance with relevant regulations, to proactively cooperate with the Company in information disclosure and to timely inform the Company of material events that have occurred or are about to occur;

(IV) not to appropriate the funds of the Company in any way;

(V) not to order, instruct, or request the Company and relevant personnel to provide guarantee in violation of the laws and regulations;

(VI) not to make use of the undisclosed material information of the Company to gain benefits, not to divulge in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and any other illegal and unlawful acts;

(VII) not to prejudice the legitimate rights and interests of the Company and any other Shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment or any other means;

(VIII) to ensure the integrity of the assets of the Company, and the independence of, finance, organization and business, and not to affect the independence of the Company in any way;

(IX) to abide by any other provisions of the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

If a controlling Shareholder or an actual controller of the Company does not act as a Director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of Directors apply.

If a controlling Shareholder or an actual controller of the Company instructs a Director or a senior management member to engage in an act that is detrimental to the interests of the Company or the Shareholders, he/she shall assume joint and several liability with such Director or senior management member.

General Provisions of Shareholders' Meetings

The Shareholders' meeting of the Company comprises all Shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises the following functions and powers in accordance with the laws:

(I) to elect and change a Director and decide on matters relating to the remuneration of the Directors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the profit distribution plan and loss recovery plan of the Company;

(IV) to resolve on any increase or decrease in the registered capital of the Company;

(V) to resolve on the issuance of corporate bonds;

(VI) to resolve on issues such as the merger, division, dissolution, liquidation or alternation of the corporate form of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the appointment and dismissal of accounting firm by the Company that undertakes the audit business of the Company;

(IX) to consider and approve the guarantee(s) as specified in Article 46 of the Articles of Association;

(X) to consider any purchase or disposal of material assets by the Company within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(XI) to consider and approve matters relating to any change in the use of proceeds;

(XII) to consider any equity incentive plan and employee stock ownership plan;

(XIII) to consider any other matters that shall be resolved by the Shareholders' meeting as stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

The Shareholders' meeting may authorize the Board to resolve on the issuance of corporate bonds.

The Company may, by resolution of the Shareholders' meeting or by resolution of the Board authorized by the Articles of Association and Shareholders' meeting, issue shares and corporate bonds convertible into shares. The specific implementation should be in compliance with the laws, administrative regulations and the provisions of securities regulatory rules of the place where the Shares of the Company are listed.

Unless otherwise provided by the laws, administrative regulations and securities regulatory rules of the place where the Shares of the Company are listed, the above-mentioned functions and powers of Shareholders' meeting may not be exercised by the Board or any other entities and individuals by way of authorization.

The provision of the following external guarantees by the Company is required to be proposed to the Shareholders' meeting for consideration and approval:

(I) any guarantees provided after the total amount of external guarantees provided by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;

(II) any guarantees provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;

(III) any guarantees provided by the Company to others within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(IV) any guarantees provided to guaranteed party whose gearing ratio exceeds 70%;

(V) any single guarantee with an amount exceeding 10% of the latest audited net assets;

(VI) any guarantees provided to the Shareholders, actual controllers and their related parties;

(VII) any other guarantee that requires the resolution of the Shareholders' meeting as stipulated by the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

When the Shareholders' meeting considers a proposal on the provision of guarantee for a Shareholder, actual controller and their related parties, the Shareholder or the Shareholder(s) controlled by actual controllers shall abstain from voting, and the vote shall be passed by a majority of the voting rights held by other Shareholders present at the Shareholders' meeting. When the sub-paragraph (3) above is considered at the Shareholders' meeting, more than two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting is required.

The Shareholders' meetings are classified into annual general meeting and extraordinary general meeting. The annual general meeting is convened once a year, and required to be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(I) when the number of Directors is less than the quorum stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(II) when the unrecovered losses of the Company reach one-third of the total paid-in capital;

(III) when the Shareholders individually or jointly holding more than 10% of the Shares of the Company (including preferred Shares with restored voting rights) so request;

(IV) when deemed necessary by the Board;

(V) when proposed by the Audit Committee;

(VI) any other circumstances as stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Convening of Shareholders' Meeting

The Board shall convene a Shareholders' meeting on time within a prescribed period.

Subject to the consent of a majority of all independent Directors, independent Directors has the right to propose to the Board to convene an extraordinary general meeting. For a proposal made by independent Directors for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, provide a written reply indicating whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, a notice of convening such general meeting within 5 days after the resolution of the Board is made. If the Board does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement therefor.

If the Audit Committee proposes to the Board to convene an extraordinary general meeting, such proposal should be made in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, a notice of convening such general meeting shall be issued within 5 days after the resolution of the Board is made. Any changes to the original proposal in the notice is subject to the approval of the Audit Committee. If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days upon receipt of the proposal, it is deemed to be unable to perform or fail to perform its duties of convening Shareholders' meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders individually or jointly holding more than 10% of the Shares of the Company are entitled to request the Board to convene an extraordinary general meeting and such requisition should be made in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of requisition. If the Board agrees to convene the extraordinary general meeting, a notice of convening such general meeting shall be issued within 5 days after the resolution of the Board is made. Any change to the original requisition in the notice is subject to the approval of relevant Shareholders. If the Board does not agree to convene the extraordinary general meeting or fails to reply within 10 days upon receipt of the requisition, the Shareholders individually or jointly holding more than 10% of the Shares of the Company have the right to propose to the Audit Committee to convene the extraordinary general meeting, such requisition should be made in writing to the Audit Committee. If the Audit Committee agrees to convene the extraordinary general meeting, a notice of convening such general meeting shall be issued within 5 days upon receipt of the requisition. Any change to the original requisition in the notice is subject to the approval of the relevant Shareholders. If the Audit Committee fails to issue the notice of the Shareholders' meeting within a prescribed period, the Audit Committee is deemed as not to convene and preside over the Shareholders' meeting. Shareholders individually or jointly holding more than 10% of the Shares of the Company for more than 90 consecutive days may convene and preside over the Shareholders' meeting by themselves.

If the Audit Committee or the Shareholders decide to convene the Shareholders' meeting on their own, it shall notify the Board in writing, and the Board shall also complete the necessary filing or announcement in accordance with the securities

regulatory rules of the place where the Shares of the Company are listed and the requirements of the stock exchange. The Audit Committee or the Shareholders convening the meeting shall, when issuing the notice of the Shareholders' meeting and the announcement of the resolutions of the Shareholders' meeting, submit relevant support materials to the stock exchange in accordance with the securities regulatory rules of the place where the Shares of the Company are listed and the requirements of the stock exchange. Before the resolution of the Shareholders' meeting is made, the Shareholders convening the meeting shall hold no less than 10% of the Shares. For the Shareholders' meetings convened by the Audit Committee or Shareholders themselves, the Board and the Board secretary will cooperate. The Board will provide the register of members as at the record date. For the Shareholders' meeting convened by the Audit Committee or the Shareholders themselves, the necessary expenses incurred for the meeting are borne by the Company.

Proposals and Notices of Shareholders' Meeting

When the Company convenes a Shareholders' meeting, the Board, the Audit Committee and Shareholders individually or jointly holding more than 1% of the Company's Shares have the right to put forward proposals to the Company.

Shareholders individually or collectively holding more than 1% of the Shares of the Company may put forward temporary proposals and submit them in writing to the convener 10 days before the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days after receiving the proposal, announce the contents of the temporary proposal, and submit the temporary proposal to the Shareholders' meeting for consideration, unless the temporary proposal violates the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, or does not fall within the ambit of the authority of the Shareholders' meeting.

Except for the circumstances specified in the preceding paragraph, the convener may not amend the proposals listed in the notice of the Shareholders' meeting or add new proposals after issuing the notice of the Shareholders' meeting.

The Shareholders' meeting shall not vote and make resolutions on proposals not listed in the notice of the Shareholders' meeting or that do not conform to the Articles of Association.

The convener will notify all Shareholders by announcement 21 days before the annual Shareholders' meeting, and notify all Shareholders by announcement 15 days before the extraordinary Shareholders' meeting. When calculating the above period, the date of the meeting may not be included.

The notice of the Shareholders' meeting is required to include the following information:

(I) the time, place and duration of the meeting;

(II) the matters and proposals submitted to the meeting for deliberation;

(III) a clear statement that all Shareholders have the right to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and that such proxy need not be a Shareholder of the Company;

(IV) the record date for the Shareholders who are entitled to attend the Shareholders' meeting;

(V) the name and telephone number of the standing contact person for the affairs of meetings;

(VI) voting time and voting procedures through the Internet or any other means.

The notice of the Shareholders' meeting and the supplementary notice is required to fully and completely explain all the specific contents of all proposals.

The commencing time for online or any other means of voting at the Shareholders' meeting shall not be earlier than 3:00 pm on the date before the on-site Shareholders' meeting, and no later than 9:30 am on the date of the on-site Shareholders' meeting, and its conclusion time may not be earlier than 3:00 pm on the date of the on-site Shareholders' meeting concludes. The interval between the record date and the meeting date may not exceed seven working days. The record date, once confirmed, may not be changed.

After the notice of the Shareholders' meeting is issued, the Shareholders' meeting may not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of the Shareholders' meeting may not be cancelled. In case of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original date of the meeting. If the securities regulatory rules of the place where the Company's Shares are listed have special provisions on the procedures for postponing or canceling the Shareholders' meeting, such provisions prevail to the extent not to violate domestic regulatory requirements.

Holding of Shareholders' Meeting

All Shareholders registered on the record date or their proxies are entitled to attend the Shareholders' meeting and exercise their voting rights in accordance with relevant laws and regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association (unless a Shareholder is required to abstain from voting on specific matters under the securities regulatory rules of the place where the Company's Shares are listed).

Shareholders may attend the Shareholders' meeting in person, or appoint a proxy to attend and vote on their behalf. The proxy need not to be a Shareholder of the Company, and the attendance by proxy is deemed as attendance by the Shareholder in person.

An individual Shareholder attending the meeting in person shall present his or her ID card or other valid certificate or proof evidencing his or her identity; a proxy attending the meeting on behalf of another Shareholder shall present his or her valid identity document and a power of attorney from the Shareholder.

A corporate Shareholder shall be represented by its legal representative or proxy appointed by the legal representative to attend the meeting. The legal representative attending the meeting shall present his or her ID card and a valid proof of his or her qualification as the legal representative; a proxy attending the meeting shall present his or her ID card and a written power of attorney issued by the legal representative of the corporate shareholder according to law.

The power of attorney issued by a Shareholder to appoint another person to attend the Shareholders' meeting shall state the following information:

(I) the name of the principal, the class and number of Shares of the Company held;

(II) the name of the proxy;

(III) specific instructions from the Shareholder, including instructions to vote for, against or abstain from voting on each matter included in the agenda of the Shareholders' meeting;

(IV) the date of the issuance and validity period of the power of attorney;

(V) the signature (or seal) of the principal. If the principal is a corporate shareholder, the affixation of the corporate seal is required.

The power of attorney is required to specify whether the proxy may vote as he or she thinks fit if the Shareholder does not give specific instructions.

If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or any other authorization documents, and the power of attorney for proxy voting shall be kept at the Company's domicile or any other place specified in the notice convening the meeting at least before the relevant meeting at which the proxy is authorized to vote, or before the specified voting time.

If the principal is a corporate, its legal representative or the person authorized by the resolution of the Board or other decision-making body may attend the Shareholders' meeting of the Company as its representative.

If a Shareholder is a recognized clearing house or its nominee, such Shareholder may authorize one or more persons as it thinks fit to act as its representative at any Shareholders' meeting or any meeting of creditors; however, if more than one person is authorized, the power of attorney is required to specify the number and class of Shares in respect of which each person is so authorized, and the power of attorney requires the signature of the authorized person of the recognized clearing house. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominee) (without the production of share certificates, notarized authorization and/or further evidence to prove that he or she has been duly authorized) and enjoy the same statutory rights as those enjoyed by other Shareholders, including the right to speak and vote, as if such person was an individual Shareholder of the Company.

If the Shareholders' meeting requires directors and senior management to attend the meeting as non-voting delegates, the directors and senior management shall attend the meeting and answer the Shareholders' questions. To the extent of complying with the securities regulatory rules of the place where the Company's Shares are listed, the aforementioned persons may attend or be present at the meeting as nonvoting delegates through Internet, video, telephone or any other means with the same function.

The Shareholders' meeting is presided over by the chairman of the Board. When the chairman of the Board is unable to or fails to perform his or her duties, a director jointly elected by more than half of the Directors shall preside over the meeting.

The Shareholders' meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable to or fails to perform his or her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting.

A Shareholders' meeting convened by the Shareholders themselves shall be presided over by the convener or a representative elected by such convener.

In a Shareholders' meeting, if the chairman of the meeting violates the rules of procedure making the Shareholders' meeting impossible to proceed, with the consent of more than half of the attending Shareholders with voting rights, the Shareholders' meeting may elect one person to serve as the chairman of the meeting and continue the meeting.

Voting at and Resolutions of Shareholders' Meeting

The resolutions of the Shareholders' meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the Shareholders' meeting shall be adopted by more than half of the voting rights held by Shareholders (including proxies) present at the Shareholders' meeting.

Special resolutions of the Shareholders' meeting shall be adopted by more than two-thirds of the voting rights held by Shareholders (including proxies) present at the Shareholders' meeting.

The following matters require the ordinary resolutions of the Shareholders' meeting:

(I) the work report of the Board;

(II) the profit distribution plan and loss recovery plan formulated by the Board;

(III) the appointment and removal of members of the Board, and their remuneration and payment methods;

(IV) any other matters other than those to be approved by special resolutions as required by laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters require the special resolutions of the Shareholders' meeting:

(I) the increases or decreases of the Company's registered capital;

(II) the division, spin-off, merger, dissolution and liquidation of the Company;

(III) amendment to the Articles of Association;

(IV) the purchases or sales of major assets or the provision of guarantees by the Company within one year for an aggregate amount exceeding 30% of the Company's latest audited total assets;

(V) equity incentive plans;

(VI) any other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, and those determined by ordinary resolutions of the Shareholders' meeting that will have a significant impact on the Company and need to be approved by special resolutions.

Shareholders (including proxies) exercise their voting rights based on the number of voting Shares they represent, with each Share carrying one vote. If the securities regulatory rules of the place where the Company's Shares are listed provide otherwise, such rules prevail.

When the Shareholders' meeting deliberates major matters affecting the interests of small and medium-sized investors, the votes for small and medium-sized investors shall be counted separately. The results of separate vote counting shall be publicly disclosed in a timely manner.

The Shares of the Company held by the Company do not carry voting rights, and such Shares shall not be included in the total number of voting Shares represented by Shareholders attending the Shareholders' meeting.

A Shareholder who violates the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law by purchasing voting Shares of the Company may not exercise voting rights of the Shares exceeding the prescribed proportion within 36 months after the purchase, and such Shares may not be included in the total number of voting Shares presented by Shareholders attending the Shareholders' meeting, unless otherwise stipulated in the securities regulatory rules of the place where the Company's Shares are listed.

Pursuant to applicable laws and regulations and the Hong Kong Listing Rules, if any Shareholder is required to abstain from voting on a resolution, or if any Shareholder is restricted to voting only for (or against) a resolution, the number of votes cast by or on behalf of such Shareholder in violation of such requirements or restrictions may not be included in the total number of voting Shares.

The Board of the Company, independent Directors, Shareholders holding more than 1% of the voting Shares, or investor protection bodies established in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the provisions of the CSRC may publicly solicit Shareholders' voting rights. To solicit Shareholders' voting rights, the specific voting intention and any other information should be fully disclosed to the solicited person. It is not permitted to solicit the voting rights of Shareholders in a paid or disguised paid manner. Except for statutory conditions, the Company may not impose any minimum shareholding ratio restriction on the solicitation of voting rights.

When matters concerning related transactions are considered in the Shareholders' meeting, related Shareholders is not allowed to participate in voting, and the number of voting Shares represented by them may not be included in the total number of valid votes; the announcement of the resolutions of the Shareholders' meeting has to fully disclose the voting status of non-related Shareholders. However, state-controlled enterprises are not deemed related solely due to being controlled by the state.

DIRECTORS AND BOARD OF DIRECTORS

Directors

The directors of the Company are natural persons. A person falling under any of the following categories may not serve as a director of the Company:

(I) any person without capacity or with limited capacity for civil acts;

(II) any person who was sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of the socialist market economic order, or any person who was deprived of political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in the case of a suspended sentence, where less than two years have passed since the end of the period of suspended sentence;

(III) directors, factory heads or managers who bear individual responsibility for the bankruptcy or liquidation of their companies or enterprises where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) the legal representatives of companies or enterprises that had their business licenses revoked and ordered to be closed for violation of the law, where such representatives bear individual responsibility and three years have not lapsed following the date of revocation of such business licenses or the companies or enterprises being ordered to be closed;

(V) any person with relatively significant individual debt(s) that has/have not been settled upon maturity and has been listed by the people's court as a judgment defaulter subject to enforcement;

(VI) any person who has been banned from the securities market by the China Securities Regulatory Commission where the relevant period remains unexpired;

(VII) any person who has been publicly determined by the stock exchanges as not suitable to serve as a director or a senior manager of a listed company and the time limit has not expired;

(VIII) any other circumstances stipulated by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Shares of the Company are listed.

Where a company elects or appoints a director in violation of this Article, such election, appointment or engagement is null and void. A director to which any of the circumstances of this Article applies during his/her term of office will be dismissed and released of his/her duties by the Company.

Directors who are not employee representatives are elected or replaced by the Shareholders' meeting, and may be dismissed by the Shareholders' meeting before the expiration of their term of office. The directors have a tenure of three years and may be re-elected upon the expiry of the tenure. If the securities regulatory rules of the place where the Shares of the Company are listed have other provisions on the re-election of directors, such provisions prevail.

The tenure of a director is from the date of appointment to the expiry of tenure of the current Board. If a director's tenure expires without timely re-election, the original director shall still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association until the re-elected director assumes office.

The office of a director may be concurrently held by a senior management member, but the total number of directors who concurrently hold the position of senior management and of employee representative directors may not exceed one half of the total number of directors of the Company.

There shall exist employee representatives of the Company among the members of the Board, and no more than one director is the employee representative. The employee representative on the Board will be democratically elected by the Company's employees at an employee representative assembly or general employee meeting, or by any other means, with no requirement to submit to the Shareholders' meeting for consideration.

A director may propose to resign prior to the expiration of his/her term of office. A director shall submitted a written resignation report when he/she resigns. The resignation takes effect on the date on which the Company receives the resignation report, and the Company will disclose the relevant situation within two trading days. If the resignation of a director results in the number of members of the Board of the Company falling below the statutory minimum number, the original director shall still perform his/her duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association until the re-elected director assumes office.

Except for the circumstances specified in the preceding paragraph, the resignation of a director takes effect when the resignation report is served to the Board.

The Shareholders' meeting may resolve to remove a director, and the removal becomes effective on the date of the resolution.

If a director is removed before the expiration of his/her term of office without justified reasons, the director may claim compensation from the Company.

Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director may act on behalf of the Company or the Board in his/her personal capacity. When a director acts in his/her personal capacity, he/she shall declare his/her position and identity in advance if a third party may reasonably believe that such director is acting on behalf of the Company or the Board.

Board of Directors

The Company has the Board, which consists of 9 directors, including 3 independent directors and 1 employee representative director; and has a chairman of the Board who is elected by more than half of all directors.

The number of independent directors may not be less than one-third of the total number of directors, and at least one of them has appropriate professional qualifications or appropriate accounting or related financial management expertise that meets the requirements of the securities regulatory rules of the place where the Shares of the Company are listed. All independent directors must have the independence required by the securities regulatory rules of the place where the Shares of the Company are listed.

The Board exercises the following powers:

(I) to convene the Shareholders' meeting and report to the Shareholders' meeting;

(II) to implement the resolutions of the Shareholders' meeting;

(III) to determine business operation plans and investment plans of the Company;

(IV) to formulate the profit distribution plans and loss recovery plans of the Company;

(V) to formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or any other securities and the listing of the Company;

(VI) to formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of company form of the Company;

(VII) to determine, among others, the external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted financial management, related transactions and external donations of the Company within the ambit of the authority given by the Shareholders' meeting;

(VIII) to decide on the establishment of internal management structure of the Company;

(IX) to appoint or dismiss the general manager, secretary of the Board and other senior management of the Company, and decide on matters of remuneration, rewards, and punishments; to appoint or dismiss senior management such as deputy manager, chief financial officers according to the nomination of the general manager, and decide on matters of remuneration, rewards, and punishments;

(X) to draft the Company's basic management system;

(XI) to formulate the amendment plan of the Articles of Association;

(XII) to manage the information disclosure of the Company;

(XIII) to request the Shareholders' meeting to engage or replace the accounting firm that provides audits for the Company;

(XIV) to debrief the work report of the general manager of the Company and check the work of the general manager;

(XV) to decide on the Company's acquisition of Shares of the Company under the circumstances set forth in sub-paragraphs (III), (V) and (VI) of paragraph 1 of Article 24 of the Articles of Association;

(XVI) any other duties and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed, the Articles of Association or the Shareholders' meeting.

Matters beyond the ambit of authority given by the Shareholders' meeting are required to be submitted to the Shareholders' meeting for consideration.

The Board shall formulate the rules of procedure of the Board to ensure that the Board implements the resolutions of the Shareholders' meeting, improves work efficiency and ensures scientific decision-making. The rules of procedure of the Board should stipulate the convening and voting procedures of the Board and, as an appendix to the Articles of Association, and should be prepared by the Board for the approval of the Shareholders' meeting.

The Board shall establish strict examination and decision-making procedures by determining the ambit of authority for, among others, external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted financial management, related transactions and external donations.; organize relevant experts and professionals to review major investment projects and submit the same to the Shareholders' meeting for approval. To the extent permitted by laws, regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, the Board has the right to make decisions and approve the above matters that do not require submission to the Shareholders' meeting for approval.

Related transactions that are exempt from information disclosure in accordance with laws, regulations and securities regulatory rules of the place where the Shares of the Company are listed are exempted from deliberation by the Board.

The Board convenes at least four meetings per year, which are convened by the chairman of the Board and notified to all directors in writing 14 days prior to the meeting. With the unanimous consent of all directors of the Company, the time limit for the aforementioned notices to convene regular Board meetings may be shortened or waived.

Interim Board meetings may be proposed to be convened by Shareholders representing more than 10% of the voting rights, more than one-third of the directors or the Audit Committee. The chairman shall convene the meeting within 10 days after receiving such proposal, and preside over the meeting.

A Board meeting may not be held unless more than half of the directors are present. The resolutions made by the Board must be passed by more than half of the directors.

Each director has one vote for the resolutions of the Board.

Where a director has connected relationship with the enterprise or individual involved in the matters to be resolved at the meeting of the Board, such director shall report to the Board in writing in a timely manner. The connected directors may not exercise the voting rights on such resolution, nor may they exercise the voting rights on behalf of other directors. The meeting of the Board may not be held unless more than half of the non-connected directors are present, and passing resolutions of the meeting of the Board requires affirmative votes from more than half of the non-connected directors. If the number of non-connected directors attending the meeting of the Board is less than three, such matter should be submitted to the Shareholders' meeting for consideration. If laws, regulations and the securities regulatory rules of the place where the Shares of the Company are listed have additional restrictions on directors' participation in Board meetings and voting, such restrictions prevail.

Directors shall attend Board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney which specifies the name of the proxy, the matters to be represented, the scope of authorization and the validity period, and be signed or sealed by the appointer. Director who attends the meeting on other director's behalf should exercise the rights of such director within the scope of the authorization. A director who fails to attend the Board meeting in person or by proxy is deemed to have waived his/her rights to vote at such meeting.

Independent Directors

The independent directors, as the members of the Board, assume the duties of loyalty and diligence to the Company and all Shareholders, and prudently perform the following duties:

(I) to participate in the decision-making of the Board and express clear opinions on the matters under discussion;

(II) to supervise the potential major conflicts of interest between the Company and controlling Shareholders, actual controllers, directors and senior management, and to protect the legitimate rights and interests of minority Shareholders;

(III) to provide professional and objective suggestions for the Company's operation and development, and promote the decision-making level of the Board;

(IV) to perform any other duties stipulated in laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

Independent directors exercise the following special functions and powers:

(I) to independently engage intermediary agencies to audit, advise on, or verify specific matters of the Company;

(II) to propose to the Board to convene an extraordinary general meeting;

(III) to propose to convene meetings of the Board;

(IV) to publicly solicit Shareholders' rights from Shareholders in accordance with the law;

(V) to express independent opinion on matters that may damage the rights and interests of the Company or minority Shareholders;

(VI) to perform any other functions and powers stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The exercise of the functions and powers listed in sub-paragraphs (I) to (III) of the preceding paragraph by the independent directors requires the approval of more than half of all the independent directors.

When independent directors exercise the functions and powers listed in the first paragraph, the Company will make timely disclosure. If the above functions and powers may not be exercised normally, the Company shall disclose the specific circumstances and reasons.

The following matters should be submitted to the Board for consideration upon obtaining the consent from more than half of all the independent directors of the Company:

(I) connected transactions that require disclosure;

(II) plans for the change or exemption of commitments of the Company and relevant parties;

(III) the decisions made and measures taken by the board of directors of the listed company being acquired with respect to the acquisition;

(IV) any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The Company establishes a special meeting mechanism consisting entirely of independent directors. Where the Board considers matters such as connected transactions, prior consent from such special meetings of independent directors is required.

The Company convenes special meetings of independent directors on a regular or irregular basis. The matters listed in sub-paragraphs (I) to (III) of paragraph 1 of Article 129 and in Article 130 of the Articles of Association require consideration at the special meetings of independent directors.

Independent directors may study and discuss any other matters of the Company at special meetings as needed.

The special meeting of independent directors is convened and presided over by an independent director jointly elected by more than half of the independent directors; if the convener fails to or incapable to perform his/her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside.

Special Committees of the Board

The Board of the Company establishes the Audit Committee to exercise the powers and functions of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee consists of three members who are directors not serving as senior management of the Company, the majority of whom should be independent directors, with the convener being an accounting professional among the independent directors.

The Board of the Company establishes the Strategy and ESG Committee, the Nomination Committee, the Remuneration and Appraisal Committee and any other special committees, which perform their duties and functions in accordance with the Articles of Association and the authorization of the Board. The proposals of a special committee should be submitted to the Board for consideration and decision. The Board is responsible for formulating the working regulations of the special committees.

The Strategy and ESG Committee consists of 3 or more directors, including at least one independent director. The Strategy and ESG Committee has one convener, who is the chairman of the Company.

The Nomination Committee consists of 3 or more directors, of which more than half should be independent directors. The Nomination Committee has one convener who is an independent director.

The Remuneration and Appraisal Committee consists of 3 or more directors, of which more than half should be independent directors. The Remuneration and Appraisal Committee has one convener who is an independent director.

General Manager and Other Senior Management

The Company has one general manager who will be appointed or dismissed by the Board. The Company may have such number of deputy general managers as necessary, who will be appointed or dismissed by the Board.

The provisions in the Articles of Association in relation to the circumstances under which a person may not serve as a Director and the management system for resignation is concurrently applicable to the senior management. The duties of loyalty and the diligence of Directors set out in the Articles of Association are concurrently applied to the senior management.

The general manager is accountable to the Board and exercise the following functions and power:

(I) to preside over the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/ her work to the Board;

(II) to organize the implementation of the annual business plans and investment proposals of the Company;

(III) to prepare the proposal on the setup of the Company's internal management structure;

(IV) to formulate the Company's basic management system;

(V) to develop the specific rules for the Company;

(VI) to propose to the Board to appoint or dismiss the deputy general manager and chief financial officer of the Company;

(VII) to decide on the appointment or dismissal of management member(s) other than those who should be appointed or dismissed by the Board;

(VIII) to perform any other functions and powers granted by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial and accounting system

The Company establishes its financial and accounting system in accordance with the laws, administrative regulations and the requirements of the relevant governmental authorities. If there are other provisions in the securities regulatory rules of the place where the Shares of the Company are listed, such provisions prevail.

The Company shall prepare a financial report at the end of each financial year, which shall be examined and verified in accordance with the laws.

The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and shall be prepared in accordance with international accounting standards or the accounting standards of overseas listing places.

The Company shall submit, disclose and/or deliver to Shareholders annual reports, interim reports, preliminary results announcements and any other documents in accordance with the laws and regulations of the place where the Company is listed, the securities regulatory rules of the place where the Shares of the Company are listed and other normative documents.

The Company has no other accounting books except the statutory accounting books. Its assets may not be deposited in any accounts opened in the name of any individual. When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into its statutory reserve fund. The Company may cease to appropriate to such statutory reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up for the losses before being appropriated to the statutory reserve fund in accordance with the above provisions. After the Company appropriates to the statutory reserve fund from the after-tax profits, it may appropriate to the discretionary reserve from the after-tax profits with the resolution of the Shareholders' meeting.

The Company may distribute the profits after tax based on the proportion of shareholdings after making up for losses and appropriating to the statutory reserve fund, except where the distribution is not proportionate according to the Articles of Association.

Where the Shareholders' meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the Shareholders before the Company makes up for the losses and appropriates to the statutory reserve fund, the Shareholders must return the profits distributed in violation of the provisions to the Company. The Company's Shares held by the Company may not participate in profit distribution.

The Company's reserves may be used to make up for the Company's losses, expand the Company's production and operations or be converted to increase the Company's registered capital. When making up for the Company's losses with reserves, the discretionary reserve and statutory reserve fund should be used first; if it is still insufficient to make up for such losses, the capital reserve can be used in accordance with relevant provisions. When the statutory reserve fund is converted to increase registered capital, the remaining reserve shall be not less than 25% of the registered capital of the Company before the conversion.

Internal Audit

The Company implements an internal audit system which specifies the leadership structure, responsibilities and authorities, staffing, funding safeguards, utilization of audit results, and accountability mechanisms for internal audit work.

The internal audit system of the Company is implemented upon approval by the Board and is disclosed to the public.

The internal audit department of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information and any other matters.

Engagement of accounting firm

The Company shall engage an accounting firm that complies with the provisions of the Securities Law to conduct accounting statement auditing, net asset verification and other related consulting services. The term of engagement is one year and can be renewed.

The engagement and dismissal of an accounting firm are decided by the Shareholders' meeting, and the Board shall not appoint an accounting firm before the decision of the Shareholders' meeting.

The Company guarantees to provide true and complete accounting evidences, accounting books, financial and accounting reports and any other accounting data to the accounting firm it engages, without any refusal, withholding or misrepresentation.

The audit fees of the accounting firm are determined by the Shareholders' meeting.

In the event of dismissal or termination of the renewal of the accounting firm, the Company shall notify the accounting firm 10 days in advance. The accounting firm should be allowed to make representations when the Shareholders' meeting of the Company conducts a vote on the dismissal of the accounting firm.

If an accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether there is any misconduct in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

A merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbing other companies is a merger by adsorption, and the absorbed company is dissolved. The merger of two or more companies to establish a new company is a merger by new establishment, and the merging parties are dissolved.

In the case of a merger, a merger agreement should be entered into by all parties, and the balance sheet and inventory list should be prepared. The Company shall notify its creditors within 10 days since the date of making the resolution on merger, and shall make an announcement in the information disclosure newspaper designated by the Company or the national enterprise credit information publicity system within 30 days.

Creditors may, within 30 days since the date of receiving the notice, or creditors who do not receive the notice may, within 45 days since the date of the announcement, request the Company to pay off its debts in full or to provide a corresponding guarantee.

If the Company merges, the credits and debts of the merging parties should be assumed by the surviving company or the newly established company upon merging.

If the Company is to be divided, its assets are divided accordingly.

In the case of a division, the balance sheet and inventory list should be prepared. The Company shall notify its creditors within 10 days since the date of making the resolution on division, and make an announcement in the information disclosure newspaper designated by the Company or the national enterprise credit information publicity system within 30 days.

The debts of the Company which have accrued prior to the division are jointly and severally borne by the divided companies, unless it is otherwise agreed by way of an agreement in writing with the creditors in respect of the settlement of debts before the Company's division.

If the Company reduces its registered capital, it shall prepare a balance sheet and inventory list.

The Company shall notify its creditors within 10 days since the date on which the resolution to proceed with the reduction in the registered capital is adopted, and make an announcement in the information disclosure newspaper designated by the Company or the national enterprise credit information publicity system within 30 days. Creditors are, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the announcement, entitled to demand the Company to pay off its debts in full or to provide corresponding guarantee.

If the Company reduces its registered capital, it shall reduce the amount of capital contribution or Shares in proportion to the Shares held by Shareholders, unless otherwise stipulated by laws or the Articles of Association.

Where the merger or division of the Company results in a change in its registered particulars, such change is required to be registered with the company registry in accordance with the laws. Where the Company is dissolved, it shall cancel its registration in accordance with the laws. Where a new company is established, its establishment is required to be registered in accordance with the laws.

If the Company increases or decreases its registered capital, it shall apply for a registration of the change with the company registry in accordance with the laws.

Dissolution and Liquidation

The Company will be dissolved if:

(1) the business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(2) the Shareholders' meeting resolves to dissolve the Company;

(3) dissolution is required due to merger or division of the Company;

(4) the business license is revoked, or the Company is ordered to close or is canceled in accordance with the laws;

(5) there are severe difficulties in the operation and management of the Company, and the continued existence of the Company will have a material damage to the interests of the Shareholders which cannot be solved by any other means, Shareholders holding more than 10% of the voting rights of all Shares of the Company may file a petition before the people's court to dissolve the Company.

If the Company has the reasons for dissolution as specified in the preceding paragraph, it shall announce such reasons for dissolution through the national enterprise credit information publicity system within 10 days.

In the event of the circumstances described in sub-paragraphs (I) and (II) of Article 195 and property is not yet distributed to Shareholders, the Company may carry on its existence by amending the Articles of Association or the resolution of the Shareholder's meeting.

Any amendment to the Articles of Association or resolution of the Shareholders' meeting in accordance with the provisions of the preceding paragraph requires approval by more than two-thirds of the Shareholders with voting rights who attend the Shareholders' meeting.

Where the Company is to be dissolved pursuant to the provisions of sub-paragraphs (1), (2), (4) and (5) of Article 195, it shall be liquidated. Directors are the liquidation obligors of the Company and shall establish a liquidation group within 15 days from the date of the occurrence of the reasons for dissolution to carry out liquidation.

The liquidation group is composed of Directors, unless otherwise stipulated in the Articles of Association or the Shareholders' meeting resolves to elect another person.

If the liquidation obligor fails to perform its liquidation obligation in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

During the liquidation period, the liquidation group exercises the following powers and functions:

(1) to dispose of the Company's property and to prepare the statement of assets and liabilities and the inventory list respectively;

(2) to notify the Company's creditors through notice or announcement;

(3) to handle the outstanding business of the Company related to liquidation;

(4) to settle all tax overdue as well as taxes arising from the process of liquidation;

(5) to settle credits and pay off debts;

(6) to distribute the remaining property of the Company after paying off its debts;

(7) to represent the Company in civil lawsuits.

The liquidation group shall notify the creditors within 10 days upon its establishment, and make an announcement in the information disclosure newspaper designated by the Company or the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims with the liquidation group within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if they have not received the notice.

A creditor shall state all matters related to his/her/its creditor rights in making his/her/its claims and furnish evidence. The liquidation group shall register such creditor's claims.

The liquidation group may not make any debt settlement with the creditors during the period of the claim.

Upon disposal of the Company's property and preparation of the statement of assets and liabilities and the inventory list, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for verification.

The Company's remaining property, after paying liquidation expenses, employees' wages, social insurance premiums and statutory compensation, outstanding taxes and the Company's debts, will be distributed to Shareholders based on the proportion of their shareholding.

The Company shall continue to exist during the liquidation period, but it may not carry out any operating activities unrelated to the liquidation.

The Company's property may not be distributed to Shareholders until it is applied in paying off in accordance with the provisions of the preceding paragraph.

Upon disposal of the Company's property and preparation of the statement of assets and liabilities and the inventory list, if the liquidation group finds that the Company's property is insufficient to pay off its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the laws.

After the people's court accepts the bankruptcy application, the liquidation group shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report and submit it to the Shareholders' meeting or the people's court for verification, and file with the company registration authority for deregistration of the Company.

If the Company is declared bankrupt in accordance with the laws, the bankruptcy liquidation will be carried out in accordance with the relevant laws on enterprise bankruptcy.

Amendment to the Articles of Association

The amendment to the Articles of Association will be made under any of the following circumstances:

(1) when the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations after the Company Law or relevant laws and administrative regulations are amended;

(2) when the condition of the Company is changed resulting in such condition to be inconsistent with the matters recorded in the Articles of Association;

(3) when the Shareholders' meeting decides to amend the Articles of Association.

If the amendments to the Articles of Association passed by the resolution of the Shareholders' meeting are subject to the approval by the competent authority, they must be reported to the competent authority for approval; if the matters related to company registration are involved, the modification registration will be handled in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on the amendment of the Articles of Association and the approval opinion of the relevant competent authorities.

Where the amendments to the Articles of Association are information required to be disclosed by laws and regulations, such amendments are announced in accordance with the requirements.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the PRC as a limited liability company on December 5, 2017, and was converted into a joint stock limited company on October 25, 2024 ("**Conversion**"). As of the date of the Latest Practicable Date, the registered capital of our Company was RMB94,880,407 divided into 94,880,407 **[REDACTED]** Shares with a nominal value of RMB1.00 each.

Our registered office address is located at Building 3, Shengnuoda Industrial Park, No. 4 Xingju West Road, Dongxing Section, Dongjiang High-Tech Industrial Park, Zhongkai High-tech Zone, Huizhou, Guangdong, China and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 23, 2026. Ms. Lam Yuen Ling Eva (林婉玲) has been appointed as our authorized representative for acceptance of service of process and notices on behalf of our Company in Hong Kong, and their correspondence address is the same as our place of business in Hong Kong.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of Chinese Mainland. A summary of the relevant provisions of our Articles of Association is set out in Appendix III to this document.

2. Changes in Share Capital of Our Company

Save as disclosed in the section headed "History and Corporate Structure", there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in the Accountants' Report in Appendix I to this document.

As of the Latest Practicable Date, except for the incorporation of Huizhou Weidong New Energy Co., Ltd.* (惠州市微動新能源有限公司) on January 24, 2025 with registered capital of RMB1,000,000, Ganzhou Jiwang New Energy Co., Ltd.* (贛州集旺新能源有限公司) on January 23, 2025 with registered capital of RMB30,000,000 and Guangdong Gic-Power New Energy Co., Ltd.* (廣東微金新能源有限公司) on October 31, 2024 with registered capital of RMB5,550,000, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Restrictions of Share Repurchase

For details of the restrictions on the share repurchase by our Company, see "Appendix III — Summary of Articles of Association" to this document.

5. Resolutions of the Shareholders

Pursuant to the meeting of the Shareholders held on December 26, 2025, the following resolutions, among others, were duly passed:

(a) the number of H Shares to be issued pursuant to the [**REDACTED**] shall be no more than 25% of the total issued share capital of our Company as enlarged by the [**REDACTED**] before the exercise of the [**REDACTED**];

(b) subject to the filing with CSRC being completed, upon completion of the [**REDACTED**] Shares will be converted into H Shares on a one-for-one basis;

(c) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities;

(d) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as at the date of [**REDACTED**];

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot, issue Shares, or sell and/or transfer Shares out of treasury that are held as treasury shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, provided that, the number of Shares to be issued or sold and/or transferred out of treasury that are held as treasury shares shall not exceed 20% of the number of the Shares in issue as at the date of [**REDACTED**] (excluding any Shares issued pursuant to the [**REDACTED**]);

(f) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the [**REDACTED**], the issue of H Shares and the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

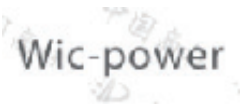
(a) the [**REDACTED**].

2. Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Class	Registered Owner	Place of Registration	Term of Exclusive Right
1 . . .		65948501	9	Our Company	PRC	October 7, 2023 to October 6, 2033
2 . . .		46210153	9	Our Company	PRC	February 7, 2021 to February 6, 2031
3 . . .		29110064	9	Our Company	PRC	July 7, 2019 to July 6, 2029
4 . . .		29102819	9	Our Company	PRC	February 28, 2019 to February 27, 2029
5 . . .		29092745	35	Our Company	PRC	May 14, 2019 to May 13, 2029
6 . . .		76588987	9	Our Company	PRC	December 14, 2024 to December 13, 2034
7 . . .		70961104	9	Our Company	PRC	December 14, 2024 to December 13, 2034

No.	Trademark	Registration Number	Class	Registered Owner	Place of Registration	Term of Exclusive Right
8		70947955	42	Our Company	PRC	October 14, 2023 to October 13, 2033
9		70939575	9	Our Company	PRC	October 14, 2023 to October 13, 2033

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Registered Owner	Patent	Type	Patent Number	Date of Registration
1	our Company	一種基於BMS系統並機實現方法 (A Method for Parallel Operation Based on BMS System)	Invention	202411382214.X	September 30, 2024
2	our Company	一種應用於儲能系統的SOC方法及SOC系統 (An SOC Method and SOC System Applied to Energy Storage Systems)	Invention	202410045123.0	January 11, 2024
3	our Company	電池的製備方法以及電池 (Battery Preparation Method and Battery)	Invention	202311433081.X	October 31, 2023
4	our Company	固態電解質、固態電解質膜及全固態鋰電池 (Solid Electrolyte, Solid Electrolyte Membrane, and All-Solid-State Lithium Battery)	Invention	202211736626.X	December 31, 2022
5	Central South University and our Company	電池殼體的密封性測試系統及測試方法 (Battery Case Sealability Testing System and Testing Method)	Invention	202211191610.5	September 28, 2022
6	our Company	一種電池引出端位置確定方法 (A Method for Determining Battery Terminal Position)	Invention	202111275048.X	October 29, 2021
7	our Company	電池、電池製備方法、電池檢測方法及電子設備 (Battery, Battery Preparation Method, Battery Testing Method, and Electronic Device)	Invention	202111166295.6	September 30, 2021
8	our Company	電池蓋板、電池以及電池的製備方法 (Battery Cover Plate, Battery, and Battery Preparation Method)	Invention	202110362208.8	April 2, 2021
9	our Company	鈕扣電池的製造方法 (Button Battery Manufacturing Method)	Invention	202110274397.3	March 15, 2021
10	our Company	一種電芯結構、電池以及電子設備 (A Cell Structure, Battery, and Electronic Device)	Invention	202011643658.6	December 31, 2020
11	our Company	電池單體、製備電池單體方法及電子設備 (Battery Cell, Battery Cell Preparation Method, and Electronic Device)	Invention	202011624090.3	December 30, 2020
12	our Company	電池及電子設備 (Battery and Electronic Device)	Invention	202011584269.0	December 28, 2020

No.	Registered Owner	Patent	Type	Patent Number	Date of Registration
13 . . .	our Company	隔膜及其製備方法、化學電池 (Separator and Its Preparation Method, Chemical Battery)	Invention	202011516437.2	December 21, 2020
14 . . .	our Company	鋰離子電池氧化亞矽複合負極材料及其製備方法與應用 (Lithium-Ion Battery Silicon Monoxide Composite Anode Material and Its Preparation Method and Application)	Invention	202011496616.4	December 17, 2020
15 . . .	our Company	一種電池 (A Battery)	Invention	202011403361.2	December 4, 2020
16 . . .	our Company	一種自動折極耳機構 (An Automatic Tab Folding Mechanism)	Invention	202010748435.X	July 30, 2020
17 . . .	our Company	基於自發熱原理殺病毒的電池裝置以及電子設備 (Battery Device for Virus Inactivation Based on Self-Heating Principle and Electronic Device)	Invention	202010266850.1	April 7, 2020
18 . . .	our Company	儲能裝置 (Energy Storage Device)	Invention	201911403010.9	December 30, 2019
19 . . .	our Company	鈕扣電池以及電子設備 (Button Battery and Electronic Device)	Invention	201911072196.4	November 5, 2019
20 . . .	our Company	一種電池裝置以及電子設備 (A Battery Device and Electronic Device)	Invention	201910743343.X	August 13, 2019
21 . . .	our Company	鈕扣型電池及其製造方法 (Coin-Type Battery and Its Manufacturing Method)	Invention	202110532689.2	May 15, 2019
22 . . .	our Company	鈕扣型電池及其製造方法 (Coin-Type Battery and Its Manufacturing Method)	Invention	202110532096.6	May 15, 2019
23 . . .	our Company	鈕扣型電池及其製造方法 (Coin-Type Battery and Its Manufacturing Method)	Invention	202110531974.2	May 15, 2019
24 . . .	our Company	極耳免焊接的電池結構 (Battery Structure with Weld-Free Tabs)	Invention	201910403321.9	May 15, 2019
25 . . .	our Company	電池裝置以及電子設備 (Battery Device and Electronic Device)	Invention	201910107887.7	February 2, 2019
26 . . .	our Company	一種蓋帽組件、電池及電子設備 (A Cap Assembly, Battery, and Electronic Device)	Utility Model	202422486082.7	October 14, 2024
27 . . .	our Company	連接件、電池以及電子設備 (Connector, Battery, and Electronic Device)	Utility Model	202421411388.X	June 19, 2024
28 . . .	our Company	蓋帽組件、扣式電池和電子設備 (Cap Assembly, Button Battery, and Electronic Device)	Utility Model	202323249704.6	November 29, 2023
29 . . .	our Company	一種極性檢測開關保護電路及檢測裝置 (A Polarity Detection Switch Protection Circuit and Detection Device)	Utility Model	202322768376.4	October 16, 2023
30 . . .	our Company	一種電池極性檢測保護電路及檢測裝置 (A Battery Polarity Detection Protection Circuit and Detection Device)	Utility Model	202322768340.6	October 16, 2023
31 . . .	our Company	鈕扣電池以及電子設備 (Button Battery and Electronic Device)	Utility Model	202320548719.3	March 17, 2023
32 . . .	our Company	一種電池外殼、電池及電子設備 (A Battery Housing, Battery, and Electronic Device)	Utility Model	202320158756.3	January 11, 2023

No.	Registered Owner	Patent	Type	Patent Number	Date of Registration
33 . . .	our Company	儲能裝置及電子設備 (Energy Storage Device and Electronic Device)	Utility Model	202221039187.2	April 29, 2022
34 . . .	our Company	電池組件、電池結構及電子設備 (Battery Component, Battery Structure, and Electronic Device)	Utility Model	202123251858.X	December 21, 2021
35 . . .	our Company	電池殼體、電池以及電子設備 (Battery Case, Battery, and Electronic Device)	Utility Model	202121589641.7	July 13, 2021
36 . . .	our Company	連接結構、電池以及電子設備 (Connection Structure, Battery, and Electronic Device)	Utility Model	202121579650.8	July 12, 2021
37 . . .	our Company	一種電池以及電子設備 (A Battery and Electronic Device)	Utility Model	202121188128.7	May 28, 2021
38 . . .	our Company	電芯、儲能裝置及電子設備 (Cell, Energy Storage Device, and Electronic Device)	Utility Model	202120908441.7	April 28, 2021
39 . . .	our Company	儲能裝置及電子設備 (Energy Storage Device and Electronic Device)	Utility Model	202120909496.X	April 28, 2021
40 . . .	our Company	一種電池 (A Battery)	Utility Model	202120408357.9	February 24, 2021
41 . . .	our Company	蓋帽組件及電池 (Cap Assembly and Battery)	Utility Model	202120300631.0	February 2, 2021
42 . . .	our Company	儲能裝置及電子設備 (Energy Storage Device and Electronic Device)	Utility Model	202022576763.4	November 9, 2020
43 . . .	our Company	一種電池裝置以及電子設備 (A Battery Device and Electronic Device)	Utility Model	202020209323.2	February 25, 2020
44 . . .	our Company	防爆電池 (Explosion-Proof Battery)	Utility Model	201922497380.5	December 31, 2019
45 . . .	our Company	具有防爆功能的電池 (Battery with Explosion-Proof Function)	Utility Model	201922497389.6	December 31, 2019
46 . . .	our Company	高能量密度電池 (High Energy Density Battery)	Utility Model	201922497304.4	December 31, 2019
47 . . .	our Company	一種電池卷芯用的電極片及柱狀或鈕扣電池 (An Electrode Sheet for Battery Cells and Cylindrical or Button Battery)	Utility Model	201921625508.5	September 26, 2019
48 . . .	our Company	一種電池裝置以及電子設備 (A Battery Device and Electronic Device)	Utility Model	201921310387.5	August 13, 2019
49 . . .	our Company	梯度卷邊電池 (Gradient-edged Battery)	Invention	201911411907.6	December 31, 2019
50 . . .	our Company	鈕扣型電池 (Coin-Type Battery)	Utility Model	201920704685.6	May 15, 2019
51 . . .	Jiangxi Mic-Power	鈕扣電池及其製備方法 (Button Battery and Its Preparation Method)	Invention	202211515225.1	November 30, 2022
52 . . .	Jiangxi Mic-Power	扣式電池合蓋裝置 (Button Battery Cover Closing Device)	Invention	202111667372.6	December 30, 2021
53 . . .	Jiangxi Mic-Power	基於Labview的電池模組焊接質量檢測方法及系統 (Labview-Based Battery Module Welding Quality Inspection Method and System)	Invention	202311741245.5	December 18, 2023
54 . . .	Jiangxi Mic-Power	基於Labview編程實現電池PACK焊接質量檢測的方法及系統 (Labview Programming-Based Method and System for Battery PACK Welding Quality Inspection)	Invention	202311744138.8	December 18, 2023
55 . . .	Jiangxi Mic-Power	蓋板組件、製備方法、電池及電子設備 (Cover Plate Assembly, Preparation Method, Battery, and Electronic Device)	Invention	202210803483.3	July 7, 2022

No.	Registered Owner	Patent	Type	Patent Number	Date of Registration
56 . . .	Jiangxi Mic-Power	鈕扣電池及電子設備 (Button Battery and Electronic Device)	Invention	202210929158.1	August 3, 2022
57 . . .	Jiangxi Mic-Power	扣式電池以及扣式電池的製備方法 (Button Battery and Button Battery Preparation Method)	Invention	202210828256.6	July 13, 2022
58 . . .	Jiangxi Mic-Power	固體電解質材料及其製備方法、固態電池 (Solid Electrolyte Material and Its Preparation Method, Solid-State Battery)	Invention	202011618109.3	December 30, 2020
59 . . .	Jiangxi Mic-Power	電池支架及電池模組 (Battery Bracket and Battery Module)	Utility Model	202322001504.2	July 28, 2023
60 . . .	Jiangxi Mic-Power	一種鋼殼結構及電池 (A Steel Case Structure and Battery)	Utility Model	202222308965.X	August 30, 2022
61 . . .	Jiangxi Mic-Power	一種電池及電子設備 (A Battery and Electronic Device)	Utility Model	202222211044.1	August 22, 2022
62 . . .	Jiangxi Mic-Power	鈕扣電池及電子設備 (Button Battery and Electronic Device)	Utility Model	202222048472.7	August 4, 2022
63 . . .	Jiangxi Mic-Power	軟包扣電用鋁塑膜成型結構及軟包電池 (Aluminum-Plastic Film Forming Structure for Pouch Button Battery and Pouch Battery)	Utility Model	202221670693.1	June 30, 2022
64 . . .	Jiangxi Mic-Power	方形電池以及電子設備 (Prismatic Battery and Electronic Device)	Utility Model	202221532690.1	June 17, 2022
65 . . .	our Company	鈕扣電池及電子設備 (Button Battery and Electronic Device)	Invention	US17/597,937	December 20, 2019
66 . . .	our Company	鈕扣型電池 (Coin-Type Battery)	Invention	US16/874,792	May 15, 2020
67 . . .	our Company	鈕扣電池 (Button Battery)	Invention	US16/874,783	May 15, 2020
68 . . .	our Company	鈕扣電池 (Button Battery)	Invention	US12142797B2	May 15, 2020
69 . . .	our Company	電池裝置以及電子設備 (Battery Device and Electronic Device)	Invention	US16/973,569	December 9, 2020
70 . . .	our Company	一種蓋帽組件以及組裝方法和電池 (A Cap Assembly and An Assembly Method and A Battery)	Invention	PCT/CN2023/142249	December 27, 2023

(c) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Registration Number	Copyright	Registered Owner	Date of Registration	Place of Registration
1 . . .	2025SR1110203	Battery Production Environmental Monitoring System (電池生產環境監控系統)	Jiangxi Mic-Power	June 27, 2025	PRC
2 . . .	2025SR1110122	Battery Performance Test Data Management System (電池性能測試數據管理系統)	Jiangxi Mic-Power	June 27, 2025	PRC
3 . . .	2025SR1110156	Battery Quality Inspection Process Management System (電池質量檢驗流程管理系統)	Jiangxi Mic-Power	June 27, 2025	PRC
4 . . .	2025SR1110173	Battery Production Planning and Scheduling System (電池生產計劃排程系統)	Jiangxi Mic-Power	June 27, 2025	PRC
5 . . .	2025SR1110187	Battery R&D Formulation Management System (電池研發配方管理系統)	Jiangxi Mic-Power	June 27, 2025	PRC
6 . . .	2025SR1118551	WICPOWER-EMS	Guangdong Wic-Power	June 30, 2025	PRC
7 . . .	2024SR1346036	WICPOWER-BMS Battery Management System (WICPOWER-BMS電池管理系統)	Guangdong Wic-Power	September 10, 2024	PRC

(d) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights which we consider to be material to our business:

No.	Registration Number	Copyright	Type	Copyright Owner	Registration Date
1 . . .	國作登字-2022-F-10191739	Guangdong Mic-Power New Energy Co., Ltd. LOGO1 (廣東微電新能源有限公司LOGO1)	Fine Art Works (美術作品)	our Company	September 13, 2022
2 . . .	國作登字-2022-F-10191733	Guangdong Mic-Power New Energy Co., Ltd. LOGO2 (廣東微電新能源有限公司LOGO2)	Fine Art Works (美術作品)	our Company	September 13, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

We have entered into a service contract or a letter of appointment with each of the Directors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts and letters of appointment 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 a service contract with any member of our Group.

2. Remuneration of Directors

For details of the remuneration of our Directors, see "Directors and Senior Management — Directors' Remuneration and Remuneration of the Five Highest-paid Individuals" and "Appendix I — Notes to the Historical Financial Information — Directors' and Chief Executive's Remuneration".

3. Disclosure of Interests

(a) Disclosure of Interests of Directors and Chief Executive

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, so far as our Directors are aware, none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), to be notified to our Company and the Stock Exchange once the H Shares are listed.

(b) Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any persons (other than our Directors and chief executive) who will, immediately following the completion of the [**REDACTED**], have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any types of the issued voting shares of any member of our Group.

Agency Fees or Commissions Received

The [**REDACTED**] will receive an [**REDACTED**] in connection with the [**REDACTED**]. See "[**REDACTED**] — [**REDACTED**] Arrangements and Expenses — Commissions and Expenses." Save in connection with the [**REDACTED**], no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications of Experts" below) in connection with the issue or sale of any capital or security of our Company or any member of our 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 our Company.

4. Disclaimers

Save as disclosed in this document:

(a) None of the Directors nor any of the experts referred to in "Qualifications of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group.

(b) Save in connection with the [**REDACTED**], none of the Directors nor any of the experts referred to "Qualifications of Experts" below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of our Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(c) None of the Directors or their respective close associates or the Shareholders who to the knowledge of the Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

D. EMPLOYEE INCENTIVE SCHEME

1. Summary of the Principal Terms

The following is a summary of the principal terms of the Employee Incentive Scheme as approved and adopted by the Shareholders on January 28, 2021 (the "**Adoption Date**").

(a) Purpose

The Employee Incentive Scheme is to establish a comprehensive long-term incentive scheme of our Group, to motivate, attract and retain talents, and to share our success with the participants.

(b) Effectiveness and Duration

Subject to any early termination as may be determined by our Board pursuant to terms of the Employee Incentive Scheme, the Employee Incentive Scheme shall be valid from the Adoption Date until the date on which all award shares granted to the incentive recipients are vested or invalidated. As of the Latest Practicable Date, all award shares had been vested and exercised, and there are no award shares which may be granted under the scheme. The Equity Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company or any issuance of new Shares by our Company after the [**REDACTED**].

(c) Administration

The Employee Incentive Scheme shall be subject to the administration of our Board and the management of our Company (the "**Administrators**") in accordance with the terms and conditions of the Employee Incentive Scheme. The Administrators may, from time to time, select the participants to whom a restricted stock unit ("**RSU Awards**") may be granted. The Administrators have the right to, among others:

(i) interpret and construe the provisions of the Employee Incentive Scheme;

(ii) determine the persons who will be granted RSU Awards under the Employee Incentive Scheme, and

(iii) determine the terms and conditions on which RSU Awards are granted and lock-up period of the RSUs granted pursuant to the Employee Incentive Scheme.

(d) Participants

The eligible participants in the Employee Incentive Scheme include employees who have direct impact on the Group's performance and development; and (ii) any other persons who have been approved by our Board to be included in the Employee Incentive Scheme as incentive recipients.

(e) Employee shareholding platforms

Huizhou Jiwang is a limited partnership established in the PRC on June 22, 2021, with Mr. Chen being its general partner who held approximately 6.40% of its partnership interest. The remaining interest was held by 43 limited partners, including: (i) Mr. Shen Guoliang (沈國良) (our former supervisor); (ii) Mr. Xu (our general manager and executive Director); (iii) Ms. Luo Hongbing (羅紅兵) (our deputy general manager, secretary of our Board, and our chief financial officer); (iv) 34 existing employees of our Group; (v) two former employees of our Group; and (vi) four existing or former consultants.

Zhuhai Jiyi is a limited partnership established in the PRC on April 1, 2021, with Mr. Xu being its general partner who held approximately 9.68% of its partnership interest. The remaining interest was held by 34 limited partners, including: (i) Mr. Chen (the chairman of our Board and our executive Director); (ii) Ms. Yuan Li (袁麗); (iii) Mr. Li Zhengdong (李正冬); (iv) Mr. Qiu

Kaiqiang (丘凱強); (v) Mr. Chen Lei (陳雷); (vi) 26 other existing employees of our Group; and (vii) three former employees of our Group.

(f) Shares under the Equity Incentive Scheme

As of the Latest Practicable Date, Huizhou Jiwang and Zhuhai Jiyi held 4,105,264 Shares and 1,963,684 Shares, representing approximately 4.33% and 2.07% of the share capital of our Company, respectively. Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Huizhou Jiwang and Zhuhai Jiyi will be interested in approximately [**REDACTED**]% and [**REDACTED**]% of the total issued share capital of our Company.

(g) Voting Rights

Mr. Chen, as the general partner of Huizhou Jiwang, is entitled to exercise the voting rights attached to the Shares held by Huizhou Jiwang on behalf of Huizhou Jiwang. Mr. Xu, as the general partner of Zhuhai Jiyi, is entitled to exercise the voting rights attached to the Shares held by Zhuhai Jiyi on behalf of Zhuhai Jiyi.

(h) Changes, Termination and Other Matters Regarding the Employee Incentive Scheme

In the event of any change of control, merger, or division of the Company, all granted shares will remain unchanged, and incentive recipients will not be eligible for accelerated vesting.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is expected to be imposed on any member of our Group.

2. Litigation

Saved as disclosed in this document, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an [**REDACTED**] on behalf of our Company to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares to be converted from [**REDACTED**] Shares and the H Shares to be issued pursuant to the [**REDACTED**]. The Sole Sponsor will receive a fee of US$600,000 for acting as the sponsor for the [**REDACTED**].

4. Promoters

Our Company converted into a joint stock company with limited liability on October 25, 2024, and the promoters of our Company are our then 32 shareholders. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to

be paid, allotted or given to any promoters in connection with the **[REDACTED]** or the related transactions described in this document.

5. Compliance Advisor

Our Company has appointed Altus Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

6. Preliminary Expenses

As of the Latest Practicable Date, our company did not incur any material preliminary expenses.

7. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualifications
Guotai Junan Capital Limited	Licensed corporation under the SFO permitted to carry out type 6 (Advising on Corporate Finance) regulated activity (as defined under the SFO)
AllBright Law Offices	Legal advisor to our Company as to PRC laws
Arch & Lake LLP	Legal advisor to our Company as to U.S. laws
Dedica Law Firm Limited	Legal advisor to our Company as to Vietnam laws
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
China Insights Consultancy	Industry consultant

Each of the experts has given and has not withdrawn its written consents to the issue of this document with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and the references to its names and logos included herein in the form and context in which it is respectively included.

Save as disclosed in this document, as of the Latest Practicable Date, none of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

8. Restrictions on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to "Appendix III — Summary of Articles of Association" in this document.

9. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

10. Binding Effect

This document shall have the effect, if any [**REDACTED**] is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position since June 30, 2026 (being the end date of the period reported on in the Accountants' Report in Appendix I to this document).

12. Bilingual Document

The English and Chinese language versions of this document are being published separately in reliance on the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system;

(h) our Company is a joint stock limited company and is subject to the PRC Company Law. Neither our company nor any of its subsidiaries is listed in any stock exchange; and

(i) the English text of this document shall prevail over its respective Chinese text.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of each of the material contracts referred to in the paragraph headed "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Our Material Contracts"; and

(ii) the written consents referred to in the paragraph headed "Appendix IV — Statutory and General Information — 5. Qualifications and Consents of Experts".

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of the Stock Exchange at **www.hkexnews.com** and our website at **www.mic-power.cn.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the accountants' report from KPMG, the text of which is set out in Appendix I to this document;

(iii) the consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(iv) the report from KPMG in respect of the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II in this document;

(v) the industry report issued by China Insights Industry Consultancy Limited;

(vi) the legal opinion issued by AllBright Law Offices, our PRC Legal Advisors, in respect of certain general corporate matters and property interests in the PRC of the Group;

(vii) the legal opinion issued by Dedica Law Firm Limited, legal advisor to our Company as to Vietnam Laws;

(viii) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Our Material Contracts";

(ix) the service contracts and appointment letters referred to in "Appendix IV — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Particulars of Directors' Service Contracts";

(x) the written consents referred to in "Appendix IV — Statutory and General Information — Other information — Qualification of Experts"; and

(xi) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation.