BRETON 博雷顿

BRETON TECHNOLOGY CO., LTD.
博雷頓科技股份公司

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

Stock code : 1333

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司

招銀国际 CMB INTERNATIONAL

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

建银国际 CCB International

中國銀河國際 CHINA GALAXY INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

Citrus 鉅誠證券

TradeGo Markets

Joint Lead Manager

浦銀國際 SPDB INTERNATIONAL

IMPORTANT: *If you are in any doubt about any of the contents of this prospectus, you should obtain professional independent advice.*

BRETON
博雷顿

Breton Technology Co., Ltd.
博雷頓科技股份公司

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

Global Offering

Number of Offer Shares under the Global Offering	**:**	**13,000,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**1,300,000 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**11,700,000 H Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**HK$18.0 per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**1333**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司　　招银国际 CMB INTERNATIONAL

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the Offer Price will be HK$18.0 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027%, an AFRC transaction levy of 0.00015% and a Stock Exchange trading fee of 0.00565%.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.breton.top as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For more information, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. For more information, see "Underwriting."

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.breton.top**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

April 25, 2025

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.breton.top. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

For more information on the procedures through which you can apply for the Hong Kong Offer Shares electronically, see "How to Apply for Hong Kong Offer Shares."

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
200	3,636.31	4,000	72,726.12	20,000	363,630.60	160,000	2,909,044.80
400	7,272.61	5,000	90,907.66	30,000	545,445.90	180,000	3,272,675.40
600	10,908.92	6,000	109,089.18	40,000	727,261.20	200,000	3,636,306.00
800	14,545.22	7,000	127,270.71	50,000	909,076.50	300,000	5,454,459.00
1,000	18,181.54	8,000	145,452.25	60,000	1,090,891.80	400,000	7,272,612.00
1,200	21,817.83	9,000	163,633.76	70,000	1,272,707.10	500,000	9,090,765.00
1,400	25,454.14	10,000	181,815.30	80,000	1,454,522.40	650,000(1)	11,817,994.50
1,600	29,090.45	12,000	218,178.35	90,000	1,636,337.70		
1,800	32,726.75	14,000	254,541.42	100,000	1,818,153.00		
2,000	36,363.05	16,000	290,904.48	120,000	2,181,783.60		
3,000	54,544.59	18,000	327,267.55	140,000	2,545,414.20		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.breton.top****.*

Hong Kong Public Offering commences	9:00 a.m. on Friday, April 25, 2025
Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Wednesday, April 30, 2025
Application lists for the Hong Kong Public Offering open[3]	11:45 a.m. on Wednesday, April 30, 2025
Latest time for (a) completing payment for the **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, April 30, 2025

If you are instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI System to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3]	12:00 noon on Wednesday, April 30, 2025
Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the website of our Company at **www.breton.top** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[5]	Tuesday, May 6, 2025
Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus from	Tuesday, May 6, 2025

Results of allocations in the Hong Kong Public Offering to be available the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from[5]	11:00 p.m. on Tuesday, May 6, 2025 to 12:00 midnight on Monday, May 12, 2025
Telephone enquiry line for the results of allocations in the Hong Kong Public Offering by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from	Wednesday, May 7, 2025 to Monday, May 12, 2025 (expect Saturday, Sunday and public holidays in Hong Kong)
For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from	6:00 p.m. on Friday, May 2, 2025
Despatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6][7]	Tuesday, May 6, 2025
Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or unsuccessful applications pursuant to the Hong Kong Public Offering on or before[6]	Wednesday, May 7, 2025
Dealings in the H Shares on the Stock Exchange expected to commence at	9:00 a.m. on Wednesday, May 7, 2025

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 30, 2025, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares" in this prospectus.

(5) None of the websites or any of the information contained on the websites forms part of this prospectus.

(6) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, May 7, 2025, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of the H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risk.

(7) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

*You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters and the Capital Market Intermediaries, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering. Information contained on our website (**www.breton.top**) does not form part of this prospectus.*

Page

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. Moreover, there are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read the entire document carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a China-based provider of electric-powered engineering machinery. We design, develop and commercialize battery-electric engineering machinery with autonomous capabilities and provide intelligent operation services. According to CIC, we ranked third and seventh among all manufacturers of new energy wide-body dump trucks and loaders in China, with a market share of 18.3% and 3.8% in terms of shipments in 2024, respectively, being the only pure-play manufacturer among the top manufacturers of these two types of new energy engineering machinery. In 2024, we achieved a market share of 3.2% in the wide-body dump truck market and 1.3% in the loader market in China in terms of revenue, with both markets including new energy and fuel-powered machinery. We also design and develop e-powertrain kits for battery-electric tractor trucks and collaborate with manufacturers to bring these vehicles to market.

We are a fast-growing manufacturer of battery-electric wide-body dump trucks and loaders. From 2022 to 2024, our shipments of battery-electric wide-body dump trucks grew from 59 to 307 units, and shipments of battery-electric loaders increased from 326 to 450 units, achieving a CAGR of 128.1% and 17.5%, respectively. According to CIC, we ranked first in shipments of battery-electric wide-body dump trucks with battery capacities exceeding 650 kWh for three consecutive years from 2022 to 2024.

Our design and engineering process begins with a detailed analysis of customer requirements and intended use scenarios, which informs our performance-oriented product designs and precise engineering practices. We use different manufacturing arrangements for each product type, leveraging the strengths of both in-house production and external partnerships. Following this strategy, we initially launched the BRT951EV, a five-tonne battery-electric loader model, in December 2019, followed by the introduction of the BRT90E, a 90-tonne battery-electric wide-body dump truck model, in May 2020. As of the Latest Practicable Date, our lineup predominantly featured battery-electric models, including battery-electric loaders with payloads ranging from three to seven tonnes, and battery-electric wide-body dump trucks covering tonnages from 90 to 135 tonnes.

Our business thrives on the strength of advanced technological capabilities. We have been continuously advancing e-powertrain design, electrical and electronic architecture and machine intelligence. We have introduced a charging circuit design for our battery-electric wide-body dump trucks, incorporating four-branch parallel charging circuits that allow four connectors to simultaneously charge a single truck. This innovation makes us the first in the market to enable a 700-kWh battery to be fully charged within approximately 70 minutes under standard working conditions, according to CIC. We are also the first in China to develop and commercialize a dual-motor design for engineering machinery, according to the same source, which resolves the technical issue of mutual interference and power diversion between the drive and working motors, thereby significantly reducing energy consumption and lowering repair and maintenance costs. Moreover, we are the first manufacturer in China to bring autonomous battery-electric wide-body dump trucks and remote-operate battery-electric loaders to the market, according to CIC. Our proprietary suite of remote and autonomous operation technologies enhances the intelligence, safety and efficiency of our loaders and wide-body dump trucks, especially on jobsites where direct human operation is unsafe or impractical due to extreme temperatures or hazardous conditions. These capabilities set us apart from manufacturers that rely heavily on outsourced software for their remote and autonomous operations.

Our technological achievements have earned us significant industry recognition. We are a “Key Little Giant” enterprise designated by the MIIT in 2022, a select category within the national “Little Giant” program that honors novel, high-performing small and medium-sized enterprises in specialized fields. Our e-powertrain kit was recognized as one of the top ten commercialized high-tech achievements of 2022 by the Shanghai Science and Technology Committee. We also play an active role in shaping crucial standards for new energy engineering machinery in China. For instance, we contributed as drafters to the national safety technical specifications for earth-moving machinery, and to the industry standards for technical conditions and testing methods for battery-electric wheeled loaders and battery-electric wide-body dump trucks.

Our Loss-Making Position

In 2022, 2023 and 2024, our net loss was RMB178.1 million, RMB229.4 million and RMB274.5 million, respectively. While our sales efforts to capture market opportunities effectively boosted revenue and sustained a positive gross profit margin throughout the Track Record Period, our net loss widened, primarily due to (i) our substantial upfront investments in product development and commercialization, (ii) our penetration pricing strategy to increase market penetration and capitalize on early-stage market opportunities, (iii) the increase in raw material and components costs, such as LFP batteries, particularly in 2022 and 2023, and (iv) our efforts to accelerate the clearance of inventories of battery-electric tractor trucks because of the strategic shift in our product focus to battery-electric wide-body dump trucks and loaders.

Although we recorded gross profit of RMB36.8 million, the net loss widened in 2024, primarily attributable to (i) an increase in impairment loss on trade and other receivables, contract assets and financial guarantee issued of RMB44.9 million, mainly due to increases in trade receivables balances and the average aging of overdue trade receivables; (ii) an increase in administrative expenses of RMB20.8 million, in relation to listing expenses incurred in 2024; and (iii) an increase in research and development expenses of RMB13.1 million, driven by increased staff costs and material consumption.

In 2022, 2023 and 2024, we had gross loss for battery-electric loaders of RMB12.0 million, RMB11.8 million and RMB15.8 million, representing a gross loss margin of 6.5%, 4.2% and 7.1%, respectively. The gross loss was mainly due to (i) the increased costs of pre-stocked lithium iron phosphate power batteries, or LFP batteries, following a surge in prices of LFP batteries in 2022, and (ii) the lower average selling prices. In 2023, we reduced the average selling price of our loaders from RMB623 thousand in 2022 to RMB581 thousand, contributing to a significant increase in the sales volume from 295 units in 2022 to 484 units in 2023. However, the average selling price of our loaders further declined to RMB559 thousand in 2024, primarily due to the intense market competition, especially from market players with established positions in traditional fuel-powered loader industry, which led to the higher gross loss margin in 2024.

We recorded gross loss of RMB4.7 million and RMB1.6 million for battery-electric tractor trucks in 2023 and 2024, representing a gross loss margin of 16.4% and 23.1%, respectively, primarily because we reduced the selling prices of our battery-electric tractor trucks to accelerate the clearance of inventories, as we strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks since 2021.

Our Revenue Model

During the Track Record Period, we generated most of our revenue from sales of products, including battery-electric loaders, wide-body dump trucks and tractor trucks, as well as sales of spare parts and accessories (primarily e-powertrains and charging piles, as well as add-on e-powertrains we sold under our energy transition solutions). Starting in 2024, we began generating revenue through the sale of battery-electric engineering machinery with autonomous capabilities. We also generate rental income by leasing our loaders, dump trucks and tractor trucks to lessees that prefer to use our products without purchasing them.

Apart from product sales and leasing, we offer a wide range of repair and maintenance services adapting to our customer needs. To introduce prospective customers to the economic and operational benefits of our products, we provide trial uses and, on a case-by-case basis, may charge trial-use fees. As we began commercializing our remote and autonomous operation technologies in 2023, we also generate service fees from providing autonomy solutions.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Sales of products:						
Battery-electric wide-body dump trucks	76,290	21.2	126,456	27.3	364,588	57.4
Battery-electric loaders	183,730	51.0	281,154	60.6	224,197	35.3
Battery-electric tractor trucks	77,940	21.6	28,551	6.1	7,035	1.1
Spare parts and accessories	15,311	4.3	19,372	4.2	25,687	4.0
Subtotal	**353,271**	**98.1**	**455,533**	**98.2**	**621,507**	**97.8**
Rendering of services	**485**	**0.1**	**2,794**	**0.6**	**3,187**	**0.5**
Rental income	**6,350**	**1.8**	**5,411**	**1.2**	**10,763**	**1.7**
Total revenue	**360,106**	**100.0**	**463,738**	**100.0**	**635,457**	**100.0**

Sales of Products by Product Type

Battery-electric Wide-body Dump Trucks

In 2022, 2023 and 2024, our revenue from sales of battery-electric wide-body dump trucks amounted to RMB76.3 million, RMB126.5 million and RMB364.6 million, respectively, accounting for 21.2%, 27.3% and 57.4% of our total revenue for the corresponding years.

The table below sets forth the key metrics for the sales of battery-electric wide-body dump trucks for the years indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Sales volume *(unit)*	59	88	281
Average selling price *(RMB in thousands)*	1,293	1,437	1,297
Revenue *(RMB in thousands)*	76,290	126,456	364,588
Gross profit margin[(1)]	13.8%	12.4%	13.7%

Note:

(1) Represents gross profit of sales of battery-electric wide-body dump trucks divided by the revenue from sales of battery-electric wide-body dump trucks.

The increase in revenue from battery-electric wide-body dump trucks was driven by an increase in its sales volume. The sales volume of battery-electric wide-body dump trucks increased from 59 units in 2022 to 88 units in 2023, and further to 281 units in 2024, primarily attributable to (i) our intensified sales efforts to expand our customer base, (ii) the introduction of new products with improved functions, and (iii) our increased research and development efforts to continually improve the performance, adaptability and reliability of our dump trucks. In August 2022, we launched the 105-tonne model BRT105E, which enabled heavy-load uphill operations. In the second half of 2024, we launched the 120-tonne model BRT120E with a greater payload and the 135-tonne range-extended model BRT135EZ. The introduction of these product models catered to the unmet needs of a broader market.

The average selling price of our battery-electric wide-body dump trucks increased from RMB1.3 million in 2022 to RMB1.4 million in 2023, primarily due to the higher proportion of sales from new models in 2023, which commanded higher prices due to their larger payload and battery capacities. The average selling price of our dump trucks decreased from RMB1.4 million in 2023 to RMB1.3 million in 2024, primarily due to the decrease of average cost of sales, which allowed us to strategically adjust the selling prices to offer greater value to our customers.

The gross profit margin of battery-electric wide-body dump trucks slightly decreased from 13.8% in 2022 to 12.4% in 2023, mainly due to the increased impairment loss on battery-electric wide-body dump truck inventory in 2023 associated with increased inventory balance by the end of 2023. In addition, we recorded impairment loss that was associated with certain dump trucks previously used for trials, which had been remained in our inventory for an extended period following the conclusion of the trial use. The gross profit margin for battery-electric wide-body dump trucks remained relatively stable at 13.7% in 2024.

Battery-electric Loaders

In 2022, 2023 and 2024, our revenue from sales of battery-electric loaders amounted to RMB183.7 million, RMB281.2 million and RMB224.2 million, respectively, accounting for 51.0%, 60.6% and 35.3% of our total revenue for the corresponding years.

The table below sets forth the key metrics for the sales of battery-electric loaders for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Sales volume *(unit)*	295	484	401
Average selling price *(RMB in thousands)*	623	581	559
Revenue *(RMB in thousands)*	183,730	281,154	224,197
Gross loss margin[1]	(6.5)%	(4.2)%	(7.1)%

Note:

(1) Represents gross loss of sales of battery-electric loaders divided by the revenue from sales of battery-electric loaders.

The increase in revenue from battery-electric loaders from 2022 to 2023 was primarily driven by an increase in the sales volume of our loaders from 295 units in 2022 to 484 units in 2023, attributable to (i) our intensified sales efforts, (ii) increased customer acceptance of battery-electric loaders, and (iii) our increased research and development efforts that contributed to improvements in the performance, adaptability and reliability of our loaders. The increase in revenue was negatively affected by a decrease in the average selling price of our loaders, which decreased from RMB623 thousand in 2022 to RMB581 thousand in 2023. The decrease in average selling price from 2022 to 2023 resulted primarily from our strategic decision to lower loader prices to capture early-stage opportunities in the new energy engineering machinery market, along with fluctuations in raw material costs. The revenue from battery-electric loaders decreased from 2023 to 2024, primarily due to the decrease in sales volume and average selling price of our loaders. The sales volume of our loaders decreased from 484 units in 2023 to 401 units in 2024, and the average selling price of our loaders decreased from RMB581 thousand in 2023 to RMB559 thousand in 2024, primarily due to the intense market competition, especially from market players with established positions in traditional fuel-powered loader industry.

Our gross loss margin slightly decreased from 6.5% in 2022 to 4.2% in 2023, primarily due to the decrease in impairment loss on battery-electric loaders during the same years, attributable to our efforts to boost sales and manage inventory level. Our gross loss margin of loaders increased from 4.2% in 2023 to 7.1% in 2024, primarily due to the reduced average selling price of our loaders.

Battery-electric Tractor Trucks

In 2022, 2023 and 2024, our revenue from sales of battery-electric tractor trucks amounted to RMB77.9 million, RMB28.6 million and RMB7.0 million, respectively, accounting for 21.6%, 6.1% and 1.1% of our total revenue for the corresponding years.

The table below sets forth the sales volume and average selling price of our tractor trucks, as well as revenue and gross profit margin for the sales of battery-electric tractor trucks for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Sales volume *(unit)*	148	66	27
Average selling price *(RMB in thousands)*	527	433	261
Revenue *(RMB in thousands)*	77,940	28,551	7,035
Gross profit/(loss) margin[(1)]	3.1%	(16.4)%	(23.1)%

Note:

(1) Represents gross profit or loss of sales of battery-electric tractor trucks divided by the revenue from sales of battery-electric tractor trucks.

The decrease in revenue from battery-electric tractor trucks was primarily due to (i) a decrease in sales volume as we strategically shifted our primary focus and allocated most of our sales and research and development resources to battery-electric loaders and wide-body dump trucks, and (ii) a decrease in the average selling prices of battery-electric tractor trucks, which resulted from our strategy to accelerate inventory sales. We recorded gross profit margin of 3.1% in 2022 and gross loss margin of 16.4% and 23.1% in 2023 and 2024, respectively. Such decrease in the profitability of battery-electric tractor trucks was primarily because we reduced the selling prices of our battery-electric tractor trucks to accelerate the clearance of inventories, as we strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks since 2021.

Spare Parts and Accessories

The spare parts and accessories we sell mainly include e-powertrains and charging piles. In 2022, 2023 and 2024, our revenue from sales of spare parts and accessories amounted to RMB15.3 million, RMB19.4 million and RMB25.7 million, respectively, accounting for 4.3%, 4.2% and 4.0% of our total revenue for the corresponding years. The increase in revenue from sales of spare parts and accessories from RMB15.3 million in 2022 to RMB19.4 million in 2023 and further to RMB25.7 million in 2024 was primarily driven by the increased sales of charging piles. In addition, exports of add-on e-powertrains contributed to the growth from 2022 to 2023. The gross profit margin of spare parts and accessories was 11.0%, 15.8% and 3.1% in 2022, 2023 and 2024, respectively. The gross profit margin of spare parts and accessories decreased from 15.8% in 2023 to 3.1% in 2024, primarily due to the export of add-on e-powertrains to a trucking company based in North America in 2023, which recorded relatively higher profit margin as compared to charging piles.

Sales of Products by Sales Channel

We utilize both direct sales and distribution channels to market our products and engage with customers. The table below sets forth a breakdown of our revenue, gross profit and gross profit margin for sales of products by sales channel for the years indicated.

	For the Year Ended December 31,								
	2022			2023			2024		
	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)
	(RMB in thousands, except for percentages)								
Sale of products									
Direct sales[(1)]	156,709	12,138	7.7	271,759	19,471	7.2	387,230	42,660	11.0
Sales through distributors[(2)]	196,562	16,144	8.2	183,774	3,688	2.0	234,277	8,113	3.5
Subtotal	**353,271**	**28,282**	**8.0**	**455,533**	**23,159**	**5.1**	**621,507**	**50,773**	**8.2**
Impairment loss on inventory		(25,650)			(20,879)			(17,432)	
Total		**2,632**	**0.7**		**2,280**	**0.5**		**33,341**	**5.4**

Notes:

(1) Represents the revenue from sales of products that are purchased by (i) end customers who use our products in their operations, such as power generation, mining and infrastructure construction, and (ii) distributors who purchase our products to lease them to their clients or to provide machinery operation services.

(2) Represents the revenue from sales of products that are purchased by distributors who contractually resell, or are reasonably expected to resell, our products.

The impairment loss on inventory in 2024 was primarily due to an increase in impairment loss on inventory of battery-electric loaders from RMB9.4 million in 2023 to RMB12.5 million in 2024. The increase was mainly attributable to a the lower net realizable value of our loaders, driven by a decline in their average selling price and the relatively high volume of battery-electric loaders for trial use. The impairment loss on inventory of our battery-electric wide-body dump trucks declined significantly from RMB9.0 million in 2023 to RMB3.3 million in 2024.

Industry Opportunities

Engineering machinery, indispensable to operations in mining and quarrying, energy and utilities, logistics and transportation, manufacturing and industrial production, construction and infrastructure as well as agriculture, is undergoing a pivotal shift towards new energy. This transition is propelled by the urgent need to address climate concerns, economic benefits and expanding market demand.

- ***Climate change imperatives.*** Machinery with internal combustion engines is a major contributor to air pollution, emitting large quantities of greenhouse gases, hydrocarbons, nitrogen oxides and particulate matter. According to CIC, the number of engineering machines in operation in 2022 is less than 3% of the number of registered cars. However, the engineering machinery industry emits substantially higher levels of pollutants compared to the automobile industry. Specifically, in China, emissions of carbon dioxide, nitrogen oxide and particulate matter from engineering machinery in 2022 are equivalent to 13%, 20% and 109% of those from automobiles, respectively, according to CIC.

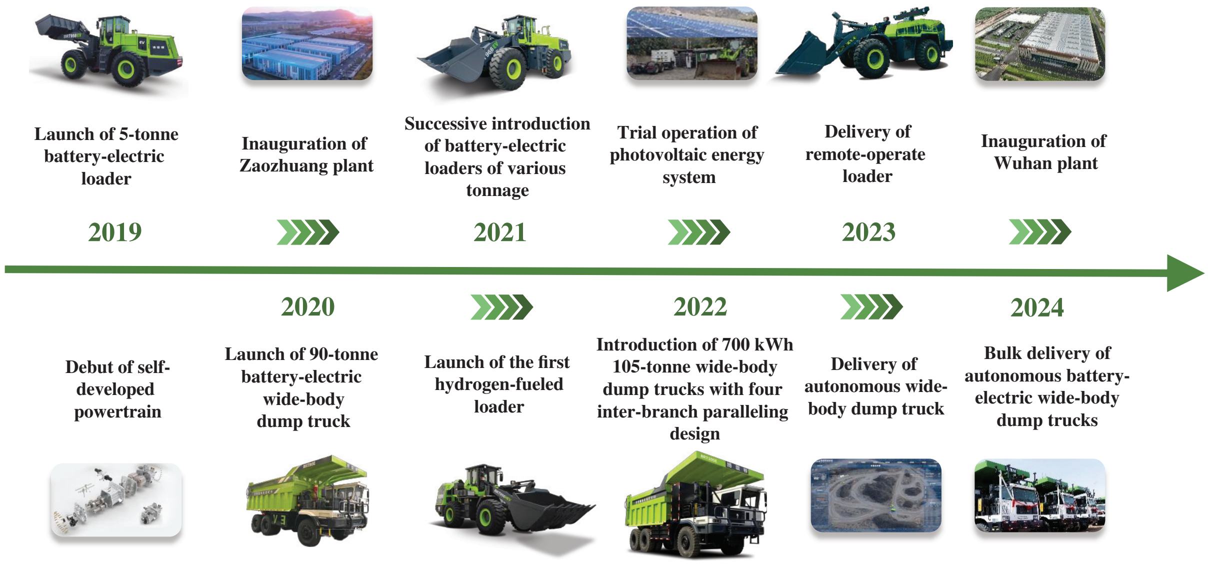
- ***Economic benefits.*** The shift toward new energy engineering machinery is not only environmentally driven but also economically advantageous. These machines reduce costs related to energy consumption and maintenance over their lifecycle and are compatible with advanced technologies such as artificial intelligence and telematics, which further enhance their value by lowering operational and labor costs more efficiently than traditional fuel-powered machinery. The economic edge has spurred the adoption of new energy engineering machinery in the market, outpacing the early adoption rates of new energy passenger vehicles. According to CIC, while new energy passenger vehicles took eight years to reach a 5.5% market penetration rate from a negligible base, new energy loaders and wide-body dump trucks achieved the same in less than six years.

- ***Growing market demand.*** Driven by the pressing need for decarbonization and effective climate action, new energy engineering machinery is gaining preference worldwide. There has been a significant rise in both international and domestic demand for new energy engineering machinery. In China, the adoption of favorable policies further accelerates this trend, such as the Notice on Further Strengthening the Construction of Green Mines (《關於進一步加強綠色礦山建設的通知》) issued by the Ministry of Natural Resources in April 2024, fueling the growth of market demand for new energy solutions in the industry.

The Breton Solutions

Our exploration into the new energy field begins with the research and development of e-powertrain kits customized for first-generation battery-electric tractor trucks. We have further extended our technological capabilities into the field of engineering machinery, a market that has vast and unserved demand for new energy products and solutions.

The following diagram illustrates our key development milestones:



Our engineering machinery exhibits the following key competitive advantages:

- ***Green enhancement.*** Our engineering machinery, powered exclusively by non-fossil fuel sources, achieves zero exhaust emissions. Our battery-electric loaders and wide-body dump trucks are designed to significantly reduce carbon emissions compared to similar fuel-powered models, making them a greener alternative to traditional machinery. For instance, over a five-year service lifespan, our five-tonne battery-electric loaders are estimated to reduce carbon emissions by approximately 342.0 tonnes per unit. Likewise, our 105-tonne battery-electric wide-body dump trucks are projected to lower carbon emissions by approximately 490.4 tonnes per unit during heavy-load uphill operations (tasks that involve transporting heavy loads up inclines, which typically consume more energy) and by approximately 624.6 tonnes per unit during heavy-load downhill operations (where the trucks carry heavy loads down slope) over the same period. Furthermore, these machines operate at lower noise levels, with our battery-electric loaders and wide-body dump trucks averaging 70 decibels and 74 decibels, respectively, substantially quieter than the 86 decibels and 82 decibels typically produced by their fuel-powered counterparts, according to CIC.

- ***Cost efficiency.*** Despite higher initial purchase cost, our battery-electric loaders and wide-body dump trucks offer long-term savings over their operational lifetime due to lower energy consumption and maintenance expenses. Over a five-year lifespan, our five-tonne battery-electric loaders can yield total net savings of approximately RMB1.2 million per unit, and our 105-tonne battery-electric wide-body dump trucks can save approximately RMB2.2 million per unit on heavy-load uphill operations, and approximately RMB1.2 million per unit on heavy-load downhill operations. The integration of remote and autonomous operation technologies further reduces the need for large on-site crews, leading to substantial savings in staffing costs.

- ***Adaptability.*** Our machinery lineup, featuring diverse payload and battery capacities, has found widespread applications in mining, logistics, industrial production, port operations and infrastructure construction. According to CIC, the BRT105E model, a 105-tonne battery-electric wide-body dump truck with a 700-kWh battery, is the first in China capable of performing uphill tasks for over 5.5 hours continuously on a single charge. This breakthrough expands the versatility of battery-electric wide-body dump trucks, enabling them to meet a broader range of operational demands. Our knowledge in thermal management and e-powertrain design ensures that our products perform reliably under extreme conditions, such as the intense temperatures of Xinjiang, Inner Mongolia and Shanxi, the dusty and stormy environments of tunnel construction and coking coal operations, and the high-altitude regions of Xinjiang and Qinghai.

- ***Operator experience and safety.*** Across all our human-operated products, we incorporate a smart cockpit that enhances the operating experience through advanced ergonomic designs and intuitive controls. Operators enjoy the benefits of a real-time overview of equipment status and gain access to comprehensive data analytics facilitated by interconnected sensors and algorithm-powered software. For increased safety, our intelligent safety intervention system proactively manages braking and steering during emergencies, which improves overall reliability in critical situations. Our products are also equipped with panoramic detection capabilities, identifying blind spots and offering timely alerts for operators, pedestrians and passing vehicles.

- ***Intelligent operations.*** Our remote and autonomous operation technologies transform mundane, hazardous and labor-intensive tasks into efficient, safe and unmanned operations. These advancements not only enhance machine uptime and overall productivity by eliminating human errors, but also create a safe working environment by enabling operators to manage machines remotely and securely, especially in hazardous conditions and extreme weather. With predictive analytics and adaptive algorithms, operators can exploit autonomous features for smooth navigation across rugged terrains, supervise multiple machines simultaneously, and increase operational efficiency without being physically present.

Expanding beyond our range of engineering machinery, we went further to provide autonomy and energy transition solutions catering to diverse customer needs across geographies, jobsites and working conditions. These solutions are intended to complement our product sales by creating additional, sustainable revenue streams through service fees and software licensing. We anticipate that diversifying our offerings will drive long-term growth, achieve economies of scale, and further strengthen our market position and financial health.

- ***Autonomy solutions.*** We offer intelligent mining solutions and autonomous scheduling software to automate operations, facilitate remote control of machinery and manage multiple fleets simultaneously. Our technologies are engineered to integrate with an expanding range of engineering machinery across diverse operational scenarios, which allows businesses to achieve real-time, synchronous control over their entire fleet and minimize labor costs by reducing the need for human intervention in routine, high-risk or complex tasks.

- ***Energy transition solutions.*** Our energy transition solutions are designed to convert traditional fuel-powered vehicles into hybrids that can operate on both fuel and battery power. We achieve this by designing, engineering and manufacturing add-on e-powertrains that work in conjunction with existing internal combustion engines. We believe our energy transition solutions promote sustainability and provide a cost-effective pathway for decarbonization across various industries.

- ***Photovoltaic energy system.*** We are developing a direct current photovoltaic energy system that integrates solar panels, inverters, storage batteries and charging stations for energy generation, storage and charging. The direct-circuited-only design enhances efficiency, reduces heat loss and improves stability, making it ideal for regions without grid infrastructure. In December 2022, we launched a pilot system in Panzhihua, Sichuan, which supports unmanned operation and is compatible with various electric vehicles and machinery. We are also expanding our photovoltaic energy business in international markets and expect to complete a new project in 2025 that will generate electricity to support operations.

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors.

- Pioneer in China's new energy engineering machinery industry;
- Advanced technology and engineering capabilities driving product excellence;
- Green solutions adapting to diverse customer needs;
- Vast sales and service network cultivating broad customer base;
- Robust supplier relationships building cost-saving and resilient supply chain;
- Strong manufacturing expertise ensuring high-quality standards; and
- Visionary leadership and technology experts leading industry standards.

See "Business — Our Strengths."

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business.

- Advance our technological innovations and engineering capabilities;
- Expand offerings of products and solutions;
- Expand our presence in international and domestic markets;

- Continue to strengthen manufacturing capabilities; and
- Pursue strategic alliances and investments.

See "Business — Our Strategies."

RISK FACTORS

Investing in the Offer Shares involves certain risks as set out in "Risk Factors" in this prospectus, which could be categorized into (i) risks relating to our business and industry, (ii) risks relating to our doing business in China, and (iii) risks relating to the Global Offering. Some of the major risks we are exposed to are as follows:

- Our future growth is dependent on the demand for, and customers' willingness to adopt engineering machinery powered by new energy sources;
- We had net loss and net cash used in operating activities during the Track Record Period, and may have net loss and net cash used in operating activities in the future;
- We recorded thin gross margins during the Track Record Period;
- The prices of our products are subject to fluctuations, which may adversely affect our business, prospects, results of operations and financial condition;
- The new energy engineering machinery industry is highly competitive, and we cannot guarantee success in competing within these industries;
- The industry we operate in is characterized by rapid technological changes and advancements. Adoption of any alternative energy sources, including hydrogen power, may adversely affect our business, prospects, results of operations and financial condition;
- Our business plans demand a significant amount of capital. To meet our future capital requirements, we may need to seek equity or debt financings, which could dilute our shareholders and introduce covenants imposing restrictions on our operations or dividend payments. However, the availability of such funding may not be timely, on acceptable terms, or secured at all, potentially forcing us to curtail or discontinue our operations;
- Our limited operating history makes it difficult for us to evaluate our future prospects;
- During the Track Record Period and for the foreseeable future, our revenue primarily depended and will continue to depend on a limited number of models; and
- Our products might not meet customers' performance expectations and could potentially contain defects.

Additionally, as certain portion of H Shares to be converted upon conversion of Unlisted Shares into H Shares or to be issued to Cornerstone Investors will be subject to a lock-up period from the Listing Date, the liquidity and trade volume of our H shares may be significantly affected in the short term following the Global Offering. For details, see "Risk Factors — Risks Relating to the Global Offering — There has been no prior public market for our H Shares. An active trading market may not develop, especially taking into account that certain existing Shareholders may be subject to a lock-up period, and the liquidity of our H shares may be limited, and the price and trading volume of our H Shares may be volatile."

OUR CUSTOMERS AND SUPPLIERS

Our customers comprise direct sales customers and distributors of our products primarily located in China. In 2022, 2023 and 2024, the revenue attributable to our five largest customers for each year of the Track Record Period amounted to RMB125.6 million, RMB201.4 million and RMB276.2 million, respectively, representing 34.9%, 43.4% and 43.5% of our total revenue for the corresponding years. Revenue attributable to our single largest customer amounted to RMB27.2 million, RMB47.4 million and RMB86.9 million for the same years, accounting for 7.6%, 10.2% and 13.7% of our total revenue, respectively.

Our suppliers are primarily manufacturers of raw materials and components for our products, including motors, batteries, controllers, gearboxes, thermal management parts, chassis and cabins. We purchase all of our raw materials and components from suppliers in China. Aside from these manufacturers, we also purchase all of our software and IT services from technology companies in China. In 2022, 2023 and 2024, the aggregate purchases attributable to our five largest suppliers for each year of the Track Record Period amounted to RMB336.7 million, RMB318.7 million and RMB347.4 million, respectively, representing 68.5%, 66.3% and 56.7% of our total purchases for the corresponding years. Purchases attributable to our single largest supplier amounted to RMB174.1 million, RMB189.0 million and RMB152.9 million for the same years, accounting for 35.4%, 39.4% and 24.9% of our total purchases, respectively.

OUR MANUFACTURING

We employ different manufacturing methods for each product type, all of which combine the benefits of both in-house production and external collaboration to balance our core manufacturing competencies with economic efficiency.

We manufacture e-powertrains and undertake the complete assembly of battery-electric loaders at our own manufacturing plants. In addition, we outsource the production of structural components for our loaders, which typically involves routine and labor-intensive tasks such as material cutting, shaping, welding, machining, and coating, to third-party manufacturers to achieve optimal cost-efficiency in our manufacturing process. We conduct on-site quality inspections at every critical stage of the outsourced manufacturing process, ensuring third-party manufacturers adhere to the technical standards and specifications defined by our design and engineering teams.

We manufacture e-powertrain kits for battery-electric wide-body dump trucks in-house and outsource the production of structural and other components such as battery frames, chassis, cabins and cargo beds, as well as the assembly process to third-party manufacturers. Such arrangement allows us to focus on our strengths in the design and development of complete machinery and the manufacturing of core components, while leveraging the specialized expertise of third-party manufacturers for cost-efficient production and assembly.

We manufacture e-powertrain kits for battery-electric tractor trucks in-house. We supply e-powertrain kits to a state-owned independent catalog company with the requisite vehicle manufacturing qualification. Such catalog company integrates our e-powertrain kits with their chassis and other critical components to assemble complete tractor trucks. Upon completion of the assembly process, we procure these fully assembled trucks from the catalog company and include them in our inventory for sale to downstream customers. Our collaboration agreement with the catalog company expired in November 2024 and we have decided not to renew the agreement as we shifted our focus towards new energy engineering machinery and solutions.

We currently operate three specialized manufacturing plants. We manufacture our loaders at our Zaozhuang plant, which began operation in August 2020 and is situated in a leased facility in Zaozhuang, Shandong. The annual design capacity of our Zaozhuang plant is 600 units. At this facility, we use an integrated manufacturing system to streamline production processes. Additionally, we have implemented heavy-duty automated guided vehicles for simplifying product assembly and logistic automated guided vehicles for efficient delivery of components and raw materials. In anticipation of increasing demand for battery-electric loaders in the next five years, we constructed our second loader manufacturing plant in Wuhan, Hubei, which commenced operations in August 2024, with an annual design capacity of 5,000 units.

We previously manufactured e-powertrain kits for battery-electric wide-body dump trucks and tractor trucks at our manufacturing plant located in Shanghai until our lease expired in September 2022. Starting from October 2022, we relocated the manufacturing of these e-powertrain kits to our Yuyao plant. The annual design capacity of our Yuyao plant is 200 sets and the capacity utilization rate of the plant exceeded 100% in 2024.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Accountants' Report set out in Appendix I to this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

Summary of Consolidated Statements of Profit or Loss

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except for percentages)					
Revenue	**360,106**	**100.0**	**463,738**	**100.0**	**635,457**	**100.0**
Cost of sales	(351,934)	(97.7)	(454,459)	(98.0)	(598,618)	(94.2)
Gross profit	**8,172**	**2.3**	**9,279**	**2.0**	**36,839**	**5.8**
Other net gain	121	0.1	4,500	1.0	24,617	3.9
Selling expenses	(46,925)	(13.0)	(58,016)	(12.5)	(59,720)	(9.4)
Administrative expenses	(59,447)	(16.5)	(88,444)	(19.1)	(109,263)	(17.2)
Research and development costs	(44,855)	(12.5)	(68,562)	(14.8)	(81,707)	(12.9)
Impairment loss on trade and other receivables, contract assets and financial guarantee issued[1]	(26,863)	(7.5)	(38,176)	(8.2)	(83,098)	(13.1)
Loss from operations	**(169,797)**	**(47.1)**	**(239,419)**	**(51.6)**	**(272,332)**	**(42.9)**
Finance income	6,447	1.8	16,335	3.5	10,547	1.7
Finance costs	(13,733)	(3.8)	(6,919)	(1.5)	(9,187)	(1.4)
Share of results of associates	(388)	(0.1)	590	0.1	(3,485)	(0.5)
Loss before taxation	**(177,471)**	**(49.2)**	**(229,413)**	**(49.5)**	**(274,457)**	**(43.2)**
Income tax	(630)	(0.2)	(1)	(0.0)	(90)	(0.0)
Loss for the year	**(178,101)**	**(49.4)**	**(229,414)**	**(49.5)**	**(274,547)**	**(43.2)**

Note:

(1) Represents the loss in the estimated amounts owing from trade and other receivables and financial guarantee issued that might be uncollectible.

Our impairment loss on trade and other receivables, contract assets and financial guarantee issued increased from RMB38.2 million in 2023 to RMB83.1 million in 2024, mainly due to increases in trade receivables balances and the average aging of overdue trade receivables.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net loss (a non-IFRS measure) as an additional financial metric. This non-IFRS measure, which is neither required by nor presented in accordance with IFRS, allows for comparisons of operating performance from period to period and with other companies by eliminating potential impact of certain items. We believe this measure provides useful information to investors and others for understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. As an analytical tool, the non-IFRS measure has inherent limitations and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (a non-IFRS measure) as loss for the year adjusted for (i) equity-settled share-based payment expenses, (ii) listing expenses, and (iii) interest expenses on financial instruments issued to investors. Equity-settled share-based payment expenses consist of non-cash expenses arising from granting restricted shares to eligible individuals under employee restricted share plans. See Note 27 to the Accountants' Report in Appendix I to this prospectus for details. Listing expenses mainly include professional fees incurred in relation to the Listing and the Global Offering. Interest expenses on financial instruments issued to investors relate to the interest expenses incurred after the issuance of our financial instruments through which we granted preferred rights to certain investors to redeem their paid-in capital for cash upon specified events. All our financial instruments had been converted into equity or terminated during the Track Record Period as disclosed in Note 25 to the Accountants' Report in Appendix I to this prospectus.

The following table sets forth a reconciliation of our loss for the year to adjusted net loss (a non-IFRS measure) for the years indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Loss for the year	**(178,101)**	**(229,414)**	**(274,547)**
Adjusted for:			
Equity-settled share-based payment expenses	29,054	29,659	33,478
Listing expense	—	9,686	23,463
Interest expenses on financial instruments issued to investors	6,464	272	—
Non-IFRS measure:			
Adjusted net loss for the year	**(142,583)**	**(189,797)**	**(217,606)**

In 2022, 2023 and 2024, our adjusted net loss (a non-IFRS measure) was RMB142.6 million, RMB189.8 million and RMB217.6 million, respectively. The widening adjusted net loss (a non-IFRS measure) is in line with our rapid revenue growth, mainly due to ongoing investments to capitalize on market opportunities as we expand our business. Our adjusted net loss margin (a non-IFRS measure), representing adjusted net loss (a non-IFRS measure) as a percentage of revenue, was 39.6%, 40.9% and 34.2% in 2022, 2023 and 2024, respectively, showing a decreasing trend primarily as a result of a decrease of operating expenses as a percentage of revenue and an increase in our gross profit margin as we began realizing economies of scale.

We recorded net loss since our inception. We had accumulated loss of RMB237.0 million as of January 1, 2022, mainly due to (i) the relatively low customer acceptance of new energy engineering machinery, as the overall market remains in its early stage, with the combined market size of new energy loaders and wide-body dump trucks being RMB1.0 billion in revenue in 2021; (ii) our short operation history with only a few commercialized products before 2022; and (iii) substantial upfront investments in developing products, promoting research and development capabilities, establishing our sales system and growing our business.

During the Track Record Period, we recorded relatively modest gross profit margins, primarily due to significant impairment losses on inventories. However, with the increasing trend of gross profit margin from 2.0% in 2023 to 5.8% in 2024 which showed an improvement in profitability, we expect a continued growth in our gross profit margin in the future, as we reduce impairment losses on inventory through enhanced inventory management and optimize inventory level.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	17,562	97,301	165,303
Other investments	18,939	19,093	41,735
Right-of-use assets	11,479	86,096	106,559
Intangible assets	1,032	2,044	2,961
Interest in associates	3,716	23,259	28,482
Other non-current assets	46,908	62,565	73,660
Total non-current assets	**99,636**	**290,358**	**418,700**
Current assets			
Inventories	294,544	268,675	259,023
Contract assets	860	342	1,322
Trade and other receivables	257,817	435,089	555,833
Pledged bank deposits	4,700	5,278	4,208
Cash and cash equivalents	270,260	422,072	199,254
Total current assets	**828,181**	**1,131,456**	**1,019,640**
Total assets	**927,817**	**1,421,814**	**1,438,340**

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
LIABILITIES			
Current liabilities			
Loans and borrowings	94,727	99,233	267,197
Financial instruments issued to investors	28,870	—	—
Trade and other payables	156,975	294,908	374,539
Income tax payables	488	—	—
Provision	7,549	12,257	16,472
Contract liabilities	15,197	13,740	3,655
Lease liabilities	2,383	7,037	3,222
Total current liabilities	**306,189**	**427,175**	**665,085**
Non-current liabilities			
Loans and borrowings	56,648	53,994	85,116
Lease liabilities	8,300	15,444	2,606
Deferred tax liabilities	2,744	2,902	3,252
Total non-current liabilities	**67,692**	**72,340**	**90,974**
Total liabilities	**373,881**	**499,515**	**756,059**
Net current assets	**521,992**	**704,281**	**354,555**
Net assets	**553,936**	**922,299**	**682,281**

We recorded net current assets of RMB522.0 million, RMB704.3 million and RMB354.6 million as of December 31, 2022, 2023 and 2024, respectively. Our net current assets decreased from RMB704.3 million as of December 31, 2023 to RMB354.6 million as of December 31, 2024, primarily due to an increase of our current liabilities, mainly resulting from (i) an increase in our current loans and borrowings of RMB168.0 million, and (ii) an increase of RMB79.6 million in trade and other payables.

Our net current assets increased from RMB522.0 million as of December 31, 2022 to RMB704.3 million as of December 31, 2023, due to an increase in our current assets. Our current assets increased from RMB828.2 million as of December 31, 2022 to RMB1.1 billion as of December 31, 2023, primarily due to (i) an increase of RMB177.3 million in trade and other receivables, (ii) an increase of RMB151.8 million in cash and cash equivalents, and (iii) an increase of RMB578 thousand in pledged bank deposits.

Our net assets increased from RMB553.9 million as of December 31, 2022 to RMB922.3 million as of December 31, 2023, primarily due to the issuance of ordinary shares (net of transaction cost) of RMB567.6 million. Our net assets decreased from RMB922.3 million as of December 31, 2023 to RMB682.3 million as of December 31, 2024, primarily due to (i) a decrease in our cash and cash equivalents of RMB222.8 million, (ii) an increase in our current loans and borrowings of RMB168.0 million, and (iii) an increase in our trade and other payables of RMB79.6 million.

Summary of Consolidated Statement of Cash Flows

The following table sets forth our selected cash flow data for the years indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(290,421)	(193,686)	(269,951)
Net cash used in investing activities	(22,628)	(185,427)	(135,705)
Net cash generated from financing activities	522,011	530,925	182,838
Net increase/(decrease) in cash and cash equivalents	**208,962**	**151,812**	**(222,818)**
Cash and cash equivalents at the beginning of the year	61,298	270,260	422,072
Cash and cash equivalents at the end of the year	**270,260**	**422,072**	**199,254**

The net cash used in operating activities was RMB290.4 million, RMB193.7 million and RMB270.0 million in 2022, 2023 and 2024, respectively.

We had net cash used in operating activities of RMB270.0 million in 2024. The changes in working capital in 2024 reflected primarily an increase in trade and other receivables of RMB131.7 million in line with our increased sales, partially offset by an increase in trade and other payables of RMB91.2 million, primarily due to an increase in trade payables due to third party suppliers in line with our expansion of business scale.

We had net cash used in operating activities of RMB193.7 million in 2023. The changes in working capital in 2023 reflected primarily an increase in trade and other receivables of RMB161.6 million in line with our increased sales, partially offset by an increase in trade and other payables of RMB121.2 million, primarily due to an increase in trade payables due to third-party suppliers in line with our expansion of business scale.

We had net cash used in operating activities of RMB290.4 million in 2022. The changes in working capital in 2022 reflected primarily (i) an increase in trade and other receivables of RMB124.0 million due to our increased sales, and (ii) an increase in inventories of RMB76.0 million, primarily because we increased our production based on our estimates of market demand for our products.

Key Financial Ratios

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	For the Year Ended/As of December 31,		
	2022	2023	2024
Profitability indicators			
Gross profit margin[(1)]	2.3%	2.0%	5.8%
Liquidity indicators			
Current liquidity ratio[(2)]	270.5%	264.9%	153.3%
Gearing ratio[(3)]	67.5%	54.2%	110.8%
Inventories turnover days[(4)]	266	226	161
Trade receivables turnover days[(5)]	176	239	236
Trade payables turnover days[(6)]	91	113	139

Notes:

(1) Gross profit margin equals gross profit divided by revenue from continuing businesses for the year.

(2) Current liquidity ratio equals to current assets as of the last day of the year divided by current liabilities as of the last day of the year.

(3) Gearing ratio equals to total liabilities (including current and non-current liabilities) divided by total equity as of the last day of the year.

(4) Average turnover days of inventories is equal to the average of the beginning and ending net inventory balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

(5) Average turnover days of trade receivables is equal to the average of the beginning and ending net trade receivable balances of a year divided by revenue for that year and multiplied by the number of days in that period.

(6) Average turnover days of trade payables is equal to the average of the beginning and ending gross trade payable balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

See "Financial Information" for further details.

BUSINESS SUSTAINABILITY

Background

With the rapid development of the new energy engineering machinery industry, we had experienced solid revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our products and services. Our revenue increased from RMB360.1 million in 2022 to RMB463.7 million in 2023, and further increased to RMB635.5 million in 2024, representing a CAGR of 32.8% from 2022 to 2024.

Despite our rapid growth, our net loss widened during the Track Record Period. In 2022, 2023 and 2024, we recorded net loss of RMB178.1 million, RMB229.4 million and RMB274.5 million, respectively, primarily attributable to the following factors:

- *Substantial upfront investments*. We are still in the early stage of product development and commercialization, requiring continued substantial investments in these areas. In addition, due to our limited commercialized product portfolio and the initial phase of scaling operations, our revenue has not yet reached a level sufficient to offset high costs and expenses associated with the upfront investments, particularly research and development expenses.

- *Increased expenses during the Track Record Period*. Despite the growth in revenue and gross profit, our relatively thin gross profit margin is insufficient to fully offset rising expenses. As we are proactively expanding our business operation, we incurred higher administrative expenses and selling expenses. In addition, impairment loss on trade and other receivables, contract assets and financial guarantee issued continued to increase from 2022 to 2024, in line with our business expansion.

- *Early-stage market dynamics*. The new energy engineering machinery remains in its early stage of development and faces relatively low customer acceptance, as reflected in the combined market size of new energy loaders and wide-body dump trucks being RMB1.0 billion in terms of revenue in 2021. Competition in the new energy engineering machinery market is intense. Existing industry players widely recognize this market's vast potential and rapid growth trajectory, driving aggressive efforts to gain early market share, establish brand recognition and build competitive advantages. To increase market penetration and capitalize on early-stage opportunities, we implemented a penetration pricing strategy with lower competitive price to boost sales and build a stronger market presence.

- *Rising raw material costs*. The average price of an LFP battery increased from RMB0.6 per watt-hour in 2021 to RMB0.9 per watt-hour in 2022, and then decreased to RMB0.8 per watt-hour and RMB0.5 per watt-hour in 2023 and 2024, according to CIC. We pre-stocked LFP batteries as their price surged in 2022, resulting in a relatively higher average procurement cost of LFP batteries during the Track Record Period. Our cost of LFP batteries increased from RMB141.3 million in 2022 to RMB163.2 million in 2023 and RMB229.8 million in 2024. As most of the pre-stocked LFP batteries were utilized in 2022 and 2023, their impact on our cost of sales and gross profit was mitigated in 2024. However, we cannot assure that there will be no material fluctuations in the procurement prices of LFP batteries and other raw materials and components in the future, which might further widen our net loss margin.

- *Strategic product focus*. We strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks, to which we allocated most of our sales and research and development resources. To accelerate inventory clearance of battery electric tractor trucks and to respond to the intensified competition, we reduced their average selling price, which adversely impacted our financial performance during the Track Record Period.

Going forward, we strive to achieve profitability and improve our operating cash flows by (i) improving our sales performance, (ii) improving gross profit margin, (iii) enhancing operational efficiency, and (iv) improving the management of trade receivables. We expect to record net profit and net operating cash inflow in the near future.

Strategies to Improve Our Sales Performance

Industry Growth and Market Opportunities

China's new energy engineering machinery industry has been evolving and is expected to grow rapidly in the next few years. According to CIC, the market size of major new energy engineering machinery categories in China in terms of revenue increased from RMB23.5 billion in 2020 to RMB54.0 billion in 2024, representing a CAGR of 23.2%, and is expected to increase to RMB124.2 billion in 2029, representing a CAGR of 18.1%.

As a player in the new energy engineering machinery industry, our performance is closely aligned with our industry's upward trend and we believe we are well-positioned to capture the opportunities in the rapid development of our industry. With a strong base of customer orders and strategic cooperations with select key customers, we are assured of a stable customer base in the short term, which enables us to expand reach, deliver products and services to a broader range of customers across diverse applications, and achieve a continual increase in product sales and an increased market share.

Increasing Downstream Demands

As new energy technology advances and customer acceptance grows, downstream demands for new energy engineering machinery are expected to grow in the future. According to CIC, the market size of major new energy engineering machinery categories in China's mining, logistics and ports, industrial and manufacturing, and construction industries reached RMB5.6 billion, RMB13.0 billion, RMB15.7 billion and RMB4.7 billion in 2024, respectively, expected to reach RMB25.4 billion, RMB23.8 billion, RMB27.6 billion and RMB18.2 billion in 2029, at a CAGR of 35.5%, 12.8%, 11.9% and 31.3%, respectively. As one of the leading players in these markets, we will leverage our leading position to capture newly emerged demands, ensuring we remain a preferred choice in the increasing new energy engineering machinery market.

Our Sales Strategies

Our sales strategies focus on retaining existing customers and maximizing the value of existing customer relationships. We are dedicated to driving existing customers to repurchase our products from us or our distributors, maintaining deepened customer relationships while driving incremental revenue growth.

During the Track Record Period, we strategically employed a targeted market expansion initiative to facilitate broader market coverage across China. From 2018 to 2020, we began by engaging with select mining and industrial customers in Inner Mongolia, followed by market expansion into Shanxi and Shaanxi.

Our Sales Channels

Our sales model combines direct sales and distribution channels, which allows us not only to establish high-touch customer interactions with customers across major industry verticals, but also to penetrate both nationwide and regional markets swiftly.

We plan to grow and expand our customer base, covering both our distributors and end customers, by (i) establishing regional service hubs in first-tier cities across China to support product displays, business development, sales, training and warehousing, (ii) strengthening regional marketing and expanding direct customer reach by participating in industry conferences and exhibitions, (iii) expanding our distributor network to between 70 and 80 distributors, including approximately 20 associated distributors, and (iv) enhancing our sales, marketing and customer service teams by recruiting additional personnel and providing them with comprehensive trainings.

These sales efforts will enhance our sales performance and drive sustainable growth by improving customer access, increasing market penetration and fostering stronger customer relationship.

See "Financial Information — Business Sustainability — Strategies to Improve Our Performance."

Strategies to Improve Our Gross Profit Margin

Broaden and Refine Our Product Lineup

During the Track Record Period, we expanded our product lineup by introducing battery-electric loaders and wide-body dump trucks that feature increased payload and battery capacities or extended operational times. Additionally, we introduced engineering machinery equipped with remote and autonomous operation capabilities, which can navigate and perform its tasks with reduced manual intervention. To further optimize our product portfolio, we plan to focus on developing, manufacturing and selling premium, technologically-advanced products with strong profit margin potential, which we believe will raise both the average selling price and gross profit margin across our portfolio. We will strategically focus on increasing sales of our large-payload, high-capacity battery models, launching battery-electric wide-body dump trucks with higher-capacity batteries and loaders with increased payloads and continuously upgrading our products and services to better meet our customers' evolving needs and achieve greater satisfaction.

Advance Technology Development and Diversify Service Offerings

During the Track Record Period and up to the Latest Practicable Date, we have made advancements in the research, development and commercialization of remote and autonomous operation technologies.

Building on these achievements, we plan to increase our investment in remote-control systems, autonomy solutions, as well as autonomous scheduling and collaborative operation technologies. We are exploring an increasing number of applications for remote-control and autonomous operating technologies, focusing primarily on harsh work environments that present risks to operators' physical and mental well-being, such as mining sites with high dust exposure and extreme noise levels.

Reduce Procurement and Production Costs

We plan to increase our gross profit margin by (i) managing raw material costs effectively, (ii) improving manufacturing efficiency, (iii) enhancing inventory management, and (iv) reducing warranty expenses. We anticipate that the prices of materials related to our products, including lithium carbonate used in batteries, structural materials, and other core components such as gearboxes and electric motor controls, will remain stable over the next year. For the next five years, according to CIC, lithium carbonate prices are expected to gradually decline and steel prices to remain stable, while costs for key components such as gearboxes and electric motor controls are projected to decrease, provided that supply-demand dynamics and logistic costs remain steady. This downward trend in raw materials costs is expected to further improve our gross profit margins in the future. Enhancing and enriching our products and services will also contribute to the improvement of our gross profit margin.

See "Financial Information — Business Sustainability — Improve Gross Profit Margin."

Enhance Operational Efficiency and Improve the Management of Trade Receivables

Our ability to manage and control our operating expenses is critical to the success of our business and our profitability. As our operations scale, we plan to enhance operational efficiency by carefully managing our selling expenses and administrative expenses. By optimizing resource allocation and streamlining processes, we aim to foster sustainable growth. Additionally, we intend to improve the management of trade receivables by implementing multi-layer credit risk monitoring strategies, which will help reduce the impairment loss on trade and other receivables.

See "Financial Information — Business Sustainability — Enhance Operational Efficiency" and "Financial Information — Business Sustainability — Improve the Management of Trade Receivables."

WORKING CAPITAL SUFFICIENCY

We had negative operating cash flows during the Track Record Period. We may continue to record negative cash flows from operating activities in the future, in which case our working capital may be limited and our business, financial condition, results of operations and prospects may be materially and adversely affected. See "Risk Factors — Risks Relating to Our Business and Industry — We had net loss and net cash used in operating activities during the Track Record Period, and may have net loss and net cash used in operating activities in the future."

Based on the cash and cash equivalents on hand, our operating cash flows, the available financing facilities, and the estimated net proceeds available to us from the Global Offering, our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

IMPACT OF COVID-19 ON OUR OPERATIONS

The COVID-19 pandemic affected the global economy, new energy engineering machinery industry and our business operations. The outbreak resulted in nationwide restrictions on travel and public transport, and the implementation of social distancing measures. While we faced challenges, we had been able to manage these disruptions effectively due to strategic planning and cooperation.

The outbreak led to restrictions that affected various aspects of business operations. The operations of our Zaozhuang plant were halted for 16 days in October and November 2022. Due to our adequate inventory reserves, this temporary shutdown did not significantly disrupt our overall sales and delivery processes. During the pandemic, we also shifted to a work-from-home model for two months in 2022. The remote work setup posed temporary challenges, particularly impacting cross-regional communications and sales visit activities. With the help of the government initiatives such as dedicated routes, the COVID-19 pandemic had little impact on our logistics operations. The outbreak had a suppressive effect on customer demand for our products; however, the overall new energy engineering machinery market had continued to show a growth trend during the COVID-19 pandemic. While the COVID-19 pandemic presented substantial challenges, our strategic preparations helped mitigate its impacts on our operations. Despite the temporary disruption caused by the COVID-19 pandemic, we were able to achieve significant growth. Our revenue increased by 28.8% from RMB360.1 million in 2022 to RMB463.7 million in 2023, and further increased by 37.0% to RMB635.5 million in 2024. See "Risk Factors — Risks Relating to Our Business and Industry — We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations" and "Financial Information — Impact of COVID-19 on Our Operations."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Chen, Shanghai Fangao, Cloud Tribe Yijin, Cloud Tribe Management, Shanghai Yijin, Yijin Venture Capital Management and Shanghai Yijin Management constituted a group of Controlling Shareholders and were able to exercise approximately 32.18% of the voting rights in our Company. Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), our Controlling Shareholders will be able to exercise approximately 31.07% of the aggregate voting power of our enlarged share capital. For details, see "Relationship with our Controlling Shareholders."

PRE-IPO INVESTORS

We have attracted certain Pre-IPO Investors and completed four rounds of investments from them since our establishment to raise funds for the development of our business. For further details of the identity and background of the Pre-IPO Investors, and the amount raised and the usage of proceeds, see "History, Development and Corporate Structure — Pre-IPO Investments."

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders, even if we become profitable.

PREVIOUS PLAN FOR A-SHARE LISTING

In February 2023, we filed a notice of pre-listing tutoring for A-share listing application (上市輔導備案申請) in relation to our previous plan to list on the Science and Technology Innovation Board of Shanghai Stock Exchange, and then submitted four tutoring progress reports (輔導進展報告) during April 2023 and January 2024 with the Shanghai office of CSRC. Having considered the then overall market conditions and our business development needs, and to provide further capital for the development and expansion of our business, raise our profile and market awareness of our brand, and present us with an opportunity to further expand our investor base and global presence, we decided to pursue an H-share listing on the Stock Exchange. In April 2024, we terminated the preliminary tutoring process. We have not submitted any listing application for the A-share listing to the CSRC or any stock exchange in the PRC. For further details, see "History, Development and Corporate Structure — Previous Plan for A-Share Listing."

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for the Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the financial year ended December 31, 2024, being RMB635.5 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalization at the time of the Listing, which, based on the Offer Price of HK$18.0 per Offer Share, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

- the Hong Kong Public Offering of 1,300,000 H Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in "Structure of the Global Offering — The Hong Kong Public Offering"; and

- the International Offering of 11,700,000 H Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S or any other available exemption from registration under the U.S. Securities Act as described in "Structure of the Global Offering — The International Offering."

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.4% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 3.9% of the total enlarged issued share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set out in "Structure of the Global Offering — The International Offering — Over-allotment Option."

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 13,000,000 H Shares are issued pursuant to the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 379,651,762 Shares in issue following the completion of the Global Offering.

	Based on an Offer Price of HK$18.00 per Offer Share
Market capitalization following the completion of the Global Offering(1)	HK$6,833.7 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of our Company per Share(2)	HK$2.51

Notes:

(1) The calculation of market capitalization is based on 379,651,762 Shares expected to be in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised at all).

(2) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to Shareholders per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to Shareholders of our Company by 364,709,265 Shares, being the number of shares expected following the completion of the Global Offering (excluding 14,942,497 shares held for restricted shares scheme as shown in Note 28(f)(iv) to the Accountants' Report set out in Appendix I to this document), and does not take into any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the restricted shares scheme.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. The estimated total listing expenses (based on the Offer Price of HK$18.0 per Offer Share and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB80.1 million (equivalent to approximately HK$86.2 million), accounting for approximately 36.8% of our gross proceeds. The estimated total listing expenses consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately RMB33.9 million (approximately HK$36.5 million), and (ii) non-underwriting related expenses of approximately RMB46.2 million (approximately HK$49.7 million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB26.2 million (approximately HK$28.2 million), and other fees and expenses of approximately RMB20.0 million (approximately HK$21.5 million). During the Track Record Period, RMB33.1 million (equivalent to HK$35.6 million) of the incurred listing expenses were charged to the consolidated statements of profit or loss and other comprehensive income and RMB1.8 million (equivalent to HK$1.9 million) of the incurred expenses were recognized to our consolidated statements of financial position. We expect to incur additional listing expenses of approximately RMB10.8 million (equivalent to approximately HK$11.7 million) which is expected to be charged in profit or loss subsequent to the Track Record Period. Approximately RMB34.4 million (equivalent to HK$37.0 million) of the estimated listing expenses is directly attributable to the issue of Offer Shares and will be recognized as a deduction in equity directly upon the Listing. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$147.8 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$18.0 per Offer Share, and assuming the Over-allotment Option is not exercised.

We currently intend to apply the net proceeds from the Global Offering for the following purposes:

- Approximately 40% of the net proceeds, or HK$59.1 million, is expected to be invested in technology advancement and the development of new products and services;
- Approximately 40% of the net proceeds, or HK$59.1 million, is expected to be used for the establishment of manufacturing plants and the procurement of essential machinery to enhance our manufacturing capabilities;
- Approximately 10% of the net proceeds, or HK$14.8 million, is expected to expand our sales and services network and enhance our brand awareness; and
- Approximately 10% of the net proceeds, or HK$14.8 million, is expected to be used for working capital and general corporate purposes.

See "Future Plans and Use of Proceeds" for further details.

RECENT DEVELOPMENT

According to CIC, in some overseas mining operations, underdeveloped power infrastructure has historically limited the adoption of electrified machinery. The regions with unreliable grid connectivity or insufficient energy storage capacity face challenges in deploying high-voltage charging systems for battery-electric machinery. As a result, these areas have continued to rely on high-emission diesel-powered equipment, which leads to increased carbon footprints and operational inefficiencies. To tackle this issue, we are applying our technology to provide electric and intelligent engineering machinery along with photovoltaic energy solutions, offering services for green and efficient mining to our overseas customers. We are currently implementing an energy storage solution in Zambia to provide scalable renewable energy services, with completion expected by 2025. Once in service, this infrastructure will power the customer's production line and support the charging requirements of our battery-electric products. Additionally, we are supplying a customer with battery-electric wide-body dump trucks for its transport operations to advance its goal of achieving a sustainable, green mining operations.

As of the Latest Practicable Date, we had order backlogs of approximately RMB209.4 million. For the three months ended March 31, 2025, the sales volume of our battery-electric wide-body dump trucks and battery-electric loaders was 61 and 40, respectively. Despite increasing revenue, we expect to incur net loss in 2025, due to (i) our relatively early stage of development, where our gross profit are insufficient to cover operating expenses, (ii) our planned significant investments in research and development and sales team expansion, and (iii) our increased finance costs.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix I to this prospectus, and up to the date of this prospectus.

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

"%"	per cent
"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted by special resolution on April 2, 2024 with effect from the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our 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 for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Capital Market Intermediary(ies)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China and for the purpose of this prospectus only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant, an independent market research and consulting company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Cloud Tribe Management"	Shanghai Cloud Tribe Yijin Venture Capital Management Co., Ltd. (上海雲部落易津創業投資管理有限公司), a limited liability company established under the Laws of the PRC on May 17, 2017 and one of our Controlling Shareholders
"Cloud Tribe Yijin"	Shanghai Cloud Tribe Yijin Venture Capital Center (limited Partnership) (上海雲部落易津創業投資中心(有限合夥)), a limited partnership established under the Laws of the PRC on June 13, 2017 and one of our Controlling Shareholders
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	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
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Breton Technology Co., Ltd. (博雷頓科技股份公司), a limited liability company established under the laws of the PRC on November 28, 2016 and converted into a joint stock company with limited liability on November 23, 2022
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen, Shanghai Fangao, Cloud Tribe Yijin, Cloud Tribe Management, Shanghai Yijin, Yijin Venture Capital Management, and Shanghai Yijin Management, further details of which are set out in "Relationship with our Controlling Shareholders"
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

"Director(s)" or "our Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and not listed or traded on any stock exchange
"EIT"	PRC enterprise income tax
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	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
"FINI"	Fast Interface for New Issuance, a software platform developed by HKSCC to manage the Hong Kong public offering settlement process
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "we" or "us"	our Company and our subsidiaries from time to time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share Registrar"	Tricor Investor Services Limited
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**

"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly- owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	1,300,000 H Shares (subject to reallocation as described in "Structure of the Global Offering") initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions described in "Structure of the Global Offering — The Hong Kong Public Offering"
"Hong Kong Underwriters"	the underwriters listed in "Underwriting — Hong Kong Underwriters," being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated April 24, 2025 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in "Underwriting — Hong Kong Underwriting Arrangements"

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
"Independent Third Party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of our Company or its subsidiaries
"International Offer Shares"	11,700,000 H Shares (subject to reallocation and the exercise of the Over-allotment Option as described in "Structure of the Global Offering") initially offered by our Company pursuant to the International Offering
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price in offshore transactions outside the United States in reliance on Regulation S or any other available exemption from the registration requirement under the U.S. Securities Act, as set out in "Structure of the Global Offering — The International Offering"
"International Underwriters"	the international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering expected to be entered into on or around May 2, 2025 by, among others, our Company, the Overall Coordinators and the International Underwriters, as further described in "Underwriting — International Offering"
"Joint Bookrunners"	the joint bookrunners as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Global Coordinators"	the joint global coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Lead Managers"	the joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Sponsors"	the joint sponsors as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Latest Practicable Date"	April 17, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the H Shares on the Main Board
"Listing Date"	the date expected to be on or about Wednesday, May 7, 2025, on which the H Shares are listed and from which dealings therein are permitted to take place on the Main Board

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MEE"	Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部)
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
"Mr. Chen"	Mr. Chen Fangming (陳方明), our founder, chairman of our Board, executive Director, general manager of our Company, and one of our Controlling Shareholders
"NEA"	National Energy Administration of the PRC (中華人民共和國國家能源局)
"Nomination Committee"	the nomination committee of our Board
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for or purchased pursuant to the Global Offering, to be determined as described in "Structure of the Global Offering — Pricing of the Global Offering"
"Offer Share(s)"	the Hong Kong Offer Share(s) and/or the International Offer Share(s), as the context may require
"Overall Coordinators"	the overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Over-allotment Option"	the option granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 1,950,000 additional H Shares at the Offer Price, representing 15.0% of the Offer Shares initially available under the Global Offering, to cover, among other things, over-allocations in the International Offering, if any, the details of which are described in "Structure of the Global Offering — Over-allotment Option"

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC AoA Guidelines"	Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	AllBright Law Offices, our legal advisor as to PRC law
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors, the details of which are set out in "History, Development and Corporate Structure"
"Pre-IPO Investor(s)"	the Pre-IPO investor(s) described in "History, Development and Corporate Structure"
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Fangao"	Shanghai Fangao Business Consulting Partnership (Limited Partnership) (上海方翺商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on September 11, 2018 and one of our Controlling Shareholders
"Shanghai Fangzhanbo"	Shanghai Fangzhanbo Business Consulting Partnership (Limited Partnership) (上海方展博商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on August 26, 2022

"Shanghai Jifang"	Shanghai Jifang Business Consulting Partnership (Limited Partnership) (上海驥方商務諮詢合夥企業(有限合夥)), a limited partnership established under the Laws of the PRC on January 14, 2022, formerly known as Ningbo Breton Enterprise Management Consulting Partnership (Limited Partnership) (寧波博雷頓企業管理諮詢合夥企業(有限合夥))
"Shanghai Yijin"	Shanghai Yijin Investment Co., Ltd. (上海易津投資股份有限公司), a joint stock company established under the Laws of the PRC on October 9, 2008 and one of our Controlling Shareholders, formerly known as Shanghai Ruiqing Investment Management Co., Ltd. (上海睿卿投資管理有限公司) and Shanghai Yijin Investment Limited (上海易津投資有限公司)
"Shanghai Yijin Management"	Shanghai Yijin Investment Management Firm (Limited Partnership) (上海易津投資管理事務所(有限合夥)), a limited partnership established under the Laws of the PRC on December 7, 2009 and one of our Controlling Shareholders, formerly known as Shanghai Yijin Investment Management Firm (General Partnership) (上海易津投資管理事務所(普通合夥))
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program to be developed by the Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shenzhen
"Sponsor-Overall Coordinators"	the sponsor-overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"State Council"	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, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Strategy Committee"	the strategy committee of our Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended December 31, 2022, 2023 and 2024
"Trial Measures"	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》), as amended, supplemented or otherwise modified from time to time
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Unlisted Foreign Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each which is/are subscribed for and paid for in currency other than RMB by foreign investors and not listed on any stock exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"Yijin Venture Capital Management"	Shanghai Yijin Venture Capital Management Co., Ltd. (上海易津創業投資管理有限公司), a limited liability company established under the Laws of the PRC on October 1, 2015 and one of our Controlling Shareholders

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

Certain amounts and percentage figures included in this prospectus 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.

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

"add-on e-powertrain"	an independent electric power unit installed between a tractor and trailer that automatically follows the tractor's movements, providing extra power to reduce fuel consumption
"AGV"	automated guided vehicle, a self-guided automated vehicle designed to autonomously transport materials in industrial manufacturing
"autonomy solution"	a type of services that enable remote and autonomous operations of engineering machinery, such as intelligent mining solutions and autonomous scheduling software
"battery capacity"	the total amount of electrical energy a battery can store, which impacts the duration the engineering machinery can operate
"battery thermal management system"	a system that regulates the temperature dynamics of battery, maintaining optimal temperature for battery operation
"battery-electric loader"	a category of loaders partially or fully powered by electricity stored in batteries
"battery-electric tractor truck"	a category of tractor trucks partially or fully powered by electricity stored in batteries
"battery-electric wide-body dump truck"	a category of wide-body dump trucks partially or fully powered by electricity stored in batteries
"cabin"	the enclosed space in the engineering machinery where operators operate the machinery
"CAGR"	compound annual growth rate
"carbon footprint"	a calculated index of the total amount of greenhouse gases that an activity emits
"catalog company"	a company possessing requisite vehicle manufacturing qualification that we collaborate with for the manufacturing of battery-electric tractor trucks
"charging time"	the time required to charge a battery within a standard battery power range, usually from 20% to 100%
"chassis"	the structural part of an engineering machinery designed to mount the body of the machinery that provide load-bearing and transportation capabilities

"CFD"	computational fluid dynamics, a fluid mechanics analysis method that uses numerical analysis and data structures to solve problems involving fluid flows
"direct current"	the one-directional flow of electric charge from high electron density area to low electron density area
"drive motor"	a type of electric motor used to create motion, converting electrical energy into mechanical energy, driving engineering machinery to move
"driving range"	the distance or duration of operating time that an engineering machine can travel on a single full charge within a standard battery power range, usually from 20% to 100%
"dual-motor design"	a design of a battery-electric loader that contains both a drive motor and a working motor, or a design of a battery-electric wide-body dump truck that contains two drive motors
"electrical and electronic architecture"	the technical design of an engineering machine which includes all the hardware, software, sensors, actuators, and electronic and electrical distribution systems on the engineering machinery, and integrates these components together using system integration tools
"energy density"	the amount of energy a battery contains per unit weight, measured in Wh/kg
"engineering machinery"	a category of machines, tools, and vehicles employed in engineering applications, encompassing loaders, wide-body dump trucks, forklifts, excavators, aerial work platforms, cranes, and other similar equipment types
"e-powertrain"	the electric drive system that powers engineering machinery or tractor trucks, including the motor, motor controller, transmission, and transmission control unit
"e-powertrain kit"	a set of critical components for battery-electric engineering machinery or tractor trucks, which includes e-powertrain, battery system, integrated multi-functional unit, thermal management system, and control system
"finance lease"	a type of commercial lease in which a finance company legally owns an asset, and the lessee rents the asset for an agreed-upon period of time
"forward design and engineering"	an approach to product design and development that begins with a comprehension of end goals and requirements before commencing any actual development work

"four-branch parallel charging circuits"	a charging design which allows four charging connectors simultaneously to charge a single electric engineering machinery
"gear shifting"	the act of changing the gear ratio in an engineering machine's transmission, which adjusts the balance between speed and torque
"gearbox"	a transmission mechanical device used in engineering machinery to adjust the speed and torque based on road conditions and operator requirements by shifting gears
"greenhouse gas"	any gas that has the property of absorbing infrared radiation emitted from earth's surface and reradiating it back to earth, thus contributing to the greenhouse effect
"hydraulic cycle time"	the total duration covering the loader's boom lifting, bucket unloading, and boom lowering actions
"hydrocarbon"	an organic compound composed of hydrogen and carbon atoms
"internal combustion engine"	a heat engine where the combustion of a fuel occurs with an oxidizer in a combustion chamber to convert the chemical energy stored in fuel into mechanical energy or power
"LFP battery"	lithium iron phosphate power battery, a type of lithium-ion battery that uses lithium iron phosphate as the cathode material, which demonstrates low cost, stable performance, safety and long cycle life
"loader"	the self-propelled tracked or wheeled machinery equipped with a front-end working device primarily used for loading operations with a bucket, carrying out loading or excavation tasks through its forward movement
"machinery operation services"	services that encompass both the provision of machinery and the supply of operators to execute contracting tasks
"maximum breakout force"	the maximum vertical force generated by the lifting hydraulic cylinder or the bucket hydraulic cylinder of a loader in an upward direction
"maximum power output"	the highest level of engine power that an engineering machine can produce under its specified operating conditions
"modular approach"	a method in product development where technologies are deconstructed into independent components or modules that are designed to be interchangeable and compatible
"new energy"	energy derived from clean sources, such electricity, solar power, wind energy, hydroelectric power, and other sustainable resources
"nitrogen oxides"	a mixture of nitric oxide and nitrogen dioxide

"OTA"	over-the-air, the remote software updating through cloud networks
"particulate matter"	a mixture of microscopic solids and liquid droplets in the air
"payload"	the maximum permissible weight that an engineering machinery can safely transport in addition to its own unloaded weight
"peak traction force"	the maximum force a loader can exert in the forward direction to overcome all opposing forces
"perception fusion algorithm"	a type of sensor fusion algorithm that combines sensory data from multiple sources
"photovoltaic energy system"	an energy system that combines photovoltaic power generation with energy storage and charging facilities
"pure-play new energy engineering machinery company"	an engineering machinery company that focuses primarily on the development of new energy engineering machinery, generating more than 80% of its revenue from sales of new energy engineering machinery
"range-extended wide-body dump truck"	a type of wide-body dump trucks that are equipped with an auxiliary engine to boost its driving range and/or operational time
"real-time video stitching"	a process that combines multiple videos with overlapping fields of view to produce a segmented panorama video in real time
"recurring customer"	customers who made two or more purchases of our battery-electric engineering machinery during the Track Record Period
"regenerative braking system"	the braking system featuring regenerative braking with motor feedback and mechanical braking, supplemented by an emergency brake system for added redundancy
"remote operation"	the ability of an engineering machine to be operated from a distance, enabled by advanced technologies such as intelligent sensing, real-time video stitching algorithms, optimized video streaming strategies and three-dimensional mapping
"repurchase guarantee"	a commitment made by the seller of an asset to buy back the asset from the buyer under certain circumstances
"sensor"	a device designed to detect events or changes in its environment and transmit the information to other electronics, often to a computer processor

"structural components" fundamental parts forming the structure of an engineering machinery, such as chassis, frame and cabin, which provide support and ensure structural integrity of such engineering machinery

"telematics" an interdisciplinary field that combines telecommunications and informatics for application in engineering machinery and vehicles

"thermal management system" a system that manages and maintains the temperature across machinery or vehicles, which includes regulating temperatures within various components such as the cabin, battery, motor, motor controller, and other relevant parts

"tier center turning radius" the distance from the center of a loader to the outermost edge of its turning circle

"torque" the rotational or torsional force exerted on rotating equipment, a mechanical parameter used to measure the driving force applied

"tractor truck" a type of heavy-duty commercial vehicles designed to pull trailers for loading cargo

"VCU" vehicle control unit, a central domain controller located within a machine, which receives signals from various sensors dispersed throughout the machine, including those linked to the brakes, accelerator pedal, battery system, and charging connections

"warranty" the guarantee a manufacturer provides to the customer regarding the quality of their product

"wheelbase" the distance between the center of the front wheel and the center of the rear wheel of an engineering machine

"wide-body dump truck" a type of heavy-duty vehicles used for transporting large volumes of loose materials, which are characterized by their wide width, enabling easy maneuverability in off-highway operations and facilitating navigation through narrow spaces

"working motor" an electric device that transforms electric power into mechanical power

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of Proceeds." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance;
- our capital expenditure plan;
- our ability to maintain good relationships with our business partners;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies; and
- capital market developments.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this prospectus, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this prospectus. Any of these intentions may change in light of future development.

An investment in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to buy our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our H Shares could decline and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth is dependent on the demand for, and customers' willingness to adopt engineering machinery powered by new energy sources.

Our future growth relies on the demand for, and upon customers' willingness to adopt, engineering machinery powered by new energy sources. The new energy engineering machinery industry is characterized by rapidly developing technologies, intense price competition, evolving government regulations and industry standards, and shifting customer demands and behaviors.

Both the acceptance of clean energy solutions and their integration into the engineering machinery may encounter delays or progress at a slow pace. As a result, the adoption of engineering machinery and tractor trucks powered by new energy sources might not progress as rapidly as originally anticipated.

Other factors that may influence the adoption of engineering machinery powered by new energy sources include:

- the environmental consciousness of our existing and potential customers, as well as the general public;

- perceptions about the cost, quality, design, safety, performance and lifespan of new energy engineering machinery and tractor trucks, in particular the higher purchase prices of new energy engineering machinery and tractor trucks, despite lower ongoing operating and maintenance costs, compared to their traditional fuel-powered counterparts;

- the market penetration of new energy engineering machinery and tractor trucks;

- the accessibility of repair and maintenance services, electricity and alternative power sources, and charging stations for new energy engineering machinery and tractor trucks;

- government favorable policies for new energy engineering machinery or tractor trucks or potential future regulations mandating increased use of non-polluting engineering machinery or tractor trucks;

- the fluctuations of oil prices and the demand for traditional fuel-powered engineering machinery and tractor trucks;
- perceived and actual costs associated with fossil fuels;
- the decrease in actual operating time of new energy engineering machinery and tractor trucks due to battery deterioration, limited working time on a single battery charge and/or low charging speed;
- the occurrence of negative incidents, or the perception of such incidents, involving our or our competitors' new energy engineering machinery or tractor trucks, leading to adverse publicity and affecting customer perceptions of the industries; and
- macroeconomic factors.

A downturn in the key industries we serve, such as mining, logistics, industrial production, port operations, and infrastructure construction, could significantly impact the demand for our products. Factors such as economic recessions, changes in government policies, or shifts in global supply chains may lead to decreased sales, adversely affecting our financial performance. If any of these industries experiences prolonged declines, we could face challenges such as excess inventory, reduced production volumes, and increased pressure to lower prices. Furthermore, it is difficult to predict the demand for our current and future products, and fluctuations in demand could reduce unit sales, thereby exerting downward pressure on prices.

If any of the factors mentioned above, either individually or collectively, lead to a decrease in demand for our products or hinder the overall progress of the new energy engineering machinery industry, we may fail to retain our existing customers and attract potential customers, which would have a material adverse effect on our business, prospects, results of operations, and financial condition.

We had net loss and net cash used in operating activities during the Track Record Period, and may have net loss and net cash used in operating activities in the future.

We recorded net loss since our inception. In 2022, 2023 and 2024, our net loss was RMB178.1 million, RMB229.4 million and RMB274.5 million, respectively. The net cash used in operating activities was RMB290.4 million, RMB193.7 million and RMB270.0 million in 2022, 2023 and 2024, respectively. We may incur net loss and net operating cash outflow in the future. A net loss position can expose us to the risk of shortfalls in liquidity, in which case our ability to raise funds, obtain bank loans and declare and pay dividends will be materially and adversely affected.

Our profitability and liquidity position is dependent on, among other factors, our ability to grow our customer base, expand product and service offerings, implement effective pricing strategies, manage raw material costs, execute sales and marketing in a cost-efficient manner, and increase operational efficiency. Additionally, unforeseen trends of customer demand, substantial changes in the industry landscape, increased competition, or opportunities for investments, acquisitions, and capital expenditures could result in decreases in revenues, and significant increases in costs and expenses. If we are unable to generate adequate revenue to offset the associated costs and expenses or effectively manage our cost and expense structure, we may fail to attain expected gross profit margins, continue to incur significant loss and fail to improve liquidity position. Our failure to generate sufficient revenue and incur losses and net operating cash outflow would materially and adversely impact the value of your investment.

We recorded thin gross profit margins during the Track Record Period.

We recorded thin gross profit margins during the Track Record Period. In 2022, 2023 and 2024, our gross profit margin was 2.3%, 2.0% and 5.8%, respectively. Our thin gross profit margin was primarily due to (i) our penetration pricing strategies to boost sales and build a stronger market presence with lower competitive price, and (ii) the rising costs of our key raw materials and components, particularly in 2022 and 2023. Our cost of sales increased from RMB351.9 million in 2022 to RMB454.5 million in 2023, and further to RMB598.6 million in 2024, despite the continuous increase in our revenue in the corresponding years. For the details of the fluctuations of the gross profit and gross profit margin during the Track Record Period, see "Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin."

In the event that the costs do increase in the future, we may not be able to transfer the increase to our customers through pricing strategy. In addition, our gross profit margin may decline to a material extent for other reasons, including increasing competition and changes in general economic conditions which are, to a large extent, beyond our control. If we are unable to improve our gross profit margin, our business, prospect, results of operations and financial condition could be adversely affected.

The prices of our products are subject to fluctuations, which may adversely affect our business, prospects, results of operations and financial condition.

The market prices of our products are influenced by various factors, including component costs, technological advancements, supply and demand fluctuations, and market competition, many of which are beyond our control. In particular, we anticipate gradual price reductions for our current loader and wide-body dump truck models due to potential decreases in the cost of battery cells and other components. While lower component costs can reduce our cost of sales, they also necessitate lowering our selling prices to maintain market competitiveness, which could result in reduced revenue per unit sold, potentially impacting our overall financial performance if cost savings do not adequately offset the price reductions. If we cannot compensate for lower selling prices through cost reductions or increased sales volumes, our business prospects, operational results, and financial condition could be adversely affected.

The new energy engineering machinery industry is highly competitive, and we cannot guarantee success in competing within these industries.

China's engineering machinery industry is large in size yet highly competitive, and we have focused on offering clean energy alternatives to traditional fuel-powered engineering machinery and tractor trucks. We currently compete with (i) traditional engineering machinery manufacturers expanding to the new energy sector that possess more substantial financial resources, more renowned brand recognition and broader sales channels than we do, and (ii) existing pure-play new energy engineering machinery manufacturers. Potential new entrants to the market will also add to the competitiveness of these industries. Our current and potential competitors may have the capabilities to invest more financial, technical, manufacturing, marketing and other resources in designing, manufacturing and marketing their products. They may also be able to offer products or services at lower prices, with more advanced technological innovations or design features, which would adversely affect our business, prospects, results of operations, and financial condition.

The introduction of new energy engineering machinery and tractor trucks by our competitors with superior quality and performance, or more satisfactory services, may have an adverse impact on our ability to retain a promising market share. Our failure to compete successfully may cause lower unit sales, increased inventory and marketing costs, which would adversely affect our business, prospects, results of operations, and financial condition.

The industry we operate in is characterized by rapid technological changes and advancements. Adoption of any alternative energy sources, including hydrogen power, may adversely affect our business, prospects, results of operations and financial condition.

The new energy engineering machinery industry is emerging and fast-evolving industries characterized by continuous technological advancements. We may fail to keep up with advancements in new energy technologies or compete with other engineering machinery manufacturers who adopt alternative energy sources. The emergence of alternative energy technologies, such as advanced diesel, hydrogen, ethanol, fuel cells, or compressed natural gas, along with enhancements in internal combustion engine fuel efficiency and fluctuations in gasoline costs, may materially and adversely affect our business, prospects, results of operations, and financial condition.

While we strive to integrate the latest technologies into our products, our research and development efforts may not yield the expected results to adapt to shifts in new energy technologies. The introduction and integration of these new technologies into our products may demand additional time, resources, and increased capital expenditures for production and manufacturing. Any failure to develop or enhance technologies, or respond to alterations in existing ones, may lead to substantial delays in introducing new products with improved quality, which could result in the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors. If we are unable to apply these technologies or adjust our manufacturing operations in a cost-effective manner, it would have a material adverse effect on our business, prospects, results of operations, and financial condition.

Our business plans demand a significant amount of capital. To meet our future capital requirements, we may need to seek equity or debt financings, which could dilute our shareholders and introduce covenants imposing restrictions on our operations or dividend payments. However, the availability of such funding may not be timely, on acceptable terms, or secured at all, potentially forcing us to curtail or discontinue our operations.

To execute our growth strategies, a substantial portion of capital must be allocated to various aspects, including research and development, expanding production capacity, scaling up our sales and service network, and expanding our international reach. As we expand our business, we expect incurring significant capital expenditures and operating costs, including cost of sales, selling expenses, administrative expenses, research and development costs, and finance costs.

We intend to continue making investments to support our business and may require additional funds. However, there is no guarantee that such financing will be available on favorable terms, in a timely manner, or at all. In 2023 and 2024, we did not fulfill certain non-financial covenants under our bank loan facility agreements, which require us to promptly notify the lending banks of qualified related party transactions. Failure to do so entitles the banks to request early payment of the relevant loans. As of the Latest Practicable Date, we had not received any demand notices for early repayment in connection with these breaches. If such repayment is demanded, we will settle with our financial resources including unutilized banking facilities. However, we cannot assure you that any early repayment would not have a material and adverse effect on our liquidity or financial condition. In addition, any future non-compliance with financial or non-financial covenants may adversely affect our ability to raise capital. See "Financial Information — Indebtedness — Loans and Borrowings" for further details. Failure to secure additional financing on terms that are acceptable to us would have a material adverse effect on our business, financial condition and prospects.

Our ability to secure the required financing to execute our business plans is subject to various factors, including our current financial position (such as liquidity, debt levels, profitability, and cash flows), investor reception to our business plans, general market conditions, the regulatory environment and macroeconomic factors. These factors could render the timing, amount, terms and conditions of such financing unattractive or unavailable. Financial institutions and investors will conduct thorough evaluations of our fiscal and business standing before granting any loans or investments, as they aim to ensure that we can meet our financial obligations and yield a return on their investments. Any disruptions in the financial markets and economic volatility, in particular, may affect our ability to raise capital. In the event we cannot raise sufficient funds, we may need to significantly curtail our expenditures or delay or cancel planned activities.

The issuance of additional equity or equity-linked securities carries the potential for dilution to our existing shareholders. The issuance of debt securities and incurrence of additional indebtedness would result in increased debt service obligations. Holders of any debt securities or preferred shares would possess preferential rights and privileges senior to those of holders of our ordinary shares in the event of liquidation. Any financial or other restrictive covenants associated with debt securities could constrain our operations or hinder our ability to pay dividends to our shareholders.

Our limited operating history makes it difficult for us to evaluate our future prospects.

We have a relatively limited operating history. Our ability to anticipate the future demand of our products, develop innovative technologies and consistently deliver exceptional products remains uncertain given our limited historical data. We have focused on offering new energy solutions as substitutes for traditional fuel-powered engineering machinery and tractor trucks. However, we cannot guarantee success in competing within our industries, especially against traditional engineering machinery companies expanding into the new energy sector. These competitors may possess more substantial financial resources, greater brand recognition, and broader sales channels than we do.

Our business and prospects face various challenges as a result of the foregoing, including but not limited to our ability to:

- design and manufacture safe, reliable and high-quality engineering machinery and e-powertrain kits of battery-electric tractor trucks continuously;
- build and cultivate a well-recognized and respected brand;
- establish and expand our customer base and sales and service network;
- successfully market our products while providing superior post-sale and ancillary services;
- properly price our products and services;
- improve and maintain our operational efficiency;
- maintain a reliable, high-performance and scalable technology infrastructure;
- attract, nurture, retain and motivate our talent;
- anticipate and adapt to changing market conditions, including technological advancements and changes in competitive landscape; and
- navigate an evolving and complex regulatory environment.

Failure to address any or all of these challenges could have a material adverse effect on our business, prospects, results of operations, and financial condition.

During the Track Record Period and for the foreseeable future, our revenue primarily depended and will continue to depend on a limited number of models.

We are a fast-growing manufacturer of new energy engineering machinery. Starting with our first model, the five-tonne battery-electric loader model, the BRT951EV, in December 2019, we have expanded our loader lineup to include a fleet of three-tonne to seven-tonne battery-electric loaders. Our current wide-body dump truck lineup includes three main models, the BRT90E, the BRT105E and BRT120E, which are designed for heavy-load downhill and/or uphill operations.

We anticipate that our revenue will continue to depend primarily on our current product offerings. If our current product offerings and future pipelines do not meet customer expectations or if we fail to deliver them within our projected timelines, budget and volume targets, our future sales may decline. Since our business will rely on a limited number of models for the foreseeable future, any delays or negative market reception issues to a particular model could have a material adverse effect on our sales volume, business, prospects, results of operations, and financial condition.

Our products might not meet customers' performance expectations and could potentially contain defects.

Our products may not meet customers' performance expectations, and we cannot guarantee that they will be free from defects or operate without issues during their use. For example, customers may have specific expectations regarding the duration of battery life for our products. If the actual battery life falls short of expectations, it may lead to dissatisfaction, particularly if it impacts the overall operational time and efficiency of the engineering machinery or tractor trucks. Moreover, the stability and robustness of our products might be influenced by various factors, including the operating skills of the operators, the duration of usage, the length of time for which the product is used continuously, and the conditions under which it operates, such as extreme weather and rugged terrains. If our products exhibit a higher failure rate influenced by factors beyond our control, our customers may become dissatisfied. Any product defects or deviations from expected performance could lead to reputation damage, negative publicity, revenue loss, delivery delays, product recalls, product liability claims, and significant expenses such as warranty costs, which could materially and adversely affect our business, prospects, results of operations, and financial condition.

The design and manufacturing processes for our products are complex and may contain latent defects and errors that can lead to subpar performance or cause property damage or personal injuries. Furthermore, the quality of raw materials and components sourced from third parties may have defects or quality issues that can substantially affect the overall mechanical structure and functionality of our products. Due to the complexities associated with advanced and emerging technologies, defects and errors may emerge over time. We have limited control over the ongoing consistent performance of machinery components and third-party services, which may not align with our expectations. Although we conduct internal testing before product delivery, our ability to assess the long-term performance of our products is constrained by a limited historical perspective. There is no assurance that we will be able to identify and rectify product defects in a timely manner or at all.

Furthermore, we possess limited experience in testing, delivering, and servicing our products. At each stage of testing, delivering, and servicing of our products where manual operations are required, there exists the possibility of human errors, negligence, or non-compliance with protocols by our employees or third parties. Such human errors could result in our products failing to perform or operate as expected. We cannot assure you that we will be able to entirely eliminate human errors from our operations.

Our long-term results hinge on our ability to successfully introduce and market new products and execute our planned business initiatives. However, this endeavor may expose us to new and increased challenges and risks.

The success of our business expansion and sustained growth depends on our ability to broaden our range of product offerings, set competitive pricing for our products, and secure a substantial market share while maintaining cost efficiency in our design and manufacturing processes. Moreover, it is essential to advance our technological capabilities in areas such as remote and autonomous operation systems, e-powertrain, electrical and electronic architecture, vehicle control units (VCU), thermal management, and battery systems. However, there is no guarantee that our introduction of new products or enhancements to existing models will attain the anticipated level of market acceptance or market share, if any. We cannot assure you that we will not encounter significant delays when entering new markets or launching new products in the future.

Furthermore, our reliance on our suppliers for raw materials and key components introduces potential delays in meeting our production and commercialization timelines. There is no assurance that we will be able to do so without encountering substantial delays and cost overruns. Factors beyond our control, such as supplier and vendor issues, may exacerbate these difficulties, potentially impeding our ability to meet product commercialization schedules and customer requirements.

Delays in delivering new products or models, or their failure to perform as expected or their poor reception in the market, could result in negative publicity regarding our research and development capabilities or product offerings, which could have a material adverse effect on our growth prospects, potentially hindering our efforts to establish or expand our market share. As part of our strategy to introduce new products and refine existing ones, we expect to allocate a substantial amount of capital towards research and development, product refinement, and sales and marketing. Failure to successfully execute our long-term growth strategy could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Since 2023, we have initiated several new business ventures, leveraging our technological and engineering expertise to provide customers with autonomy solutions, energy transition solutions, and photovoltaic energy system. However, we have limited history in executing these initiatives. If we are not able to successfully execute these initiatives as planned, or if they do not yield the positive results as expected, our business, financial condition, results of operations, cash flows, and prospects would be materially and adversely impacted.

Our historical growth rate may not be indicative of our future performance. If we fail to scale our business operations or manage our future growth effectively while attempting to rapidly expand, our results of operation could be adversely affected.

We have experienced significant growth in the past several years. Our revenues increased significantly from RMB360.1 million in 2022 to RMB463.7 million in 2023 and further to RMB635.5 million in 2024. We plan to further scale our business operations by, among other things, investing in advanced technologies, enriching our product offerings, strengthening our brand recognition, expanding our sales and marketing network, and executing our new business initiatives. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

However, we cannot assure you that we will be able to manage our future growth effectively and sustain our historical growth rates due to numerous risks associated with our business expansion efforts, including but not limited to:

- successfully executing our growth strategies and business initiatives, including our autonomy solutions, energy transition solutions, and photovoltaic energy system;
- managing the increased complexity of a larger and expanding organization with a greater number of employees across diverse functions;
- controlling expenses and investments to accommodate the expected growth in operations in a cost-effective manner;
- establishing or expanding our design, manufacturing, as well as sales and service facilities; and
- enhancing our administrative infrastructure, systems and processes.

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We may encounter cost increases or disruptions in the supply of raw materials or other components used in our products.

We incur substantial cost of sales associated with the procurement of raw materials and components necessary for manufacturing and assembling our products. The prices of these raw materials and components are subject to fluctuations and influenced by factors beyond our control, including market conditions, inflation, supply chain shortages, and global demand for these materials and components, all of which could adversely affect our business and operating results.

Specifically, fluctuations in the price of LFP batteries significantly affected our cost of sales during the Track Record Period. The principal raw materials and components that we use in the production of our products are batteries. We incurred costs of RMB141.3 million, RMB163.2 million and RMB229.8 million in procurement of LFP batteries in 2022, 2023, and 2024, accounting for 39.2%, 35.2% and 36.2% of our total revenue during the corresponding years.

The average price of LFP battery experienced a decrease from 2018 to 2021, and an increase in 2022, and a decrease since 2023. These fluctuations reflected the market demands for LFP batteries. The average price of LFP battery is expected to maintain a decrease trend in the near future, according to CIC.

In 2022, we pre-stocked LFP batteries as their price surged, leading to a relatively higher cost of raw materials recorded in 2022 and 2023. The average procurement price of LFP batteries in 2024 declined by 41% compared to that in 2022, reflecting our improvement in cost efficiency.

Our operations are particularly dependent on a stable supply of high-quality battery cells. We are exposed to multiple risks related to the availability and cost of batteries, including but not limited to:

- the potential failure or reluctance of battery manufacturers to scale up production or establish facilities that can deliver the required quantities and specific chemistries of batteries;

- disruption in the battery supply due to manufacturing defects or recalls by battery manufacturers; and

- rising cost or reduced availability of raw materials such as lithium, nickel, and cobalt, which are critical for battery production.

Furthermore, currency fluctuations, tariffs, or fluctuations in petroleum supply, along with other economic or political conditions, may lead to significant increases in shipping costs and the prices of raw materials or components. Any substantial increase in these costs would raise our operating expenses and could potentially reduce our profit margins.

The potential unavailability, reduction, or elimination of favorable government policies could materially impair our position in the new energy engineering machinery industry.

The industries in which we operate have significantly benefited from various governmental policies aimed at promoting the adoption of new energy solutions, including tax rebates, grants, subsidies, preferential regulations, and direct encouragement from local governments. The decision of our customers to adopt battery-electric engineering machinery and tractor trucks is largely influenced by government policies.

To date, the PRC governments have promulgated a series of policies to strengthen the supervision over traditional fuel-powered engineering machinery and tractor trucks and encourage the promotion and application of new energy engineering machinery and tractor trucks. For example, in October 2021, the State Council promulgated the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》), which proposed to actively expand the application of new and clean energy in transportation. The Xi'an Motor Vehicle and Off-Highway Mobile Machinery Pollution Prevention Regulations (《西安市機動車和非道路移動機械排氣污染防治條例》), enacted in January 2021, propose an information sharing mechanism to prevent pollution from off-highway mobile machinery and motor vehicles, supporting the elimination of high-emission machinery and vehicles. Similarly, the 14th Five-Year Plan for Air Quality Improvement in Zhejiang Province (《浙江省空氣質量改善「十四

五」規劃》), implemented in May 2021, emphasizes the promotion of new energy and clean energy off-highway mobile machinery, as well as the elimination, replacement, or clean transformation of high-energy-consumption and high-pollution non-road mobile machinery. Furthermore, the Announcement on the Areas Prohibited from Using High-Emission Off-Highway Mobile Machinery by the People's Government of Beijing (《北京市人民政府關於劃定禁止使用高排放非道路移動機械區域的通告》), published in July 2021, stipulates that certain areas of Beijing prohibit the use of high-emission off-highway mobile machinery. In addition, the Air Pollution Prevention and Control Work Action Plan for 2023 in Chengdu, Sichuan (《成都市2023年大氣污染防治工作行動方案》), enacted in March 2023, proposes measures to control vehicle numbers and reduce fossil fuel consumption, formulating detailed strategies for replacing non-commercial vehicles that meet or are below the National IV emission standards (國四排放標準) with new energy vehicles.

However, if these incentives were unexpectedly reduced or withdrawn, it could dissuade potential customers from adopting new energy solutions, especially the perception of high initial investment costs, despite the long-term benefits of lower energy consumption and maintenance expenses. Given the crucial role these incentives play in our industries, any adverse changes might materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Our products utilize battery cells, which, if not appropriately managed and controlled, have the potential to catch fire or vent smoke and flame. Battery deterioration may negatively influence the decision of potential customers regarding whether to purchase our products.

Our products utilize battery cells, which in rare instances can rapidly release stored energy, generating significant heat, smoke and flames. Such incidents may ignite nearby materials and additional battery cells. Our inability to effectively manage and mitigate the risk of property damage and personal injuries stemming from battery fires may lead to a loss of brand reputation and market share. Despite our efforts and investments in battery safety enhancements, there is no assurance that we can completely prevent failures in the field or during testing, which could expose us to lawsuits, product recalls or redesign efforts, all of which would be resource-intensive and costly. Furthermore, negative public perceptions regarding the suitability of battery cells for engineering machinery or tractor trucks or any incidents involving these cells, including those not related to our products, could significantly impact our business.

In addition, we maintain a substantial inventory of battery cells at our manufacturing plants, where mishandling of battery cells may disrupt our manufacturing operations. While we have implemented safety protocols for cell handling, any related safety issues or fires could disrupt our operations, potentially requiring safety recalls and leading to adverse publicity. Failures in competitors' products that use similar battery technologies may indirectly lead to negative publicity for us, which would have a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

Furthermore, the operation time of our products on a single charge diminishes primarily due to usage, the passage of time and charging patterns. For example, frequent usage and charging can accelerate the deterioration of a battery's capacity to hold a charge, thereby reducing operational time and potentially dissuading potential customers. We cannot assure ongoing improvements in the cycle performance of our battery packs, which could impact our marketing and sales efforts.

Our products are subject to mandatory standards, and any failure to meet such standards would have a material adverse effect on our business, prospects, results of operations, and financial condition.

We are required to comply with various mandatory standards and technical norms during the manufacturing of our products in connection with, among others, technical requirements, safety and noise limits. Non-compliance with these mandatory standards could disrupt or restrict our operations, diminish our competitive standing, and result in substantial compliance expenses, which would have a material adverse effect on our business, prospects, results of operations, and financial condition.

Our business success depends to a great extent on our research and development capabilities. Any underperformance in our technology and research and development endeavors may adversely affect our competitiveness and profitability.

Our business success depends to a great extent on our research and development capabilities. We have strategically conducted the majority of our research and development in-house, covering areas such as remote and autonomous operation systems, e-powertrain, electrical and electronic architecture, VCU, thermal management and battery systems. We have made substantial investments in our research and development efforts. In 2022, 2023 and 2024, our research and development costs amounted to RMB44.9 million, RMB68.6 million, and RMB81.7 million, respectively, accounting for 12.5%, 14.8%, and 12.9% of our total revenues, respectively.

The industries in which we operate are characterized by high technical complexity and rapid evolution, requiring significant resources to enhance our research and development capabilities to lead in technological innovations and sustain our competitiveness. Therefore, we expect that our research and development costs will continue to be significant.

Furthermore, research and development activities inherently involve uncertainties. The direction of our research and development efforts may not always align with market needs, technological advancements, or industry trends. There can be no assurance that our endeavors in research and development will yield viable outcomes. Failures could arise from shifts in market demand, technological challenges, or unforeseen trends in technological development. As a result, our significant investments in research and development may not always yield expected returns or contribute proportionally to our business growth.

In the event of underperformances in our technology and research and development initiatives, our competitive standing could be compromised, resulting in material adverse effects on our business, reputation, results of operations and prospects.

Any issues or delays in scaling and maintaining operations at our existing manufacturing plants or establishing new manufacturing plants could negatively affect the production of our products.

We manage e-powertrain manufacturing and complete assemblies of our loaders at our own manufacturing plants in Zaozhuang, Shandong and Wuhan, Hubei. We undertake the manufacturing of the e-powertrain kits for battery-electric wide-body dump trucks and battery-electric tractor trucks in Wuhan. Additionally, we plan to build another loader manufacturing plant in Lanxi, Zhejiang, which is expected to commence operations in 2025, with a design capacity of 5,000 units of battery-electric loaders. We are currently in the process of establishing a wide-body dump truck manufacturing plant in Xiangtan, Hunan, which is expected to commence operations in 2025, with a design capacity of 2,000 units of battery-electric wide-body dump trucks.

Maintaining and expanding our manufacturing plants, as well as establishing new ones, will require substantial capital resources. There is no guarantee that we can complete these constructions in a cost-effective manner or recoup these investments through our production and sales. Any construction delays or budget overruns could adversely affect our financial condition, production capacity, and results of operations.

The current leases for our plant in the Zaozhuang plant will expire in July 2026. If we fail to renegotiate and renew these leases before they expire, it could disrupt our production and operations, which would have a material adverse effect on our manufacturing capabilities.

Our manufacturing plants, filled with engineering machinery, raw materials and components, expose both employees and visitors to heightened risks of bodily injury. These risks arise from interactions with heavy equipment, the complex nature of mechanical operations, and potential exposure to hazardous materials. Moreover, the conditions within these plants can lead to accidents unless safety protocols are strictly enforced and updated on a regular basis. Any resulting bodily injuries at our manufacturing plants, regardless of our fault, could have a material adverse effect on our business and financial operations.

Additionally, in accordance with PRC laws and regulations, construction projects are subject to extensive government oversight and approval processes, including but not limited to project approvals and filings, approvals for construction land and project planning, environmental protection permits, pollution discharge licenses, drainage permits, work safety approvals, fire protection clearances, and inspections and acceptance by relevant authorities. Entities operating these construction projects may face administrative uncertainties, fines or project use suspensions, any of which would materially and adversely affect our business operations.

We depend on third-party manufacturers for the production of components and the assembly of our battery-electric wide-body dump trucks. If these manufacturers become unwilling or unable to deliver these services, fail to fulfill their responsibilities, or do not comply with applicable laws and regulations, we may not be able to find alternative manufacturers in a timely manner or on favorable terms, which could adversely impact our business.

We currently outsource the manufacturing of certain components and the assembly of our battery-electric wide-body dump trucks to third-party manufacturers. This arrangement allows us to focus on product design, research and development, and manufacturing core components, while leveraging the expertise and manufacturing capacities of these third-party manufacturers in other machinery components and assembling processes to ensure cost efficiency and production quality aligned with our designs and specifications. We may consider similar outsourcing arrangements for other products or components in the future.

However, outsourcing exposes us to various risks beyond our control, including manufacturing delays if third-party manufacturers fail to meet agreed timelines or experience capacity limitations. We could also face disputes with third-party manufacturers and may be affected by adverse publicity related to third-party manufacturers, whether or not it directly pertains to our collaboration. Furthermore, the perception of the quality of products and components manufactured by third-party manufacturers could negatively impact our ability to position ourselves as a premium brand. Despite our involvement in the supply chain and manufacturing process, we cannot assure that third-party manufacturers can always meet our quality standards, specifications or regulatory requirements.

Furthermore, we may be unable to enter into new agreements or renew existing agreements with third-party manufacturers on terms and conditions acceptable to us, which could disrupt our operations. If our existing manufacturing partners fail to provide adequate and qualified services, we may need to seek new partnerships or significantly expand our in-house production capacity to compensate for the reduction in production capability. However, there is no assurance that we would be able to successfully establish new agreements with alternative manufacturers or expand our own production capacity in a timely or acceptable manner, if at all. The costs and time required to complete such transitions and ensure that products manufactured by new third-party manufacturers meet our quality standards, specification and regulatory requirements may be higher than anticipated. Any of the foregoing could adversely affect our business, results of operations, financial condition and prospects.

We depend on our suppliers to provide raw materials and components necessary for our products. Suppliers may fail to deliver the required materials and components according to our schedule and at prices, quality levels and volumes that meet our standards.

We rely on our suppliers for raw materials and components essential for our products. Our supply chain is exposed to various risks, including potential delivery failures or shortages of raw materials and components from multiple sources. Although we strive to mitigate these risks by diversifying our suppliers, we from time to time are required to purchase specific components from a limited number of sources. Failure to secure the necessary materials or components in accordance with our specifications, such as schedule, price, quality, and volume, would result in a loss of production capability, thus materially and adversely affecting our business, prospects, results of operations, financial condition, and cash flows.

As we have limited control over our suppliers and their business practices, we cannot assure the consistent quality of the raw materials and components they provide. Any defects or quality issues with these raw materials and components, as well as noncompliance incidents involving our third-party suppliers, could lead to quality problems and negative publicity associated with our products, potentially damaging our brand image and affecting our business, prospects, results of operations, financial condition, and cash flows. In addition, we cannot guarantee that our suppliers adhere to ethical business practices, including environmental responsibilities, fair wage practices, and compliance with child labor laws, among others. Failure to demonstrate compliance might compel us to seek alternative suppliers, which could increase our costs and result in delayed product delivery, product shortages or disruptions in our operations.

Furthermore, identifying alternative suppliers for raw materials or developing replacements for highly customized components can be time-consuming and costly. Any disruption in the supply of raw materials or components, whether from single or multiple sources, could temporarily halt production until we qualify a new supplier or secure the required material or component. There is no assurance that we would successfully secure alternative supplies in a timely or acceptable manner, or at all. Changes in business conditions, force majeure events, government changes or other unforeseen factors beyond our control could also impact our suppliers' ability to deliver raw materials and components in a timely manner.

Moreover, if we experience a significant increase in demand or need to replace our existing suppliers, we cannot assure you that additional supplies will be readily available on favorable terms or at all, or that any supplier will allocate sufficient supplies to meet our requirements or fulfill our orders in a timely manner. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our supplier concentration exposes us to supply chain risks, particularly concerning components of our products.

During the Track Record Period, we procured a substantial portion of our purchases from major suppliers. In 2022, 2023 and 2024, purchases from our top five suppliers in each year accounted for 68.5%, 66.3% and 56.7% of our total purchasers for the respective years, and purchases from our largest supplier accounted for 35.4%, 39.4% and 24.9% of our total purchases for the respective years. These purchases are primarily associated with components for our products, including motors, batteries, controllers, gearboxes, thermal management parts, chassis and cabins. This high dependency on major suppliers exposes us to concentration risks.

We expect to continue procuring components from these suppliers. In particular, we require a consistent supply of high-energy density battery cells from reputable suppliers. Any difficulties in procuring these battery cells, may impact our ability to promptly deliver products to our customers, which could lead to a loss of our competitive advantage and existing customer base.

While we expect to maintain stable relationships with these suppliers, we cannot guarantee that we will be able to secure a consistent, high-quality supply from these suppliers. If any of our major suppliers decides to terminate our business relationships, we may encounter difficulties in finding a replacement capable of providing materials or components of equivalent quality at a similar price. If we fail to secure new suppliers under similar commercial terms within a reasonable timeframe, or at all, it could adversely affect our business, financial condition, results of operations and profitability.

If we fail to effectively manage our inventory, our results of operations and financial condition may be materially and adversely affected.

We are exposed to significant inventory risks due to various factors such as heightened competition, new product launches, potential product defects, changes in customer demand and shifts in customer spending patterns. Effective business operation requires maintaining optimal inventory levels to ensure timely deliveries and mitigate risks associated with excess or insufficient stock.

To manage our inventory effectively, we implement inventory control policies and use an inventory software system to manage our inventory and orders. See "Business — Inventory." However, demand forecasting is inherently uncertain, and significant changes in demand can occur after orders are placed but before delivery. Incorrect demand forecasts can lead to inventory obsolescence and shortages, resulting in inventory write-downs or sales at reduced prices, which would adversely impact our profitability. We recognized impairment loss on inventory of RMB25.7 million, RMB20.9 million, and RMB17.4 million in 2022, 2023 and 2024, respectively. Moreover, underestimating product demand may cause production delays if manufacturers cannot scale up production quickly, potentially causing delays in product delivery and damaging our reputation.

Any of the foregoing could materially and adversely affect our results of operations and financial condition. As we plan to expand our product lineups, we may continue to face challenges in effectively managing our inventory.

Our financial results may fluctuate due to changes in the fair value of our financial assets measured at fair value through other comprehensive income ("FVOCI").

Our financial assets measured at FVOCI represent our equity investment in unlisted companies. Our financial assets measured at FVOCI amounted to RMB18.9 million, RMB19.1 million and RMB41.7 million as of December 31, 2022, 2023 and 2024, respectively.

The fair value of our equity investments in unlisted companies is influenced by market fluctuations and factors beyond our control, including the performance of the investee companies, economic conditions, and industry trends. Any change in these factors can lead to significant volatility in the fair value of our FVOCI financial assets, which may result in substantial gains or losses being recognized in other comprehensive income, thereby affecting the overall results of our operation.

We have been and may become subject to product liability claims, which could harm our financial condition if we are not able to successfully defend against such claims.

The industries in which we operate are still in the early stage and emerging technologies used in our products subject us to risks of product liability claims. Defects or poor performance can arise due to design flaws, defects in raw materials or components, and degradation or manufacturing difficulties, which can affect the quality and performance of our products. Although we implement a quality control system covering product design and development, supply chain management and production process, we cannot assure you that our quality control measures will be as effective as we expect. Any failure in our quality control would lead to product defects, and in turn, could cause our customers to file product liability claims against us. Any actual or perceived defects, or poor performance of our products could result in the replacement or return of our products, shipment delays, increases in customer service and support costs and damage to our reputation, all of which could have a material adverse effect on our business. During the Track Record Period, we had been subject to one litigation in connection with product liability in which we refunded the total purchase price of RMB2.9 million to the customer and compensated the customer in an amount of RMB180,000 for property damages caused to a third party. This case involved a collision caused by one of our battery-electric wide-body dump trucks due to reduced braking power of such dump truck causing the customer's compensation for third-party property damages of RMB180,000. This litigation has not had a material impact on our business operations or financial performance.

Defending against product liability claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. If we fail to defend ourselves in such product liability claims, we may be subject to substantial monetary compensation, which may adversely affect our results of operations and financial condition. Whether we successfully defend against a product liability claim or not, such claim could generate significant negative publicity about our products and business, potentially hindering or preventing the commercialization of our future products, which would have a material adverse effect on our brand, prospects, financial condition, and operational results.

We are exposed to risks associated with product returns, refunds or replacements as well as products we provided to our customers for trial use purposes. We or our suppliers may, voluntarily or involuntarily, initiate product recalls or take other similar actions.

We are exposed to risks associated with product returns, refunds, or replacements due to potential defects, non-compliance with specifications, major component failures or safety concerns. Depreciation in the returned products typically reduces their resale value. Managing returns or replacements can lead to increased inventory levels, complicating inventory management and raising associated costs. Furthermore, a high rate of returns or frequent replacements can harm customer satisfaction over our products and our reputation.

As part of our marketing strategy, we offer trial use of our engineering machinery at minimal or low cost to allow customers to evaluate the economic and operational benefits of our products. However, the decision of customers to purchase after a trial depends on various factors such as product functionality and operational costs, and there is no guarantee that trials will convert into sales. Customers may opt to reduce the quantity of products they acquire or abstain from purchasing after assessing their specific needs. Any dissatisfaction arising from the trial process may have adverse effects on our customer base and potential market share. Products returned from trials typically have a reduced resale value and exert pressure on our inventory management, which may adversely affect our results of operations and financial condition.

Moreover, potential future recalls of our products, whether due to our own findings or regulatory requirements, could lead to adverse publicity, damage to our brand, and imposition of the financial liability for the associated costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product recalls that adversely affected our business. However, future instances might be necessary if any of our products, including any raw materials or components sourced from our suppliers, are found to be defective or noncompliant with applicable laws and regulations. Whether these recalls are voluntary or involuntary or are a result of raw materials or components engineered or manufactured by us or our suppliers, they could result in substantial expenses and have an adverse impact on our brand image, business, prospects, results of operations, financial condition, and cash flows.

We depend in part on our distributor network for the sale of our products. We may encounter challenges in efficiently expanding our distributor network. Our limited control over our distributors exposes us to significant risks.

We distribute our products through various channels, including distributors. In 2022, 2023 and 2024, our revenue generated from sales through distributors amounted to RMB196.6 million, RMB183.8 million and RMB234.3 million, respectively, contributing to 55.6%, 40.3% and 37.7% of our total revenue from sales of products, respectively.

We rely on the extensive market reach and established relationships that our distributors have with end users. Furthermore, we cannot assure the successful establishment of partnerships with new distributors and the renewal of contracts with our existing distributors upon their expiration.

We maintain limited control over the actions and business plans of our distributors, especially independent distributors. These parties may engage in various forms of misconduct, even if we prohibit them from doing so in our agreements with them, including but not limited to:

- breaching our agreements, such as unauthorized sales of products or distribution into regions that violate exclusive distribution rights;
- unauthorized or improper use of our brand name;
- inadequate promotion of our products;

- failing to provide adequate training and services to end users; and
- violating the anti-corruption laws in the PRC and other jurisdictions where we operate.

Any misconduct by our distributors could have a material adverse effect on our results of operations, reputation, brand recognition and market position.

Failure of our distributors to comply with our agreements or relevant legal and regulatory requirements could tarnish our brand image and disrupt our sales. If we become aware of any distributor not fulfilling its obligations under our agreements or violating laws, regulations or standards, to the extent that we are involved in negative publicity, legal actions or administrative penalties, our ability to effectively market and sell our products may be adversely affected.

Ineffective management of risks associated with our finance lease program, particularly concerning the repurchase guarantee, could have adverse effects on our business.

To alleviate the substantial capital expenditures our customers face when purchasing new energy engineering machinery and tractor trucks, we have strategically partnered with finance lease companies to provide our customers with alternative financing solutions, facilitating their access to necessary capital.

As our business continues to grow, we anticipate an increase in the volume of finance leases utilized by our customers. If the finance lease companies we partner with fail to adequately fund these arrangements, our customers might turn to competitors who offer more attractive financing options or terms, resulting in the erosion of our existing customer base and impede our future business growth.

Additionally, the repurchase guarantees included in our finance lease agreements expose us to heightened credit default risks. We follow industry norms by providing repurchase guarantees to finance lease companies, under which we are obligated to make payments to the finance lease companies for the outstanding amounts due from the customers and repossess our products from these finance lease companies if our customers default on their payments. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances requiring the fulfillment of guarantee obligations. As of December 31, 2022, 2023 and 2024, our maximum exposure to such guarantees was RMB17.4 million, RMB121.1 million and RMB344.1 million, respectively. Failure to control and manage these risks may result in substantial costs related to product repurchases, which would subject us to financial pressure and have a material adverse effect on our business.

Our product sales rely in part on affordable interest rates and the availability of credit and finance lease services. A significant increase in interest rates and lease rates could have a material adverse effect on our business, prospects, results of operations, and financial condition.

The sales of our products rely in part on our customers' access to favorable interest rates and readily available credit and finance lease services. Any increase in interest rates, including those applied to installment payments for our products, and the tightening of lending criteria in financing services, may render our products less affordable to customers. This could potentially divert prospective customers toward more cost-effective alternatives, leading to reduced profitability for us and adversely affecting our business, prospects, financial condition, results of operations, and cash flows.

We are exposed to credit risk from our customers, and any failure to collect our trade and other receivables in a timely manner may adversely affect our financial condition and results of operations.

Our trade and other receivables consist primarily of amounts due from our customers in the ordinary course of our business. As of December 31, 2022, 2023 and 2024, our trade and other receivables amounted to RMB257.8 million, RMB435.1 million and RMB555.8 million, respectively. Despite our efforts to assess the creditworthiness of our customers, we cannot assure you that our customers will fulfill their obligations to us in the future.

Various factors beyond our control, such as economic downturns and customer insolvency, may hinder or prevent us from collecting our trade and other receivables in a timely manner or at all. In 2022, 2023 and 2024, we incurred impairment loss on trade and other receivables, contract assets and financial guarantee issued, amounting to RMB26.9 million, RMB38.2 million, and RMB83.1 million, respectively.

Failure to effectively manage the credit risk associated with our trade and other receivables and collect payments in a timely manner would have material and adverse effects on our business, prospects, financial condition, results of operations, and cash flows.

We are subject to the risks associated with third-party payments.

In 2022, 2023 and 2024, the number of customers and distributors who settled payments through third-party channels was nine, eight and 15, respectively. We have ceased to accept any third-party payment starting from November 1, 2024. See "Business — Third-party Payment Arrangement." We are subject to the risks relating to such third-party payments, including (i) potential claims from third-party payors seeking reimbursement of funds as they may not have been contractually obligated to us, and possible claims from liquidators representing these third-party payers; and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payers. In the event of any claims or legal actions, whether civil or criminal, initiated against us by third-party payers or their liquidators regarding third-party payments or for violation or noncompliance of laws and regulations, we would need to allocate significant financial and managerial resources to defend ourselves, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided, and our business, prospects, financial condition, results of operations, and cash flows may be adversely affected.

We may not be able to accurately estimate the supply and demand for our products, which could result in various inefficiencies in our supply chain, manufacturing and inventory management and may adversely affect our business, prospects, financial condition, results of operations, and cash flows.

We need to forecast and pre-order essential raw materials or components from our suppliers ahead of the planned delivery to our customers. Our operating history provides limited historical data to guide these forecasts. Overestimating or underestimating our requirements can result in either excess or insufficient inventory, ultimately affecting our manufacturing efficiency and financial results adversely.

Furthermore, if we fail to place orders for adequate quantities of raw materials or components in a timely manner, it would lead to delays in product delivery to our customers, thereby adversely impacting our business, prospects, financial condition, results of operations, and cash flows.

Our business depends substantially on the efforts of our key employees and qualified personnel. Should they be unable to allocate sufficient time and resources to our business, or if we encounter challenges in attracting, retaining and hiring key management, technical and engineering personnel, our competitive position could be adversely affected.

Our success depends substantially on the continued efforts of our key employees and qualified personnel. If one or more of our key employees and qualified personnel fail to devote sufficient time and resources in support of our operation and continued growth, or if they terminate his or her services with us, we might not be able to replace them easily, in a timely manner, or at all. The departure of these key personnel could cause disruption to our business and would incur additional expenses to recruit, train and retain qualified personnel to replace them.

Professionals with sufficient training in the development and marketing of new energy engineering machinery or tractor trucks may be difficult to hire, and we will need to expend significant time and expenses training our existing and prospective employees. Furthermore, as we have a relatively limited operating history, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may materially and adversely affect our ability to grow our business and our results of operations.

The industries in which we operate are characterized by high demand and intense competition for top talent. In recent years, the average labor cost, particularly for highly skilled and experienced personnel, has been rising steadily. We cannot assure you that there will be no significant increase in our labor cost, especially as we continue to expand our business and operations. Despite an increase in labor costs, we may still not be able to attract or retain qualified staff or other highly skilled employees. As our brand gains prominence, the risk of competitors or other companies attempting to recruit our talent increases. Each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, we may be subject to legal proceedings arising from disputes over non-compete provisions. If any of our key management, technical and engineering personnel joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members, which will adversely and materially impact our competitive position.

We may not succeed in establishing, maintaining and strengthening our brand, which would materially and adversely affect customer acceptance of our products, business, prospects, financial condition, results of operations, and cash flows.

Our business and prospects rely on our ability to establish, maintain and strengthen our brand. Failure to project a positive brand image could result in losing opportunities to cultivate a growing and loyal customer base. The success of our branding efforts depends on our ability to consistently deliver high-quality products and services. If we fail to meet customer expectations with our products or services, our brand recognition and market acceptance will be eroded. Additionally, incidents involving our products and services, particularly those involving safety issues or defects, whether or not attributable to us, could generate adverse publicity. In China, where social media is extensively utilized, any negative publicity, regardless of its accuracy, has the potential to rapidly spread, thereby undermining customer perceptions and confidence in our brand.

Our ability to build and strengthen our brand also relies on the effectiveness of our sales and marketing strategies, including leveraging word-of-mouth referrals, offering trial services to prospective customers, and implementing cross-selling initiatives. See "Business — Marketing Strategy." While we seek to improve resource allocation through careful selection of sales and marketing channels, these efforts may not achieve the desired results.

We may expand into international markets in the future, which would expose us to various risks, including adverse regulatory, political, currency, tax and labor conditions, which could harm our business, prospects, results of operations, and financial condition.

As part of our growth strategy, we plan to expand into international markets. Successful entry into these markets exposes our business operations to a variety of risks, including unfavorable regulatory environments, political instability, currency fluctuations, taxation challenges and labor conditions, which could materially and adversely affect our business, prospects, results of operations, and financial condition. Operating in international markets requires the compliance with diverse legal, political, regulatory, and societal requirements, as well as adapting to varying economic conditions within these jurisdictions.

Moreover, international expansion demands extensive coordination across various jurisdictions and time zones, placing significant requirements on our management resources. We will be subject to numerous risks associated with international business activities that may increase costs, affect our capacity to market and lease our products, and require substantial managerial attention, including but not limited to:

- ensuring that our products and services meet evolving international regulatory requirements;
- incurring expenses related to legal actions and liabilities in foreign jurisdictions;
- managing complexities related to staffing and foreign operations;
- establishing and maintaining relationships with international suppliers and managing potential supply chain disruptions;
- attracting customers in new international markets;

- complying with foreign government tax, regulatory, and permit requirements, including foreign taxes that may not be offset against taxes imposed on us in the PRC, as well as foreign tax and other laws limiting our ability to repatriate funds to the PRC;
- managing fluctuations in foreign currency exchange rates and interest rates;
- complying with trade restrictions, tariffs, and price or exchange controls imposed by both the PRC and foreign governments;
- adapting to foreign labor laws, regulations, and restrictions;
- adjusting to changes in diplomatic and trade relationships;
- operating within legal frameworks and business practices that may favor local companies over international competitors;
- protecting or procuring intellectual property rights internationally;
- addressing geopolitical factors, natural disasters, conflicts, terrorism, health epidemics, and their potential impacts; and
- evaluating the resilience of international economies.

If we fail to effectively mitigate these risks, our business, prospects, financial condition, results of operations, and cash flows could be materially impacted.

We are subject to risks associated with strategic alliances or acquisitions.

We have engaged in and may continue to form strategic alliances such as joint ventures or minority equity investments with third parties to advance our business strategies. These alliances expose us to various risks, including the sharing of proprietary information, the possibility of non-performance by third parties, and increased costs associated with establishing new strategic partnerships, any of which may materially and adversely affect our business. Our ability to monitor or control the actions of these third parties may be limited. Negative publicity or reputational damage affecting any of these strategic partners could, by association, harm our own reputation.

In addition, we may pursue acquisitions of assets, technologies, or businesses that complement our existing operations. These acquisitions often require shareholder approval and may need licenses and approvals from relevant government authorities in compliance with applicable PRC laws and regulations, which could lead to delays and increased costs and potentially disrupt our business strategies if not successfully executed. The integration of new assets and businesses demands significant attention from our management and could divert resources away from our existing business, which in turn could have a material adverse effect on our operations.

Moreover, acquired assets or businesses may not generate the anticipated financial results. Acquisitions could result in the use of substantial cash resources, potentially result in dilutive issuances of equity securities, trigger significant charges related to goodwill impairment and amortization expenses for other intangible assets, as well as expose us to potential unknown liabilities of the acquired business. These factors would materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows.

Our operations may be materially and adversely affected if we fail to obtain, maintain and update licenses, approvals, qualification and certifications that are material to our operations.

The industries in which we operate are highly regulated. Our business operations in China are regulated by a number of PRC authorities, which jointly and severally regulate major aspects of our industries in China. We are also required to obtain and maintain the requisite licenses and approvals required in other jurisdictions where we have business operations.

We have obtained all the licenses and approvals from competent governmental authorities in all material aspects that are crucial to our operations in China. However, we cannot assure you that we can successfully renew current licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of current or future business. As the interpretation and implementation of existing and future legislations, regulations and policies governing our business activities are evolving, we cannot assure you that we will not be found in violation of any future legislations, regulations and policies nor any of the legislations, regulations and policies in effect. If we fail to obtain, renew or maintain any of the requisite licenses or approvals or make necessary and appropriate filings in any of the jurisdictions where we have business operations, we may be subject to various penalties, including fines, discontinuation or restriction of our business operations. Any such penalties may damage our reputation, disrupt our business operations and even terminate our business operations in those jurisdictions. As such, our results of operations, financial conditions and business prospects could be materially and adversely affected.

Our products rely on highly technical and complex software and hardware. If these systems contain errors, bugs, vulnerabilities, or design defects, or if we are unsuccessful in developing or integrating such systems or mitigating technical limitations in such systems, our business could be adversely affected.

Our products rely on technical and complex software and hardware that may require ongoing modifications and updates throughout their lifecycle. In addition, our products rely on the capability of this software and hardware to efficiently store, retrieve, process and manage data. Our software and hardware may contain errors, bugs, vulnerabilities or design defects, and may be subject to certain technical limitations. Some of these issues may be difficult to detect and might only become apparent after the code has been released for external or internal use. Although we endeavor to promptly and effectively address any issues we identify in our products, there is no guarantee that our efforts will be timely, and they may disrupt production or may not meet the satisfaction of our customers.

In the design, development and production of our products, we utilize third-party software and hardware, some of which are licensed to us through licensing agreements, while others are acquired from experienced business partners through technology transfer transactions. Integrating these technologies into our products and ensuring the smooth interoperability of different components are inherently complex and require close coordination with our business partners, vendors and suppliers. We may fail to detect defects and errors that only surface later in third-party software and hardware, and we may have limited control over their performance.

The occurrence of software or hardware issues or other challenges related to our technology or other systems can have a negative impact on the customer experience and lead to dissatisfaction among our customers. If we are unable to prevent or effectively address errors, bugs, vulnerabilities or defects in our software and hardware, or if we fail to implement software updates properly or meet customer expectations, it could harm our reputation, lead to customer attrition, result in revenue loss or expose us to liability for damages, which could have adverse effects on our business, prospects, financial condition, results of operations, and cash flows.

Non-compliance with data privacy and protection laws and regulations, whether actual or alleged, could damage our reputation and discourage customers from purchasing our products.

We are subject to various data privacy and protection laws and regulations in China, including the PRC Cyber Security Law (《中華人民共和國網絡安全法》), which requires service providers to obtain user consent to collect personal information, because we collect essential contact information when potential customers interact with us, and operational data related to our products, which enables us to monitor product performance, detect current or potential faults, and support our after-sales services. We have adopted stringent information security policies and utilize various technologies to safeguard the data we collected. See "Business — Data Privacy and Protection."

The collection, utilization, and transmission of customer data may impose regulatory and legislative obligations in China and other jurisdictions, including data breach notifications, limitations on data use and potential obstacles to acquiring new customers or serving existing ones. Any violation of customers' data privacy rights could lead to administrative investigations, disciplinary actions, civil claims and reputational damage.

Compliance with data privacy, data security, and consumer protection laws, industry standards and contractual obligations, might incur significant expenses. Issues arising from third-party access to and misuse of customer personal information may require substantial resources to resolve.

The interpretation and application of personal information protection laws, regulations and standards remain uncertain and subject to evolution. We cannot assure you that governmental authorities will not interpret or implement these laws or regulations in ways that adversely impact our operations. We might become subject to new or additional laws and regulations concerning personal information protection that could affect our data collection, analysis, storage, and usage practices. Customer attitudes toward data privacy are also evolving, with growing concerns about the extent of data collection, potentially affecting our ability to access data and enhance our technologies, products and services.

Furthermore, the integrity of our data protection measures may be compromised due to system failures, security breaches or cyberattacks. Failure to comply with applicable laws and regulations or effectively address data privacy and protection concerns, whether actual or alleged, could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Inadequate access to charging infrastructure or incompatibility with the local power systems for our products may negatively impact the sales of our products.

Demand for our products depends on the availability and quality of charging infrastructure in the areas where our customers plan to deploy our products. The accessibility of charging stations may face challenges such as:

- delays or disruptions in the provision of charging services at these stations;
- incompatibility and unavailability of the electrical power grid infrastructure to support the establishment and operation of charging infrastructure;
- successful incorporation of our products into the charging station networks;
- need for necessary permits, land use rights and regulatory filings to access the charging infrastructure; and
- the risk of discontinuation of government support for charging infrastructure.

The limited availability of charging infrastructure may dissuade potential customers from purchasing our products, and as a result, our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected.

If either we or our distributors are unable to adequately service our products, or if future warranty claims arise, it could have a material adverse effect on our business, prospects, financial condition, results of operations, and cash flows.

We aim to offer our customers a compelling post-sale service experience, facilitated by an extensive range of technical support services. Servicing and repairing new energy engineering machinery and tractor trucks differ from servicing traditional fuel-powered counterparts and demand specialized skills, including high-voltage training and servicing techniques. There is no guarantee that our post-sale service arrangements will fully meet our customers' requirements and satisfaction.

As we continue to expand, our post-sale service team may face additional pressure, potentially making it challenging to respond promptly to short-term increases in customer demand for technical support. Customer behavior and usage patterns may result in higher-than-anticipated maintenance and repair costs, which could adversely affect our business, prospects, financial condition, results of operations, and cash flows. We may also struggle to adapt our technical support offerings to compete with changes in the support services provided by our competitors. Adjusting to heightened customer support needs without a commensurate increase in revenue could escalate expenses, potentially exerting an adverse impact on our operational outcomes. Failure to address our customers' service requirements adequately or failing to establish a market perception of high-quality support may lead to claims from customers, including revenue loss or damages, and our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected.

Moreover, expanding into international markets introduces additional risks associated with providing maintenance and repair services globally. Dispatching specialized technicians or shipping spare parts across borders can escalate costs and introduce delays. Cultural, linguistic and legal differences can complicate customer service interactions, increasing the risk of misunderstandings and potential legal repercussions, and damaging our brand reputation. Failure to adapt our services to these international complexities may result in reduced customer satisfaction and increased costs, thereby materially and adversely affecting our business, prospects, results of operations, and financial condition.

We accrue warranty expenses for potential claims in connection with repair and replacement of our products under the warranties we provide based on the sales volume and the expected unit costs required for warranty services, which includes the best estimate of expected settlement amounts under our sales agreements in respect of the sold products that remain within the warranty period. The expected unit costs for warranty services are estimated based on the frequency of future claims and average costs for each claim. Given our relatively short history of engineering machinery manufacturing and sales and changes to the historical or projected warranty experience, we leveraged our industry experience in the estimation of the frequency of future claims. In 2022, 2023 and 2024, our warranty expenses amounted to RMB10.3 million, RMB13.4 million, and RMB18.6 million, respectively, representing 2.9%, 2.9%, and 2.9% of the total revenue, respectively.

There is no assurance that these reserves will be sufficient to cover future claims. In the future, we may face significant unexpected warranty claims, resulting in substantial expenses that could in turn materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows.

If our customers alter or modify our products with aftermarket products, or attempt to modify our products' charging systems, the products may not operate properly or compromise operator safety, which may create negative publicity and could harm brand and business.

Our customers may opt to alter or modify our products by incorporating aftermarket components, which may compromise operator safety. Our policy expressly prohibits customers from making any alterations or modifications to our products, but it is not always possible for us to prevent our customers from doing so. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to the dangers associated with high-voltage electricity. These unauthorized alterations and modifications could diminish the safety of our products, and any injuries resulting from such changes may generate unfavorable media coverage, which would negatively affect our brand and harm our business, prospects, financial condition and results of operations.

We have incurred a significant amount of debt and may, in the future, incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our current or future debt agreements include or will include restrictive covenants limiting our shareholding structure, business, and operational flexibility.

As of December 31, 2024, our total loans and borrowings amounted to RMB352.3 million, consisting primarily of loans from commercial banks in China. We may choose to satisfy, repurchase, or refinance these liabilities through either public or private equity or debt financings if we deem such financings available on favorable terms. The fulfillment of these debt obligations could adversely affect the funds available to us and the amount or timing of any distributions to our shareholders. If we do not have sufficient cash or are unable to secure additional financing, or if our use of cash is constrained by applicable laws, regulations or agreements governing our existing or future indebtedness, we may not be able to fulfill our repayment obligations, which may constitute an event of default under the respective transaction documents. Such an event of default could, in turn, lead to defaults under other agreements governing our current and future indebtedness, leaving us with insufficient funds to meet these obligations.

Our borrowings under the short-term loans currently accrue interest at variable rates based on loan prime rate. As a result, interest rates on our short-term loans or other variable rate debt obligations could be higher or lower than current levels. If interest rates increase, our debt obligations on existing or any future indebtedness would rise, even if the borrowed amount remains unchanged, resulting in a corresponding decrease in our net income and cash flows, including the cash available for servicing our debt.

Furthermore, our current bank borrowings contain specific financial covenants that may impose restrictions on our operations. Future borrowings may also include similar restrictive covenants limiting our shareholding structure, business and operational flexibility. Failure to meet payment obligations, comply with affirmative covenants, or violations of negative covenants could constitute an event of default on our borrowings. The occurrence of any such default events may have a material adverse effect on our financial condition, operational results and cash flow.

Any unauthorized control or manipulation of our products' information technology systems could result in a loss of confidence in us and our products, thereby harming our business.

Our products feature complex information technology systems. We have designed and implemented security measures intended to prevent cybersecurity breaches and unauthorized access to our products and their information technology systems, and we intend to introduce additional security measures as needed. Nevertheless, there is a possibility that hackers and other malicious actors might attempt to gain unauthorized access in the future, seeking to modify, alter or manipulate our products' software or access data stored within or generated by our products. Errors and vulnerabilities within our information technology systems may be subject to probing by third parties and could be exposed and exploited in the future, and remediation of such breaches may not be prompt or entirely successful.

Unauthorized access or control of our products or their systems, or any breach of data security, could result in various risks including harm to our customers, unsafe operational conditions or product failure, which could result in interruptions in our business, legal claims or proceedings which may not result in our favor and could subject us to significant liability.

Moreover, regardless of their veracity, reports of unauthorized access to our products, their information technology systems, or data, as well as any perception that our products or systems are vulnerable to hacking or lack adequate safety controls, could have a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

We have been and may in the future become, subject to patent, trademark and/or other intellectual property infringement claims, which may be time-consuming, cause us to incur significant liability and increase our costs of doing business.

We have been and may in the future become party to additional, intellectual property infringement proceedings. See "Business — Intellectual Property." Companies, organizations, or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary or intellectual property rights that would prevent, limit or interfere with our ability to make, use, develop, sell, lease or market our products or components, which could make it more difficult for us to operate our business.

From time to time, we may receive communications from holders of patents, software copyrights, trademarks, trade secrets or other intellectual property or proprietary rights alleging that we are infringing, misappropriating, diluting or otherwise violating such rights. Such parties have brought and may in the future bring suits against us alleging infringement or other violation of such rights, or otherwise assert their rights and urge us to acquire licenses to their intellectual property. For example, our applications for and uses of trademarks relating to our products, services, or designs, could be found to infringe upon existing trademark rights owned by third parties. In addition, we may not be aware of existing patents or patent applications that could be pertinent to our business as many patent applications are filed confidentially in one country and are not published until months following the applicable filing date.

In the event that a claim relating to intellectual property is asserted against us, our suppliers or our third-party licensors, or if third parties not affiliated with us hold pending or issued patents that relate to our products or technology, we may need to seek licenses to such intellectual property or seek to challenge those patents. Even if we are able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. In addition, we may be unable to obtain these licenses on commercially reasonable terms, if at all, and our challenge of third-party patents may be unsuccessful. Litigation or other legal proceedings relating to intellectual property claims, regardless of merit, may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. Further, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling or leasing, incorporating certain components into, or using products or offering services that incorporate or use the intellectual property that we allegedly infringe, misappropriate, dilute or otherwise violate;

- pay substantial royalty or license fees or other damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms, or at all;
- redesign or reengineer our products, services or technologies, which may be costly, time-consuming or impossible; or
- establish and maintain alternative branding for our products and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

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

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We rely on a combination of patent, trade secret (including those in our know-how), and other intellectual property rights, as well as employee and third-party nondisclosure agreements, intellectual property licenses, and other contractual rights to establish and protect our rights in our technology and intellectual property.

Our patent or trademark applications may not be granted, any patents or trademark registrations that may be issued to us may not sufficiently protect our intellectual property and any of our issued patents, trademark registrations or other intellectual property rights may be challenged by third parties. Any of these scenarios may result in limitations in the scope of our intellectual property or restrictions on our use of our intellectual property or may adversely affect the conduct of our business. Despite our efforts to protect our intellectual property rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take to prevent misappropriation may not be successful. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

Our use of open-source software in our applications could subject our proprietary software to general release, adversely affect our ability to sell our products and subject us to possible litigation, claims or proceedings.

We use open-source software in the development and deployment of our products and services, and we expect continued reliance on open-source software in the future. Companies that use open-source software into their products have, from time to time, encountered challenges related to the use of such software and potential non-compliance with open-source licensing terms. To protect our proprietary software developed based on open-source software from general release, we ensure that the open-source software we use is under licenses that allow commercial use without mandating the release of our proprietary modifications. We also focus on keeping our proprietary code distinct from the open-source components. This involves ensuring that any modifications or extensions we make are not intertwined with the open-source code in a way that would require us to disclose the proprietary parts under copyleft licenses. Despite of the foregoing measures, we could be subject to legal actions initiated by third parties who claim ownership of software that we believe falls under the category of open-source software, or who allege breaches of open-source licensing terms.

Certain open-source software licenses may require users who distribute proprietary software containing or linked to open-source software to publicly disclose some or all of the source code of that proprietary software and/or make any derivative works of the open-source code available under the same open-source license, which could include our proprietary source code. While we oversee the use of open-source software and endeavor to prevent situations where our proprietary source code may become subject to such requirements and limitations, inadvertent instances of such usage may still occur.

We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business.

From time to time, we may face litigation, regulatory proceedings and government investigations which may be brought against us by customers, end users, competitors, governmental entities conducting civil, regulatory or criminal investigations, or other parties. See "Business — Litigations." These claims could be asserted under a variety of laws, including but not limited to product liability laws, customer protection laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws, property laws, and employee benefit laws. There is no guarantee of our success in defending against these legal and regulatory proceedings or investigations or in asserting our rights under applicable laws.

Even if we succeed in our defense or asserting our rights, the process can be expensive, time-consuming, and may not yield the desired outcome. Legal and regulatory proceedings can also expose us to negative publicity, substantial financial damages, legal defense expenses, injunctive orders, and criminal, civil and administrative fines and penalties.

Our insurance coverage strategy may not be adequate to protect us from all business risks and cover all of our potential losses.

We maintain various insurance policies relating to our business operations to safeguard against risks and unforeseen events. We have procured a range of commercial insurance policies to mitigate our operation risks and drive both economic and social benefits, including accident insurance, employer's liability insurance, equipment insurance, and transportation insurance. See "Business — Insurance." However, our insurance coverage strategy may not protect us from all business risks. If we were to incur substantial losses and liabilities stemming from uninsured occurrences such as business disruptions, litigation, or natural disasters, we could face significant costs and resource diversion, which could have a material adverse effect on our business, results of operations, financial conditions and prospects. We may be required to bear our losses to the extent that our insurance coverage is insufficient.

We have granted, and may continue to grant additional share incentives, which may result in increased share-based payment expenses and dilution to the shareholding of existing shareholders.

We established incentive platforms for the purpose of granting share-based compensation awards to qualified individuals, primarily comprising our employees, to incentivize their performance and align their interests with ours. See "History, Development and Corporate Structure — Incentive Platforms." We recognize equity-settled share-based payment expenses in our consolidated financial statements in accordance with IFRSs. We recorded equity-settled share-based payments of RMB29.1 million, RMB29.7 million, and RMB33.5 million in 2022, 2023 and 2024, respectively.

We believe the granting of share-based compensation is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations, and the shareholding of existing shareholders may experience further dilution.

Non-compliance with relevant regulations regarding social insurance and the housing provident fund may result in penalties and have an adverse impact on our business, financial condition, results of operations and prospects.

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance system, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing fund system. An employer is required to make contributions for the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties for the social insurance non-compliances and therefore did not incur any administrative penalties. See "Business — Employees — Social Insurance and Housing Provident Funds."

However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, prospects, results of operations, financial condition, and cash flows may be adversely affected.

Any unanticipated lease terminations, as well as challenges in renewing existing premises at favorable terms, could have a material adverse effect on our business. Non-registration of lease agreements may subject us to fines.

As of the Latest Practicable Date, we maintained three leased properties in the PRC with an aggregate gross floor area of approximately 20,641 square meters from third parties, mainly used as manufacturing plants, and office premise. Our leases may be terminated unexpectedly due to various reasons, such as the landlord opting to repurpose the property, financial disputes, or breaches of lease terms. Such terminations could force us to find alternative premises quickly, potentially at higher costs or less favorable locations, impacting our operational efficiency and increasing costs. When leases on critical properties come up for renewal, there may be challenges in renegotiating terms that are as favorable as the original lease. Landlords may demand higher rent, more stringent lease conditions, or shorter lease durations. Inflationary pressures or changes in the real estate market could also exacerbate this issue, leading to increased operational costs and potentially limiting our flexibility in business operations.

In addition, pursuant to the applicable PRC laws and regulations, both lessors and lessees are required to file the lease agreements with relevant authorities for record and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, all of our leases had not been filed with the governmental authorities. The failure to file and obtain property leasing filing certificates for such three leases, as required under PRC laws, may subject us to a fine ranging from RMB1,000 to RMB10,000 for each agreement not filed. If such fines are imposed, the maximum penalty we may be required to pay would be approximately RMB40,000 for the above three leased properties.

We rely on our employees to implement our risk management and internal control system, which may be vulnerable to human error or mistakes.

We are dedicated to the establishment and maintenance of robust risk management and internal control systems. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. See "Business — Risk Management and Internal Control." Since these systems depend on implementation by our employees, and even though we provide relevant internal training in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations, and noncompliance with such laws and regulations can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities, including the United States Foreign Corrupt Practices Act ("FCPA"), and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees, and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We also have business collaborations with government agencies and state-owned affiliated entities. These interactions subject us to an increasing level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Certain countries or organizations, including the U.S., the European Union, the United Nations, the United Kingdom, and Australia, have, through executive order, legislations or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions. Sanctions laws and regulations are continually evolving, with new individuals and entities regularly being added to the list of sanctioned persons. Moreover, new requirements or restrictions may come into effect, potentially intensifying scrutiny on our business, particularly concerning our international expansion plans, or resulting in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of relevant jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

Any misconduct by our employees or by business partners and/or their employees, could potentially expose us to significant legal liabilities, reputational harm, and other damages that may adversely affect our business.

We rely on our employees to maintain and operate our business and have implemented an internal code of conduct to guide the actions of our employees. However, we do not have control over the actions of our employees, and any misbehavior of our employees could materially and adversely affect our reputation and business. For example, if an employee were to breach their confidentiality obligations by disclosing our or our business partners' trade secrets to third parties, our commercial interests may be harmed and we may be subject to legal actions and reputational damage. Additionally, if an employee abuses their authority to accept bribes, we may face investigations, penalties, and harm to our business interests and reputation. We also rely on our business partners, including suppliers, external manufacturers, the catalog company and logistics service providers for our business operations. Although we have implemented measures to select business partners, we may not be able to successfully monitor, maintain and improve the quality of their products and services. In the event of any unsatisfactory performance by our business partners and/or their employees, our business, prospects, results of operations, financial condition, and cash flows may be materially and adversely affected. Moreover, there is a risk that some business partners and all their employees might engage in fraudulent activities, such as forging contracts, providing false information, or concealing critical facts, which could mislead us into signing unfavorable agreements, thereby harming our interests. Furthermore, defects or quality issues in products or services provided by partners may lead to dissatisfaction, damaging our brand image and reduce our competitive edge in the market.

We are subject to various environmental and safety laws and regulations that could impose potential costs upon us for environmental compliance or monetary damages, fines and other liabilities and damage to our brand name and reputation for noncompliance, and may cause delays in building our manufacturing plants.

We are subject to multiple environmental and safety laws and regulations related to the manufacturing of our products, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plants. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. Changes in these laws or other new environmental and safety laws and regulations may require us to change our operations, potentially resulting in a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Violations of these laws and regulations could result in substantial fines and penalties, third-party damages, suspension of production, remedial actions or a cessation of our operations. Contamination at properties we own or operate, or properties to which we send hazardous substances, may result in liability for us under environmental laws and regulations.

In addition, from time to time, the Chinese government issues new regulations, which may require additional actions on our part to comply. If our plants or any of our other future constructions fail to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of our plants or other relevant constructions, any of which could have a material adverse effect on our business, prospects, financial condition and results of operation.

Our operations are also subject to workplace safety laws and regulations, which require compliance with various workplace safety requirements, including requirements related to environmental safety. These laws and regulations can give rise to liability for oversight costs, compliance costs, bodily injury (including workers' compensation), fines, and penalties. Additionally, non-compliance could result in delay or suspension of production or cessation of operations. The costs required to comply with workplace safety laws can be significant, and non-compliance could adversely affect our production or other operations, which could have a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

Moreover, there is a growing global focus on the environmental practices of manufacturers. Additionally, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. Compliance with such regulations is considered costly industrywide. As we expand into new markets, we will become subject to additional environmental and safety laws and regulations. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices.

Our business could be adversely affected by trade tariffs, export control laws or other trade barriers.

As part of our growth strategy, we are actively pursuing expansion into international markets. Our business could be influenced by the imposition of tariffs, export control laws, and other trade barriers, potentially increasing the cost or difficulty of exporting our products to the imposing countries. We will become subject to additional tariffs, laws and barriers as we enter into new markets. We may experience cost increases as a result of existing or future tariffs and may not be able to pass on such additional costs to our customers, or otherwise mitigate the costs. In the event that we raise prices to help cover the higher costs, we may face lower demand for our exported products. A violation of export control laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses. Any of the foregoing could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

For example, in recent years the U.S. government has attempted to renegotiate or terminate certain existing bilateral or multilateral trade agreements. It has also imposed tariffs on certain foreign goods which resulted in increased costs for goods imported into the U.S. In response to these tariffs, a number of trading partners from the U.S. have imposed retaliatory tariffs on a wide range of products from the U.S., making it more costly for companies to export products to those countries. China and the U.S. have each imposed tariffs, indicating the potential for further trade barriers which may escalate a nascent trade war between China and the U.S. In addition, additional trade restrictions or barriers could be implemented on a broader range of products or raw materials.

Fluctuations in exchange rates could have a material adverse effect on our business, prospects, results of operations, and financial condition.

We incurred foreign exchange gain of RMB56 thousand, nil, and nil in 2022, 2023, and 2024, respectively. Our foreign exchange gain in 2022 was related to the gain from our conversion of an equity investment in us in Hong Kong dollars into Renminbi. As we expand our business into international markets in the future, we may subject to increasing risk related to foreign exchange rate fluctuations.

The conversion of foreign currencies, including Hong Kong dollars and U.S. dollars, into Renminbi is based on rates set by the PBOC. The Renminbi has fluctuated against Hong Kong dollars and U.S. dollars, sometimes significantly and unpredictably. The value of Renminbi against Hong Kong dollars, U.S. dollars and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars and U.S. dollars in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollars in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our H Shares in foreign currency. For example, to the extent that we need to convert Hong Kong dollars we receive from the Global Offering into Renminbi to pay our operating expenses, appreciation of Renminbi against Hong Kong dollars would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against Hong Kong dollars and U.S. dollars may significantly reduce Hong Kong dollars' and U.S. dollars' equivalency of our earnings, which in turn could adversely affect the price of our H Shares.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. While we may decide to enter into further hedging transactions, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

If we do not continue to receive preferential tax treatments or government grants, our results of operations may be adversely affected.

We currently benefit from several preferential tax treatments. Our Company obtained the High and New Technology Enterprises status in 2019 and had the status renewed in 2022, and hence is entitled to a preferential enterprise income tax rate of 15%. This preferential treatment could be extended for another three years upon renewal. In addition, our Company was entitled to the benefit of being able to deduct research and development costs at a rate of 175% during the period from January 1, 2021 to September 30, 2022 and at a rate of 200% since October 1, 2022. The discontinuation of any of the preferential income tax treatments that we currently enjoy could have a material adverse effect on our results of operations and financial condition. We cannot assure you that we will be able to maintain or lower our current effective tax rate in the future.

Additionally, we have received various government grants, including (i) one-off subsidies in connection with certain acknowledgments or qualifications we receive from governmental departments, (ii) governmental subsidies in relation to our research projects, and (iii) tax rebates. Any delay or uncertainty in collection or the discontinuation of these governmental subsidies or tax rebates or the imposition of any additional taxes could adversely affect our business, prospects, profitability, results of operations, financial condition, and cash flows.

Changes in tax laws may materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows.

New income, sales, use or other tax laws, statutes, rules, regulation or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. Should such changes exert a negative impact on us, our suppliers, manufacturers, or our customers, including due to associated uncertainties, these changes may materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows.

We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of health epidemics. In recent years, there have been outbreaks of COVID-19 pandemic in China and globally. In response to COVID-19 pandemic, various nations have adopted, among other measures, restrictions on mobility and travel, cancellation of public activities and temporary suspension on public transportation which may lead to delays or disruption in our operations, including but not limited to, business activities and research and development activities. A recurrence of an outbreak of COVID-19 and other health epidemics could restrict the level of economic activities generally and/or slow down or disrupt our business activities, which could in turn adversely affect our business, prospects, results of operations, financial condition, and cash flows.

In addition to the impact of health pandemics as described above, our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the countries and regions where we have operations could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material and adverse effect on our business, results of operations, financial conditions and prospects.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations. With a deteriorating worldwide economy, consumer spendings and consumption of non-essential items may diminish, which in turn will affect the demand for our sales and marketing services. It is unclear whether these challenges will be contained and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the economies where we operate our businesses, including China. To the extent any fluctuations in the global economy significantly and adversely affect consumers' demand for our products, our business, results of operations, financial conditions and prospects may be materially and adversely affected.

RISKS RELATING TO OUR DOING BUSINESS IN CHINA

The new energy engineering machinery is an emerging industry in China which may be subject to evolving governmental regulations that may affect our business operations.

The majority of our current operations are based in China. The new energy engineering machinery industry is subject to continually evolving government regulations, encompassing the Implementation Plan for Synergizing Efficiency in Reducing Pollution and Carbon Emissions (《減污降碳協同增效實施方案》), the Action Plan for In-Depth Fighting against Heavy Pollution Weather Elimination, Ozone Pollution Prevention and Control and Diesel Truck Pollution Control (《深入打好重污染天氣消除、臭氧污染防治和柴油貨車污染治理攻堅戰行動方案》), and the Announcement on the Implementation of China VI Emission Standard for Automobiles (《關於實施汽車國六排放標準有關事宜的公告》). In recent years, the regulatory framework in China regarding the new energy engineering machinery industry has undergone significant changes, and we expect that it will persist. Any modifications or amendments to these regulations may lead to increased compliance costs for our business, potentially causing delays or hindering the successful development of our products in China. Moreover, these changes could diminish the anticipated benefits we associate with the development and manufacture of new energy engineering machinery and the design and development of e-powertrain kits for manufacturing new energy tractor trucks in China.

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

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by economic and legal developments within the PRC. 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.

Furthermore, the interpretation and application of the laws and regulations governing the new energy engineering machinery industry also undergo continuous evolution and revision. These dynamic changes in the legal landscape have the potential to significantly impact our operations and business environment.

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

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

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

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

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

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

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

We are actively pursuing expansion into international markets. Specifically, we have developed a direct current photovoltaic power system with plans to launch sales internationally.

Unfavorable government policies related to international trade, including capital controls or tariffs, or adverse shifts in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our products, in international markets. Since January 2025, the United States has announced successive rounds of tariffs on goods imported from China, adding further uncertainties to U.S.-China relations and the global macroeconomic environment. We are closely monitoring potential changes in international trade policy and assess the potential impact of these and other trade policy changes on our business operations and financial performance.

As of the Latest Practicable Date, these changes had not had a material adverse effect on our operations. Although we were commissioned by a company based in North America to design and manufacture add-on e-powertrains in 2023, generating revenue of RMB8.9 million from the United States, we have no exports to the U.S. in 2022 or 2024. Additionally, most of our materials and components are sourced domestically, with none imported from the United States.

Looking forward, our strategic expansion efforts are focused on markets across Southeast Asia, the Middle East and Africa. Accordingly, we do not foresee the escalating U.S.-China tensions having a significant impact on our business. However, we cannot assure you the implementation of new tariffs, changes in legislation and regulations, or the renegotiation of existing trade agreements will not result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

We are subject to the currency exchange regulatory system.

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

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

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

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

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

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region (the "Hong Kong SAR") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "Double Taxation Arrangements") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was newly revised and implemented on January 20, 2025, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Double Taxation Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends.

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

While this may also apply to other jurisdictions, there might be difficulties in effecting service of legal process, enforcing foreign judgments against us or our Directors, Supervisors and senior management in the PRC.

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

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong SAR entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"), which was taken into effect on August 1, 2008.

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

On January 18, 2019, the Supreme People's Court of the PRC and the government of Hong Kong SAR signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. On January 29, 2024, the New Arrangement was declared effective jointly by the Supreme People's Court of the PRC and the government of Hong Kong SAR, which has replaced the Arrangement. However, the New Arrangement does not apply to certain judgements of civil and commercial matters. Furthermore, there remain uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in the PRC.

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

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares. An active trading market may not develop, especially taking into account that certain existing Shareholders and Cornerstone Investors may be subject to a lock-up period, and the liquidity of our H shares may be limited, and the price and trading volume of our H Shares may be volatile.

Prior to the Global Offering, 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 Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators and us and may not be an indication of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

In particular, certain portion of H Shares to be converted upon conversion of Unlisted Shares into H Shares or to be issued to Cornerstone Investors will be subject to a lock-up period from the Listing Date, which may significantly affect the liquidity and trade volume of our H Shares in the short term following the Global Offering. A listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to lock-up, or if it does develop, that it will sustain following the Global Offering, or that market price of the H Shares will rise following the Global Offering. If an active public market for our H Shares does not develop following the completion of Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by equity research analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will trade.

In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

Future sale or major divestment of H Shares by our Pre-IPO Investors could materially and adversely affect the prevailing market price of our H Shares.

The future sale of a significant number of our H Shares in the public market after the Global Offering, or the possibility of such sales, by our Pre-IPO Investors could materially and adversely affect the market price of our H Shares and could materially impair our future ability to raise capital through offerings of our H Shares. Although such Pre-IPO Investors have agreed to a lock-up on their H Shares (including the H Shares converted from Domestic Shares upon listing, if applicable), any major disposal of such H Shares by any of such Pre-IPO Investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our H Shares to fall which could negatively impact our ability to raise equity capital in the future.

You will incur immediate and significant dilution and raising additional capital may cause further dilution or restrict our operation.

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

Any possible conversion of Domestic Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the market price of H Shares.

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

If equity research analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price for our H Shares and trading volume may decline.

The trading market for our H Shares will be influenced by research or reports that equity research analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our H Shares to decline.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future and may result in dilution of your shareholding.

Prior to the Global Offering, there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

There can be no assurance that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. See "Financial Information — Dividends."

Our Controlling Shareholders has significant influence over our Company and its interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders will, through its voting power at the Shareholders' meetings and its delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. See "Future Plans and Use of Proceeds — Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

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

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

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media coverage regarding us or the Global Offering.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our H Shares. Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying 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 the new applicant's 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 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our management, business operations and assets are primarily located outside Hong Kong. Our executive Directors are based in the PRC as our Board believes it would be more effective and efficient for our executive Directors to be based in a location where our significant operations are located.

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

(a) the Company has appointed and will continue to maintain two authorized representatives (the "Authorized Representatives"), namely Mr. Sun Kanghua and Ms. Shum Kit Han ("Ms. Shum"), who will act as the Company's principal communication channel with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. The Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives.

(b) the Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling. The Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess 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.

(c) the Company has appointed Gram Capital Limited as our compliance advisor (the "Compliance Advisor"), pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication between the Stock Exchange and the Company for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will maintain constant contact with the Authorized Representatives, Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules.

JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that 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); and

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

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

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

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

(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.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the applicant has principal business activities primarily outside Hong Kong;

(b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

The Company has appointed Mr. Liu Xingyu ("Mr. Liu") and Ms. Shum as the joint company secretaries of the Company (the "Joint Company Secretary(ies)") to jointly discharge the duties and responsibilities of our company secretaries with reference to their work experience and qualifications.

Mr. Liu currently serves as the secretary of our Board and a supervisor of our three subsidiaries and has over ten years of experience in financial management. Further biographical details of Mr. Liu are set out in "Directors, Supervisors and Senior Management" in the prospectus. Although Mr. Liu does not possess the qualifications set out in Rule 3.28 of the Listing Rules, the Company has appointed him as one of the Joint Company Secretaries due to his extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations and internal administration of the Group accumulated since his joining the Group in May 2020. Ms. Shum has been appointed as the other Joint Company Secretary in March 2024 to assist Mr. Liu in discharging the duties of our company secretary. Ms. Shum is a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong and is therefore qualified under Rule 3.28 of the Listing Rules to act as a Joint Company Secretary. Further biographical details of Ms. Shum are set out in "Directors, Supervisors and Senior Management" in the prospectus.

The Directors believe that the Joint Company Secretaries should, apart from being able to meet the professional qualifications or the relevant experience (the "Relevant Experience", unless otherwise defined, within the meaning of Note 2 to Rule 3.28 of the Listing Rules), have sufficient knowledge about (a) the operation and business environment of the Company; and (b) regulatory requirements in the PRC which are applicable to the Company.

Since Mr. Liu does not possess the Relevant Experience, 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 such that Mr. Liu may be appointed as a joint company secretary of the Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be granted for a fixed period of time (the "Waiver Period") and on the following conditions:

(a) the Company appoints a person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules as a joint company secretary to assist the proposed company secretary in discharging his functions as a joint company secretary and in gaining the Relevant Experience; and

(b) the waiver will be revoked immediately if the person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules so appointed as a joint company secretary ceases to provide assistance to the proposed company secretary, or if there are material breaches of the Listing Rules by the Company.

The following arrangements have been, or will be, put in place to assist Mr. Liu in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules:

(a) Ms. Shum will work closely with Mr. Liu to jointly discharge the duties and responsibilities as the Joint Company Secretaries and to assist Mr. Liu to acquire the Relevant Experience for an initial period of three years from the Listing Date, a period which should be sufficient for Mr. Liu to acquire the Relevant Experience;

(b) the Company will ensure that Mr. Liu and Ms. Shum have access to relevant training, support and advice from the Compliance Advisor (appointed pursuant to Rule 3A.19 of the Listing Rules) and the Company's legal and professional advisors, who can provide professional guidance to the Company and the Joint Company Secretaries as to compliance with the Listing Rules and all other applicable laws and regulations; and

(c) before the end of the three-year period, the qualifications and experience of Mr. Liu and the need for on-going assistance of Ms. Shum will be further evaluated by the Company. The Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. Liu, having had the benefit of Ms. Shum's assistance during the three year period, has attained the Relevant Experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the waiver will be revoked immediately if Ms. Shum ceases to provide assistance to Mr. Liu as a joint company secretary during the three-year period or where there are material breaches of the Listing Rules by the Company.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

According to the Trial Measures and related guidelines, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We have submitted a filing to the CSRC for application for the Listing on April 30, 2024. The CSRC confirmed completion of such filing on December 11, 2024. No other approvals from the CSRC are required to be obtained for the Listing.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale, delivery, subscription or acquisition made in connection with the Offer Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any date subsequent to the date of this prospectus.

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, see "Structure of the Global Offering."

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

The Company has applied for the conversion of 228,241,531 Unlisted Shares held by 45 Shareholders into H Shares and see "History, Development and Corporate Structure" and "Share Capital" in this prospectus for details of their interests in the Company and relevant procedures for the conversion of Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing. The conversion of Unlisted Shares into H Shares has been approved by the CSRC on December 11, 2024 and is still subject to the approval by the Stock Exchange.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of the Hong Kong Offer Shares to, confirm that he/she/it is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares outside Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances where such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters and subject to the terms and conditions of the International Underwriting Agreement. For further details on the Underwriters and the underwriting arrangements, see "Underwriting."

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Unlisted Shares.

Dealings in the H Shares on the Stock Exchange are expected to commence on Wednesday, May 7, 2025. No other part of our share capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under Section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted in to CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

H SHARE REGISTER AND STAMP DUTY

All H Shares issued pursuant to applications made in the Global Offering and converted from Unlisted Shares will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK$5.00 is currently payable on each instrument of transfer of H Shares.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on our H Share register of members in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

According to the Guide to the Program for "Full Circulation" of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law and our Articles of Association;
- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to the H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, the H Shares.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates.

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

RMB0.9289 to HK$1.00

RMB7.2085 to US$1.00

HK$7.7604 to US$1.00

The RMB to HK$ and US$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on the Latest Practicable Date.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chen Fangming (陳方明)	Room 5A, No.66, Lane 999 Guangzhong West Road Jing'an District Shanghai PRC	Chinese
Dr. Qiu Debo (邱德波)	No.10, Lane 242 Xinnan Road Songjiang District Shanghai PRC	Chinese
Mr. Sun Kanghua (孫康華)	Room 502, No. 261, Lane 358 Qiyue Road Jiading District Shanghai PRC	Chinese
Ms. Yang Hui (楊慧)	Room 302, No. 8, Lane 399 Xinghong Road Minhang District Shanghai PRC	Chinese (Hong Kong)
Non-executive Directors		
Mr. Cao Haiyi (曹海毅)	Room 2202, Block 3, Yangguang Jincheng No. 35 Xinjian East Road Yuhua District Changsha City Hunan Province PRC	Chinese
Mr. Wang Zhenkun (王振坤)	Room 3–2–602, Milan Court Golden Harbor Hanyang District Wuhan City Hubei Province PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Zhou Yuan (周元)	Room 105, Building 55 No. 88, Changsheng South Road Taicang City Jiangsu Province PRC	Chinese
Dr. Li Xiaofu (李曉郛)	Room 99–1404, Taihe Red Royal No. 83 Henggao Road Baoshan District Shanghai PRC	Chinese
Dr. Jiang Bailing (江百靈)	No. 332, Lane 1001 Jiuliting Street Songjiang District Shanghai PRC	Chinese
Mr. YIM, Chi Hung Henry (嚴志雄)	Unit 3, 12/F, Tower A North Point Centre Building 286 King's Road North Point Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. Liu Yudong (劉昱東)	Room 1806, Unit 2, Tongchuang Yucheng, Guotai Road Panyu District Guangzhou City Guangdong Province PRC	Chinese
Ms. Wang Yanzhen (王艷湞)	Room 1502, Unit 9 No. 185 Longma Road Songjiang District Shanghai PRC	Chinese
Ms. Sun Wenxu (孫文旭)	Room 601, No.30, Lane 500 Fengshun Road, Zhuanqiao Town Minhang District Shanghai PRC	Chinese

For further details on our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors and Sponsor-Overall Coordinators

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited
12/F CCB Tower,
3 Connaught Road Central
Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**Citrus Securities Limited** Room 2201, 22/F OfficePlus@Wan Chai 303 Hennessy Road Wan Chai, Hong Kong
	TradeGo Markets Limited Room 3405, West Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Joint Lead Manager and Capital Market Intermediary	**SPDB International Capital Limited** 33/F, SPD Bank Tower 1 Hennessy Road Hong Kong
Legal Advisors to our Company	*As to Hong Kong law:* **Cooley HK** 35/F, Two Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC law: **AllBright Law Offices** 9, 11/F–12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai PRC
	As to PRC cybersecurity and data privacy law: **AllBright Law Offices** 9, 11/F–12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai PRC

Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law:* **Ashurst Hong Kong** 43/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 12–14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Reporting Accountants and Independent Auditor	*Certified Public Accountants* **KPMG** *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 Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong **DBS Bank (Hong Kong) Limited** 11/F, The Center 99 Queen's Road Central Central Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	Room 208, 2/F, Block 3 No. 168 Shennan Road Minhang District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.breton.top** (*The information contained on this website does not form part of this prospectus*)
Joint Company Secretaries	**Mr. Liu Xingyu** Room 1203, No.19, Lane 368 Fengzhou Road, Malu Town Jiading District Shanghai PRC **Ms. Shum Kit Han** *(A fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Sun Kanghua** Room 502, No. 261, Lane 358 Qiyue Road Jiading District Shanghai PRC **Ms. Shum Kit Han** Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Dr. Jiang Bailing *(Chairman)* Mr. YIM, Chi Hung Henry Dr. Li Xiaofu
Nomination Committee	Dr. Li Xiaofu *(Chairman)* Ms. Yang Hui Dr. Jiang Bailing
Remuneration and Appraisal Committee	Mr. Zhou Yuan *(Chairman)* Mr. Chen Fangming Dr. Jiang Bailing
Strategy Committee	Mr. Chen Fangming *(Chairman)* Dr. Qiu Debo Mr. Zhou Yuan
Compliance Advisor	**Gram Capital Limited** Room 1209 12/F, Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Central Hong Kong
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks	**China Merchants Bank Shanghai Hualing Branch** No. 1092, Hualing Road Baoshan District Shanghai PRC
	Agricultural Bank of China Shanghai Jinqiao Branch No. 188, New Jinqiao Road Pudong New District Shanghai PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy Limited ("CIC"). We engaged CIC to prepare an independent industry report in connection with the Global Offering (the "CIC Report"). The information from official government sources has not been independently verified by us, the Joint Sponsors, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate.

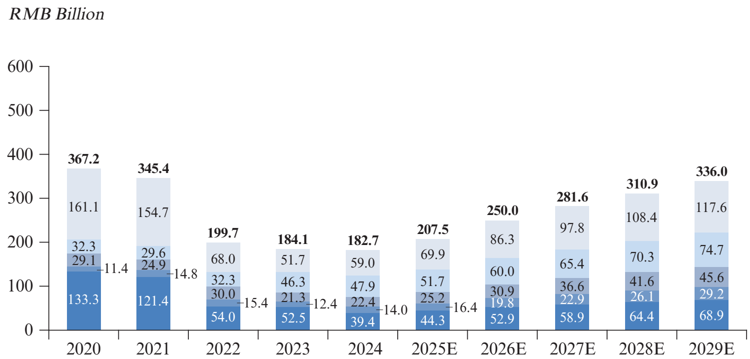
CHINA'S ENGINEERING MACHINERY INDUSTRY

Overview

Engineering machinery encompasses a broad spectrum of mechanical equipment, tools and vehicles that are purposefully designed and employed for diverse activities across multiple industries, including construction, mining, logistics, industrial production, and port operations. The categories of engineering machinery are extensive, including loaders, wide-body dump trucks, forklifts, excavators, aerial work platforms, and cranes, among others. Therefore, the development of engineering machinery industry is closely related to the macroeconomic situation.

The development of the economy, the progress of urbanization and the supportive policies in engineering machinery industry and other relevant industries have exerted material impacts on the development of China's engineering machinery industry. The sales of engineering machinery experienced a decline from 2020 to 2023, largely attributed to the adverse impact of COVID-19 and the downturn of the macroeconomic situation. The market for engineering machinery is expected to gradually rebound to pre-COVID-19 level from 2024 to 2029, due to the optimization of China's industrial structure and improved products' quality. According to the CIC Report, the market size of major engineering machinery categories in terms of revenue generated by both Chinese and foreign manufacturers in China is expected to increase from RMB182.7 billion in 2024 to RMB336.0 billion in 2029, representing a CAGR of 13.0%. The following chart illustrates the actual and forecasted market size of major engineering machinery categories in terms of revenue in China for the period indicated.

Market Size of Major Engineering Machinery Categories[1] in China, 2020–2029E



	CAGR 2020–2024	CAGR 2024–2029E
Excavators	–22.2%	14.8%
Forklifts	10.3%	9.3%
Loaders	–6.3%	15.3%
Wide-body dump trucks	5.4%	15.9%
Others	–26.3%	11.8%
Total	**–16.0%**	**13.0%**

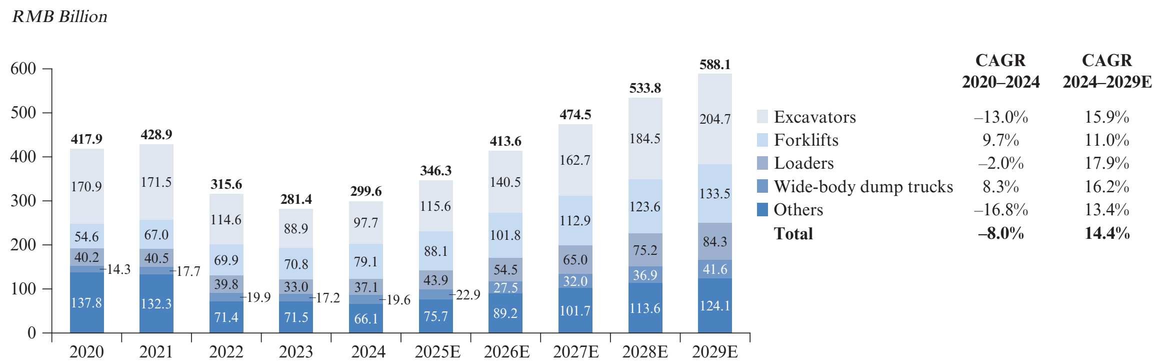
Source: CIC

Note:

(1) The market size encompasses the revenue generated from shipments of all major engineering machinery categories that occur within mainland China, including domestic shipments and imports. Major engineering machinery categories include excavators, forklifts, loaders, wide-body dump trucks, and others.

With a versatile product portfolio, marked by excellent quality and price competitiveness of the products, China has become a leading player in the global engineering machinery market in terms of production and export volume. This success is also underpinned by continual enhancement in post-sale service capabilities of Chinese manufacturers abroad, leading to a steady growth in the export volume of China's engineering machinery in recent years. The export amount of Chinese engineering machinery manufacturers increased from RMB64.8 billion in 2020 to RMB124.1 billion in 2024, representing a CAGR of 17.6%, and is expected to steadily increase to RMB257.8 in 2029, representing a CAGR of 15.7%. As the export amount steadily increases, the corresponding market size by Chinese manufacturers also sees a consistent rise. The market size of major engineering machinery categories in terms of revenue of both domestic and export sales by Chinese manufacturers is expected to increase from RMB299.6 billion in 2024 to RMB588.1 billion in 2029, representing a CAGR of 14.4%. The following chart illustrates the actual and forecasted market size of major engineering machinery categories by Chinese manufacturers for the period indicated.

Market Size of Major Engineering Machinery Categories[1] by Chinese Manufacturers, 2020–2029E



Source: CIC

Note: (1) The market size by Chinese manufacturers encompasses the revenue generated from shipments of all major engineering machinery categories by Chinese manufacturers on a global scale, including domestic shipments and overseas exports. Major engineering machinery categories include excavators, forklifts, loaders, wide-body dump trucks, and others.

Main Challenges

The traditional engineering machinery relies on diesel internal combustion engine for power, which has presented the following challenges to the overall economy and environment.

- *Increasing environmental concerns*. The traditional engineering machinery generates significant carbon emissions and other harmful substances, such as sulphur dioxides, hydrocarbons, nitrogen oxides, and particulate matter, during its operations. The shift from diesel to cleaner energy resources has been recognized as a vital and irresistible trend in the engineering machinery industry. For example, the Implementation Plans on Synergizing the Reduction of Pollution and Carbon Emissions (《減污降碳協同增效實施方案》) were jointly published by the NEA and MEE and other relevant government authorities in 2022, which promotes the development of green resources. In 2021, MIIT unveiled the 14th Five-year Green Industrial Development Plan (《「十四五」工業綠色發展規劃》), which emphasizes the pursuit of a green and low-carbon path to the development and promotion of green and environmental-friendly machinery.

- *High operational costs*. The operational costs associated with traditional engineering machinery are relatively high, primarily due to their fuel consumption caused by complex operation scenarios and large payloads. Operators also face challenges in evaluating and managing fuel consumption accurately.

- *Complex operational conditions*. Traditional engineering machinery generally has complex structures and configurations, resulting in higher accident rates and challenges in maintenance and repair. This leads to lower equipment utilization rates, increased costs associated with maintenance and repair for traditional engineering machinery and relatively high human costs.

Future Trends

New Energy Transition

The new energy transition for engineering machinery involves the replacing of conventional energy sources that have a negative impact on the environment with new and more sustainable energy sources. Taking new energy loaders and wide-body dump trucks as examples, new energy engineering machinery typically incurs 50%–85% less energy consumption costs than traditional fuel engineering machinery under the same working conditions. Therefore, using new energy engineering machinery is significantly cost-efficient in terms of energy consumption, thereby imparting a substantially favorable economic influence on enterprises. More than 99% of the new energy engineering machinery is battery-electric engineering machinery, which is characterized by low end-use pollutant emissions.

Currently, loaders and wide-body dump trucks are experiencing the fastest development in new energy transition among engineering machinery categories, mainly due to the following reasons:

- *Significant economic benefits*. Energy-intensive engineering machinery categories include loaders due to their high work intensity and wide-body dump trucks due to their enormous payloads. The economic benefits of new energy loaders and wide-body dump trucks are particularly significant as a result of the reduction in energy consumption.

- *High usage efficiency*. Loaders and wide-body dump trucks are typically used in off-highway fixed operating environments. The deployment of compatible charging infrastructure expedites the energy replenishment for the machinery. High mobility speeds reduce commuting time between jobsites and charging stations, minimizing impact on the effective working time of engineering machinery.

As new energy technology advances and customer acceptance increases, the new energy penetration rates of loaders and wide-body dump trucks are expected to observe significant growth in future. The new energy transition for engineering machinery is witnessing sustainable and high-quality development, due to the new energy technologies' advancement and practical applications' progression:

- *Price reduction*. The continuous development of new energy technologies has led to a decrease in the production costs of major components, such as batteries, resulting in a reduction in the price of new energy engineering machinery.

- *Performance enhancement*. Development of technologies, such as e-powertrain and its integration to the engineering machinery, contributes to the improvement of the key performances of new energy engineering machinery, such as its endurance and weight-carrying capacity, and therefore promotes the mass-production and employment of these machinery.

- *Wide application*. Companies across the value chain of the new energy engineering machinery industry are being called upon to develop and launch a wide range of new energy products to meet the sustainability expectations of the whole industry.

Intelligentization

The intelligentization of engineering machinery refers to the upgrading of engineering machinery equipment through intelligent technologies such as intelligent sensing and autonomous operation algorithms, to achieve varying degrees of remote or autonomous control. By utilizing intelligent engineering machinery, companies can reduce the need for personnel or enable unmanned operations at work sites, effectively addressing challenges like high safety risks and labour costs and improve the operational efficiency at the same time.

- *Remote control technology*. Remote control technology involves the installation of sensors, cameras, and other devices on engineering machinery to capture visuals and data from the work site. Orders from a remote operating room can be transmitted over the network to the work site, allowing operators to remotely control the operation of engineering machinery. This technology facilitates remote machinery control and enables the seamless management of multiple fleets concurrently. Therefore, employing remote control technology significantly enhances the working environment and safety for operators, helping to reduce the difficulties and costs associated with recruitment and employee safety for enterprises, and allowing for the creation of centralised operation control centres to optimize personnel deployment and working procedure.

- *Autonomous operation technology*. Engineering machinery, utilizing autonomous operation technologies such as environmental perception, path planning, and algorithms for autonomous operation, will be able to autonomously complete the operational process. Autonomous operation in the engineering machinery achieves a complete substitution for human operators, ushering in a revolutionary transformation of the operational paradigm in the engineering machinery industry.

The automation of engineering machinery faces significant technological hurdles due to its complicated operational settings. Currently, most categories of autonomous engineering machinery have not been commercialized. However, the application of autonomous technology to wide-body dump trucks has experienced advanced development with successful commercial applications, as autonomous wide-body dump trucks are designed for point-to-point transportation and usually operate at low speeds in relatively closed environments with fewer obstacles and disturbances.

With the continuous development of standalone intelligent technologies and collaborative operations across diverse machineries, the intelligent capabilities of engineering machinery operations will continue to develop in the future, contributing to the continuous expanding of the application scenarios and categories, and improving levels of application of intelligent technologies.

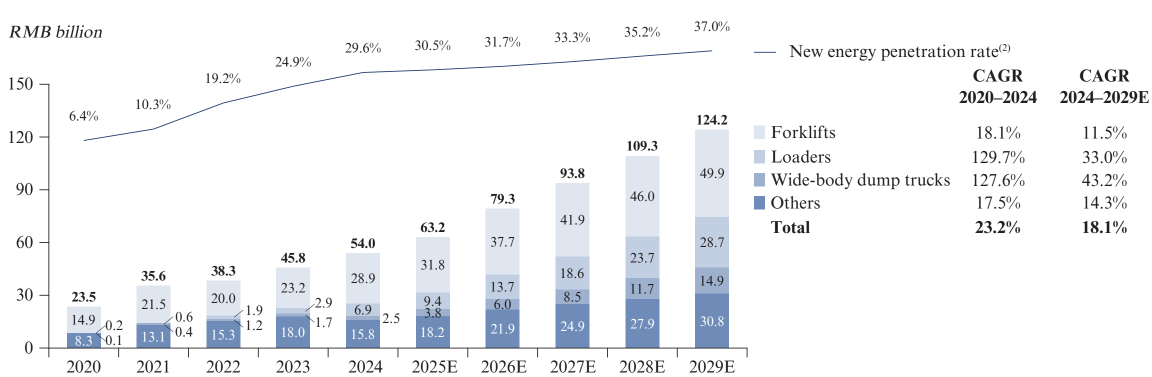
CHINA'S NEW ENERGY ENGINEERING MACHINERY INDUSTRY

Overview

New energy engineering machinery is predominantly built on innovative power systems driven by new energy sources. At this stage, electric engineering machinery boasts higher technological maturity and represents as the mainstream product in the new energy engineering machinery industry. New energy engineering machinery, largely powered by electricity, typically yields 20%–50% less carbon than conventional fuel-powered engineering machinery. In particular, new energy wide-body dump trucks yield more than 70% less carbon than traditional wide-body dump trucks in heavy-load downhill operations. Powered by electric motors, new energy engineering machinery offers superior maneuverability, responsiveness, reliability and cost efficiency when compared to its conventional counterparts. Moreover, it boasts reduced energy consumption and maintenance expenses, resulting in lower overall lifecycle usage costs.

Due to the advancements of new energy engineering machinery, coupled with the development of electrification technologies and implementation of environmental policies, China's new energy engineering machinery industry has been evolving and is expected to rapidly develop over the following years. Its market size in terms of revenue generated by both Chinese and foreign manufacturers in China increased from RMB23.5 billion in 2020 to RMB54.0 in 2024, representing a CAGR of 23.2%, and is expected to increase to RMB124.2 billion in 2029, representing a CAGR of 18.1%. The following chart illustrates the actual and forecasted market size of major new energy engineering machinery categories and new energy penetration rate in China for the period indicated.

Market Size of Major New Energy Engineering Machinery Categories in China(1), 2020–2029E



Source: CIC

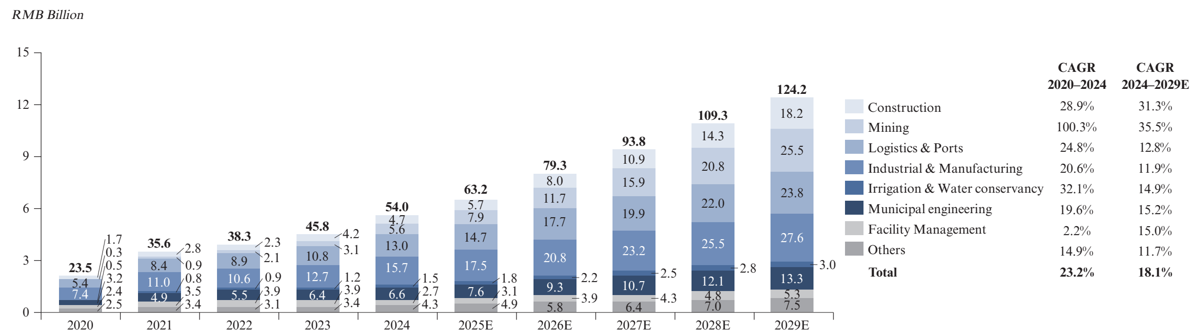
Notes:

(1) Major new energy engineering machinery categories include forklifts, loaders, wide-body dump trucks, and others.

(2) The new energy penetration rate is calculated by dividing the market size of major new energy engineering machinery categories by the market size of major engineering machinery categories in China.

The new energy engineering machinery is widely used in diversified industries. The following chart illustrates the actual and forecasted market size of major new energy engineering machinery categories in China by downstream customer industries for the period indicated.

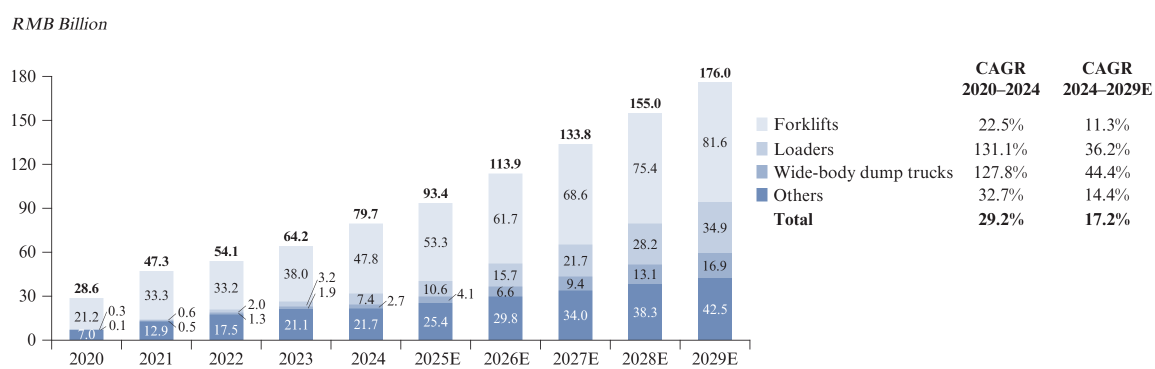
Market Size of Major New Energy Engineering Machinery Categories in China(1) by Downstream Customer Industries, 2020–2029E



Source: CIC

The rapid development of China's new energy engineering machinery industry has led to an expanding presence and acclaim for Chinese products in the international markets. In 2024, the market size of major new energy engineering machinery categories in terms of revenue of both domestic and export sales of Chinese manufacturers reached RMB79.7 billion, representing a CAGR of 29.2% from 2020 to 2024. It is expected that the market size will reach RMB176.0 billion in 2029, representing a CAGR of 17.2% from 2024 to 2029. With innovation in products and technologies and expansion of global sales channels, Chinese new energy engineering machinery will have a more notable presence in international markets.

Market Size of Major New Energy Engineering Machinery Categories(1) by Chinese Manufacturers, 2020–2029E



Source: CIC

Note:

(1) Major new energy engineering machinery categories include forklifts, loaders, wide-body dump trucks, and others.

Market Drivers

- *Continued growth in demand from downstream industries*. Engineering machineries are widely used in industries such as construction, mining, logistics, industrial production, and implementation of port operations. With the continuous development of downstream industries and supporting policies, demand for new energy engineering machineries has also increased steadily. In particular, in the mining industry, engineering machineries such as loaders and wide-body dump trucks are key carriers for transporting ore. As the world's second largest economy, China has a huge demand for mineral products. In the post-epidemic era, as the global supply chain undergoes structural adjustments due to the continued shocks, China has generated more demand for local mineral products, promoting the development of the mining industry. Furthermore, the official implementation of favorable policies, such as the Notice on Further Strengthening the Construction of Green Mines (《關於進一步加強綠色礦山建設的通知》) issued by the Ministry of Natural Resources in April 2024 and the Notice of the Implementation Plan for Promoting the Renewal of Construction and Municipal Infrastructure Equipment (《推進建築和市政基礎設施設備更新工作實施方案的通知》) issued by the Ministry of Housing and Urban-Rural Development of PRC, continuously drives the demand growth in the new energy engineering machinery industry.

- *Enhanced economic efficiency*. The decrease in costs driven by supply chain optimization leads to reduced procurement costs of new energy engineering machinery. Coupling with relatively minimal maintenance and operation costs and a high cost-performance efficiency, new energy engineering machinery has become an increasingly attractive option for customers. Moreover, with the ongoing iteration and advancement of new energy technologies, energy-efficiency of new energy engineering machinery is continually improving, thereby amplifying the economic benefits of these products. Identifying these economic benefits and successful application cases, key players in industries such as construction, mining, and port operations are showing their preferences to adopt new energy engineering machinery over conventional fuel-powered engineering machinery. As a result, the new energy penetration rate of engineering machinery market is poised for a rapid growth in the forthcoming years.

- *Technological advancements*. Chinese engineering machinery companies have been committed to innovating technologies and enhancing functionalities for engineering machinery. This makes them well-positioned to offer cost-efficient and high-quality products. Furthermore, development in electrification technologies enhances the performance of new energy engineering machinery while decreasing production costs. This addresses the concerns related to limited working hours, inadequate power, and high initial procurement costs of new energy engineering machinery. These advancements contribute to a higher acceptance and broader utilization of new energy engineering machinery across various application scenarios.

Entry Barriers

- *Technology capability*. Product reliability and quality are paramount considerations for enterprise users when acquiring new energy engineering machinery. Market players in the industry must possess substantial expertise and technological proficiency to demonstrate advanced capabilities in product research, development and manufacturing. Strong research and development capability and deep understanding of the market demand enable the established market players to achieve strong product iteration capability.

- *Industry experience and reputation*. New energy engineering machinery companies often rely on past successful cases and industry reputation to gain customers' trust due to the lack of uniform industry standards and complexity of product application scenarios. Leading players in the industry have established brand recognition and customer bases in the market. This poses a challenge for new entrants, especially when competing against established market leaders with scale and branding advantages.

- *Supply chain capability*. The production and manufacturing of new energy engineering machinery involve a diverse array of components and raw materials, including steel, hydraulic elements, and electrical components. The stability and efficiency of the supply chain play a pivotal role in determining product quality, costs, and delivery timelines. Furthermore, due to the significant size and weight of most new energy engineering machinery categories, it is imperative for companies to establish a well-organized logistics network to ensure the prompt and secure delivery of products to customers.

Key Sectors of China's New Energy Engineering Machinery Industry

New Energy Loaders

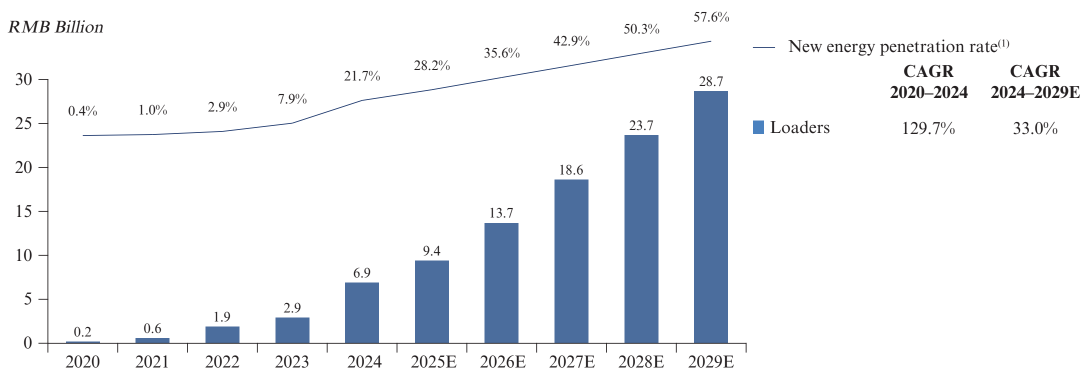
Loaders are primarily used in shoveling and loading operations. Due to their compatibility to various buckets, loaders are applied in various settings, including mining, factories, ports, and other enclosed or semi-enclosed sites. However, loaders are associated with high energy consumption and large emissions of carbon dioxide and particulate matter emissions among the engineering machineries. Therefore, there is an urgent need to apply new energy technologies to facilitate their transition into environment-friendly alternatives.

New energy loaders primarily utilize electricity as their power source, resulting in a significant reduction in carbon dioxide and particulate matter emissions and operational costs, when compared to traditional loaders. Taking a loader with a five-tonne load capacity as an example, assuming a service lifespan of five years, the new energy five-tonne loader generally can save approximately RMB1.0 million to RMB1.5 million in terms of total costs during the overall lifecycle as compared to traditional loaders.

Market Size

The new energy loader market in China has experienced rapid growth driven by the rising demand attributable to new energy loaders' economic benefits and convenience of construction of charging stations and piles. The market size of new energy loaders in China increased from RMB0.2 billion in 2020 to RMB6.9 billion in 2024, representing a CAGR of 129.7%. With continual development of electrification technologies, enhanced economic efficiency and favorable policies, the new energy loader market in China is expected to continue to rapidly grow, with its market size increasing from RMB6.9 billion to RMB28.7 billion in 2029, representing a CAGR of 33.0%. The new energy penetration rate experienced increase from 0.4% in 2020 to 21.7% in 2024, and is expected to continue to increase to 57.6% in 2029. The following chart illustrates the actual and forecasted market size of the new energy loader industry and the new energy penetration rate in China for the periods indicated.

Market Size of New Energy Loaders in China, 2020–2029E

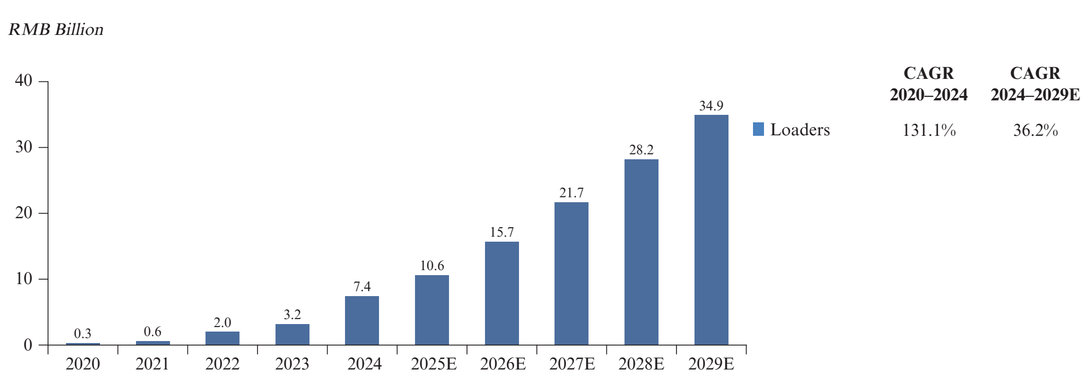


Source: CIC

Note: (1) The new energy penetration rate is calculated by dividing the shipments of new energy loaders by the shipments of all loaders in China.

The international market has witnessed a rapid growth of Chinese new energy loader manufacturers. The market size of new energy loaders in terms of revenue of both domestic and export sales by Chinese manufacturers reached RMB7.4 billion in 2024 compared to RMB0.3 billion in 2020, representing a CAGR of 131.1%, and is expected to reach RMB34.9 billion in 2029, representing a CAGR of 36.2%. The following chart illustrates the actual and forecasted market size of the new energy loaders by Chinese manufacturers for the periods indicated.

Market Size of New Energy Loaders by Chinese Manufacturers, 2020–2029E



Source: CIC

Competitive Landscape of New Energy Loader Industry

The new energy loader industry in China is highly concentrated. In 2024, the top seven market players contributed to an aggregate market share of approximately 86.6% and 86.9% in terms of the shipments and revenue in mainland China, respectively, and our Company ranked seventh with a market share of 3.8% and 4.1%, respectively. The following table sets forth the ranking of companies that manufacture new energy loaders in China in terms of shipments and revenue in 2024.

Ranking	Company	Principal Business	Shipments *(units)*	Share	Revenue *(billion)*	Share
1	Company A	Traditional engineering machinery company	~2,900	24.5%	~1.6	23.6%
2	Company B	Traditional engineering machinery company	~2,800	23.6%	~1.7	25.0%
3	Company C	Traditional engineering machinery company	~1,500	12.6%	~0.9	12.8%
4	Company D	Traditional engineering machinery company	~1,100	9.3%	~0.6	9.1%
5	Company E	Traditional engineering machinery company	~1,000	8.4%	~0.6	8.1%
6	Company F	Traditional engineering machinery company	~520	4.4%	~0.3	4.2%
7	Our Company	Pure-play new energy engineering machinery company	~450	3.8%	~0.3	4.1%
Total				**86.6%**		**86.9%**

Source: CIC

Notes:

1. Company A was established in 1985, with headquarter in Jiangsu, China. Its products mainly include road engineering machinery, mechanical scrapers, and road machinery. It is a listed company on Shenzhen Stock Exchange.
2. Company B was established in 1989, with headquarter in Guangxi, China. It mainly designs and manufactures construction, industrial, agricultural, and robotics machinery. It is a listed company on the Shenzhen Stock Exchange.
3. Company C was a private company established in 2003, with headquarter in Shandong, China. Its products mainly include loaders, excavators, and road machinery, among others.
4. Company D was established in 1993, with its headquarter in Fujian, China. It mainly designs and manufactures loaders, rollers, excavators, forklifts, and relative components. It is a listed company on the Hongkong Stock Exchange.
5. Company E was established in 2000, with headquarter in Hunan, China. Its products mainly include construction and mining equipment, port machinery, and oil drilling machinery, among others. It is a listed company on the Shanghai Stock Exchange.
6. Company F was established in 1993, with its headquarter in Shandong, China. Its products mainly include bulldozers, road machinery, loaders, excavators, and concrete machinery. It is a listed company on the Shenzhen Stock Exchange.

New Energy Wide-body Dump Trucks

Wide-body dump trucks are heavy-duty off-road dump trucks mainly used to transport heavy materials, such as ore, coal, and other mineral materials. These over-sized machines are usually utilized in mining, energy and water conservancy projects. In particular, the significant growth of demand from open-pit mining industry further drives the development of the wide-body dump truck industry.

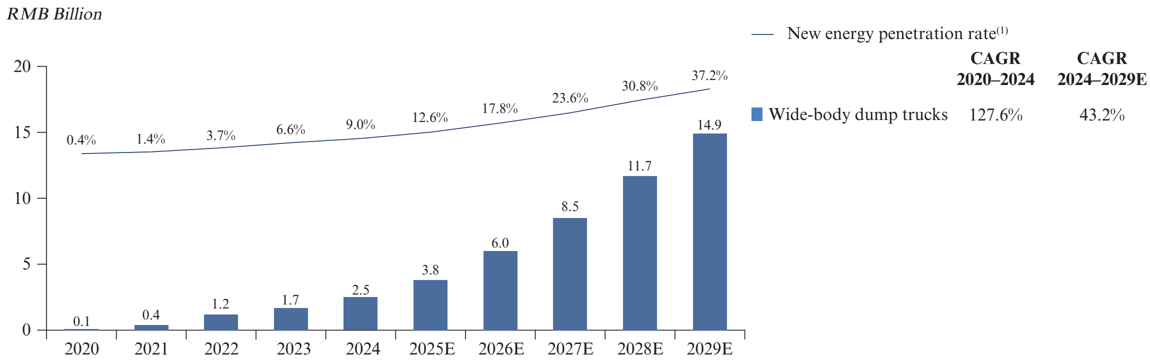
The complex working conditions in mining operations lead to high fuel consumption and maintenance costs for traditional wide-body dump trucks. New energy wide-body dump trucks, powered by electricity, have significantly reduced operational and maintenance costs and therefore are increasingly adopted by the mining companies. For example, assuming a service lifespan of five years, a 105-tonne new energy wide-body dump truck in heavy-load uphill operations can save approximately RMB1.8 million to RMB2.5 million in total costs during its entire lifecycle as compared to the traditional fuel-powered counterparts.

Market Size

China's new energy wide-body dump truck market has experienced rapid growth driven by the increasing acceptance by customers in the mining industry due to its economic benefits. As wide-body dump trucks typically operate in mines and quarries, the design and installation of charging stations for these machines are manageable and affordable. The practical deployment of charging stations enables a higher utilization rate of new energy wide-body dump trucks, further promoting the transition from traditional fuel-powered engineering machinery to its new energy alternatives. Furthermore, some local governments proactively implement policies to incentivize the transition from traditional fuel-powered wide-body dump trucks to the new energy alternatives.

In 2024, the market size of new energy wide-body dump trucks in terms of revenue generated by both Chinese and foreign manufacturers in China reached RMB2.5 billion as compared to RMB0.1 billion in 2020, representing a CAGR of 127.6%, and is expected to further reach RMB14.9 billion in 2029, representing a CAGR of 43.2%. The new energy penetration rate observed an increase from 0.4% in 2020 to 9.0% in 2024, and is expected to further increase to 37.2% in 2029. The following chart illustrates the actual and forecasted market size of the new energy wide-body dump trucks and the new energy penetration rate in China for the periods indicated.

Market Size of New Energy Wide-body Dump Trucks in China, 2020–2029E

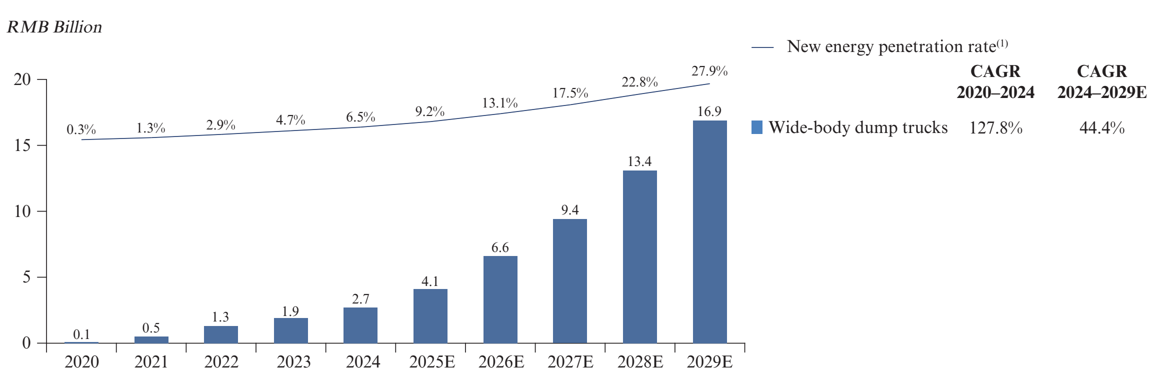


Source: CIC

Note: (1) The new energy penetration rate is calculated by dividing the shipments of new energy wide-body dump trucks by the shipments of all wide-body dump trucks in China.

New energy wide-body dump trucks produced by Chinese manufacturers are steadily expanding their presence in the international market. This is attributable to their impressive achievements, such as robust driving stability control system, heightened safety features, and competitive prices. In 2024, the market size of new energy wide-body dump trucks in terms of revenue of both domestic and export sales by Chinese manufacturers reached RMB2.7 billion as compared to RMB0.1 billion in 2020, representing a CAGR of 127.8%. As Chinese new energy wide-body dump truck manufacturers continue to enhance their product capabilities and establish a broader network of marketing channels, the market size is expected to further increase to RMB16.9 billion in 2029, representing a CAGR of 44.4%. The following chart illustrates the actual and forecasted global market size of the new energy wide-body dump trucks by Chinese manufacturers for the periods indicated.

Market Size of New Energy Wide-body Dump Trucks by Chinese Manufacturers, 2020–2029E



Source: CIC

Heavy-load downhill and uphill are two main operating scenarios for wide-body dump trucks. In the heavy-load downhill operations, such as sand and gravel mines, the requirements for motor power of wide-body dump trucks are lower and the regenerative braking system can be effectively utilized, resulting in better economic efficiency performance of wide-body dump trucks. The majority of new energy wide-body dump truck companies primarily target customers in heavy-load downhill operations. Heavy-load uphill operations, primarily in mining operations, represent 60% to 80% of all wide-body dump truck application operations. In heavy-load uphill operations, new energy wide-body dump trucks operate for long periods with high power consumption, placing higher demands on their energy storage systems than operating in the heavy-load downhill operation.

New energy wide-body dump trucks primarily address the requirements of heavy-load uphill operations through two technological approaches, which are (i) enhancing battery capacity to extend the single-charge range, and (ii) improving the effective operational duration of new energy wide-body dump trucks through battery swapping technology. Leading companies are actively investing in research and development to ensure their new energy wide-body dump trucks deliver outstanding performance in heavy-load uphill operations. Enhancing battery capacity for new energy wide-body dump trucks requires lower initial capital investment as compared to the application of battery swapping technology. As a result, enhancing battery capacity becomes the primary technological approach for new energy wide-body dump truck manufacturers to equip their products for heavy-load uphill operations. Generally, long-endurance 105-tonne new energy wide-body dump trucks with batteries exceeding approximately 650 kWh capacity could effectively balance customers' demands for extended endurance and efficient procurement cost as of the Latest Practicable Date. Consequently, the majority of leading new energy wide-body dump truck manufacturers are actively investing in the development of long-endurance new energy wide-body dump trucks equipped with batteries of at least 650 kWh capacities. However, as of the Latest Practicable Date, only a few market players had launched commercialized wide-body dump trucks for heavy-load uphill operations with more than 650 kWh battery capacity. In consideration of the wide applications of wide-body dump trucks for heavy-load uphill operations, the capability to launch wide-body dump trucks for heavy-load uphill operations leads to a greater market opportunity for the market players over their peers.

Competitive Landscape of New Energy Wide-body Dump Trucks Industry

The new energy wide-body dump trucks market is still in its early stage, with a limited number of players in the market. In 2024, the top five new energy wide-body dump truck companies contributed to an aggregate market share of approximately 83.3% and 82.9% in terms of shipments and revenue in mainland China, among which we ranked third with a market share of 18.3% and 18.2%, respectively. The following table sets forth the ranking of companies that manufacture new energy wide-body dump trucks in China in terms of shipments and revenue in 2024.

Ranking	Company	Principal Business	Shipments *(units)*	Share	Revenue *(billion)*	Share
1	Company G	Traditional engineering machinery company	~420	25.0%	~0.6	25.2%
2	Company H	Traditional engineering machinery company	~400	23.9%	~0.6	24.3%
3	Our Company	Pure-play new energy engineering machinery company	~307	18.3%	~0.4	18.2%
4	Company E	Traditional engineering machinery company	~170	10.1%	~0.2	9.5%
5	Company I	Traditional engineering machinery company	~100	6.0%	~0.1	5.7%
Total				**83.3%**		**82.9%**

Source: CIC

Notes:

1. Company G was established in 2003, with headquarter in Henan, China, and focuses on manufacturing buses, trucks, specialized vehicles, components, and engineering machinery. It holds ownership of two entities listed on the Shanghai Stock Exchange.
2. Company H was established in 2005,with headquarter in Shaanxi, China, and focuses on manufacturing mining dump trucks. It is a listed company on Beijing Stock Exchange.
3. Company I is a private company established in 2005, with headquarters in Shandong, China. Its products mainly include mining machinery, mining trucks, aerial work platforms, excavators, and road machinery, among others.

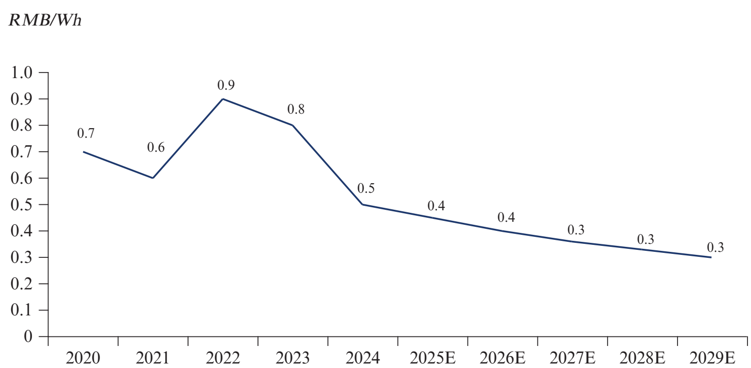
Historical Trends of Prices on Major Raw Materials and Components for New Energy Engineering Machinery

The key components and raw materials for new energy engineering machinery mainly include (i) battery cells, (ii) metal, such as copper, aluminum and stainless steel, and (iii) e-powertrains. The operating results of new energy engineering machinery companies can be adversely affected by price hikes or supply fluctuations of raw materials as a result of changes in macroeconomic conditions, supply and demand, as well as market prospects.

LFP Batteries

At present, lithium iron phosphate (LFP) batteries have emerged as the dominant battery technology employed by new energy engineering machinery. The LFP battery's price experienced fluctuations during 2020 to 2024. Due to LFP battery's technological advances, decreased manufacturing costs and increased production volume, its price decreased from RMB0.7 per watt-hour in 2020 to RMB0.6 per watt-hour in 2021. Its price increased to RMB0.9 per watt-hour in 2022, due to the rising costs of its raw materials and increasing downstream demand. In particular, the price of lithium carbonate, a critical upstream material for the LFP battery, surged rapidly from 2021 to 2022. The following diagram illustrates the average prices of LFP battery in China for the periods indicated.

Average LFP Battery Price in China, 2020–2029E



Source: CIC

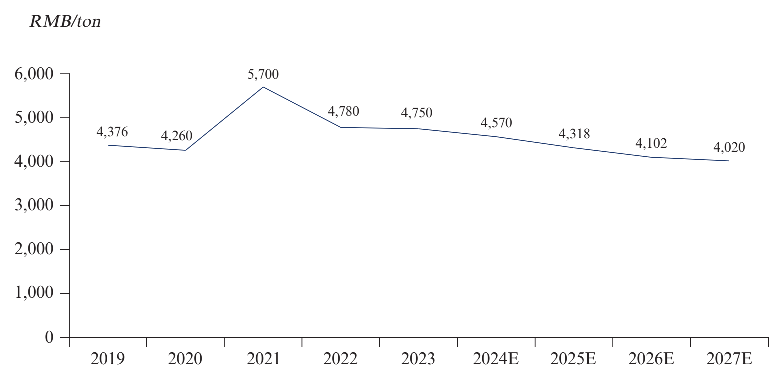
Note: The average LFP battery price represents the average price of LFP batteries to be used in (i) new energy engineering machinery which requires high battery performance, (ii) new energy passenger vehicles which require relatively low battery performance, and (iii) other products.

Since the end of 2022, the price of battery-grade lithium carbonate, a key raw material for LFP batteries, has continued to fluctuate downward, dropping from approximately RMB570 thousand per tonne in December 2022 to around RMB75 thousand per tonne in December 2024, showing a decrease of over 80%. In the year ended December 31, 2024, the average LFP battery price in China amounted to RMB0.52 per watt-hour, showing a decrease of 37.1% compared to that in the year ended December 31, 2023. Considering the continuous growth in the supply of battery-grade lithium carbonate and the expected launch of low-cost salt lake lithium carbonate projects in the future, a supply surplus of battery-grade lithium carbonate is anticipated to persist. In addition to the declining raw material prices, advancements in low-cost technological pathways for LFP batteries are driving sustained production capacity expansion, expected to result in oversupply. Therefore, it is expected that the price of LFP batteries will maintain a declining trend in the future. According to CIC, the average LFP battery price in China is expected to further decrease to around RMB0.3 per watt-hour in 2029.

Metal

The Company utilizes steel as its primary metal in production, with Q355B being the most commonly used grade. Metal is the primary raw material used in the production of key components for engineering machinery, such as chassis, structural components, frames, and axles, aside from LFP batteries. The prices of these components are largely influenced by metal prices. The diagram below shows the average prices of Q355B steel in China during the specified periods. According to CIC, driven by increasing iron ore production, global oversupply of steel is expected to keep steel prices declining from approximately RMB4,750 per ton in 2023 to approximately RMB4,020 per ton 2028.

Average Price of Q355B Steel in China, 2019–2028E



Source: CIC

E-powertrains

Given the variance in machinery types and specifications, the configuration and associated costs of the components of the e-powertrains are diversified, thereby complicating the establishment of a uniform pricing model.

GLOBAL MARKET OF NEW ENERGY TRACTOR TRUCK INDUSTRY

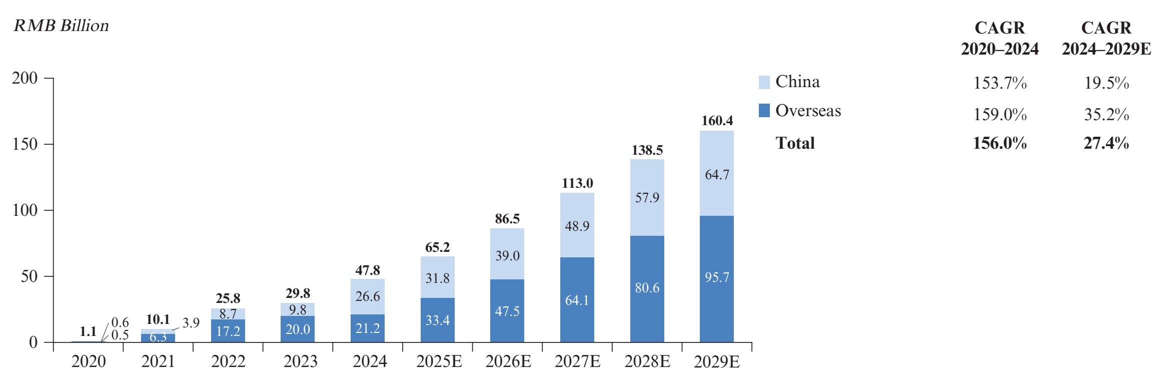
Tractor trucks refer to vehicles with the ability to provide motive power and designed for towing trailers, which are widely used in long-distance and short-distance transportation with heavy loads. Tractor truck is a category of commercial vehicles. The Regulations for Commercial Vehicle Manufacturers and Product Admission Management (《商用車生產企業及產品准入管理規則》) published by MIIT imposes stringent requirements on production capabilities of the commercial vehicles and their critical components. Tractor truck manufacturers shall possess the requisite qualifications to produce tractor truck vehicles in China.

The new energy tractor truck industry entails the conversion of traditional fuel-powered tractor trucks into vehicles powered by new energy. These solutions predominantly encompass new energy tractor trucks, components for tractor truck electrification, and other fittings. Due to the multitude of technical capabilities involved in the production of new energy tractor truck industry, it is challenging for a single enterprise to possess all the requisite technological capabilities to produce new energy tractor trucks. Consequently, most clean energy solution providers for tractor trucks choose to externally source certain components to enhance product stability and expedite the mass production process. Typically, the externally sourced components encompass remote operation system, battery system and power system.

Additionally, some companies in the new energy tractor truck industry provide an auxiliary e-powertrain as the complementary new energy transition solution for fuel-powered tractor trucks, providing an independent power system to work with the existing internal combustion engine. This device enables fuel-powered tractor trucks to gain additional electric propulsion, thereby achieving the operational effect of a hybrid tractor truck without any modifications to the original internal power system. Currently, the market size for this type of complementary products accounts for no more than 0.5% of the global new energy tractor truck market in terms of revenue in 2024.

With the continuous implementation of supportive policies for new energy tractor trucks, advancements in new energy technologies, and the innovation of new energy products, the new energy tractor truck industry has experienced an exponential growth. In 2024, the market size of global new energy tractor truck in terms of revenue reached RMB47.8 billion, representing a CAGR of 156.0% from 2020 to 2024, and is expected to reach RMB160.4 billion in 2029, representing a CAGR of 27.4% from 2024 to 2029.

Market Size of Global New Energy Tractor Truck Industry, 2020–2029E



Source: CIC

SOURCE OF THE INDUSTRY INFORMATION

CIC was commissioned to conduct an analysis of, and to report China's new energy engineering machinery market at a fee of approximately RMB700,000. The commissioned report has been prepared by CIC independent of the influence of the Company and other interested parties. CIC's services include, among others, industry consulting, commercial due diligence, and strategic consulting.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved consumer survey, interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, information released by other Chinese government authorities, annual reports published by industry participants, industry organizations, as well as CIC's internal database.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth during the forecast period; (iii) the key industry drivers identified in the CIC Report are the factors that are likely to drive the growth of China's new energy engineering machinery industry during the forecast period; and (iv) there is no extreme force majeure or significant changes in the regulatory regimes which may affect the industry in either a dramatic or fundamental way.

Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our business operations.

REGULATIONS RELATING TO NEW ENERGY ENGINEERING MACHINERY

On December 15, 2010, the Ministry of Industry and Information Technology of the PRC (the "MIIT") issued the Administrative Rules on Admission of Commercial Vehicle Manufacturers and Products (《商用車生產企業及產品准入管理規則》), which was implemented on January 1, 2011. The rules stipulate that commercial vehicle manufacturers are required to have a certain scale and the necessary production capacity and conditions for access. Specifically, commercial vehicle enterprises have specific production conditions and equipment requirements for the stamping, welding, painting and assembly processes of the cabin (body), and the moulding, riveting, painting and assembly processes of the chassis. Tractor trucks are a category of commercial vehicles.

In June 2022, the Ministry of Ecology and Environment of the PRC (the "MEE"), the National Development and Reform Commission of the PRC (the "NDRC"), the MIIT, the Ministry of Housing and Urban-Rural Development of the PRC (the "MOHURD"), the Ministry of Transport of the PRC (the "MOT"), the Ministry of Agriculture and Rural Affairs of the PRC, and the National Energy Administration jointly issued the Implementation Plan for Synergizing Efficiency in Reducing Pollution and Carbon Emissions (《減污降碳協同增效實施方案》), which proposed that by 2025, the collaborative promotion of pollution reduction and carbon reduction work pattern shall be basically formed, and by 2030, the collaborative capacity of pollution reduction and carbon reduction shall be significantly improved. In addition, the orderly promotion of non-road mobile machinery using new energy and clean energy power shall be explored, and demonstration applications and commercial operations of medium and heavy-duty electric and fuel cell trucks shall be carried out.

In November 2022, 15 departments including the MEE, the NDRC, the Ministry of Science and Technology of the PRC, the MIIT, the Ministry of Public Security of the PRC (the "MPS"), the Ministry of Finance of the PRC (the "MOF"), and the MOT jointly issued the Action Plan for In-Depth Fighting against Heavy Pollution Weather Elimination, Ozone Pollution Prevention and Control and Diesel Truck Pollution Control (《深入打好重污染天氣消除、臭氧污染防治和柴油貨車污染治理攻堅戰行動方案》). It is clearly proposed that by 2025, the proportion of new energy and national VI emission standard trucks will strive to exceed 40%. The battle against diesel truck pollution will focus on the Beijing-Tianjin-Hebei region and its surrounding areas, the Yangtze River Delta region, the relevant provinces (cities) of the Fen-Wei Plain and the central and western cities of the Inner Mongolia Autonomous Region, where the freight volume is large.

In May 2023, the MEE, the MIIT, the Ministry of Commerce of the PRC (the "MOFCOM"), the General Administration of Customs and the State Administration for Market Regulation (the "SAMR") jointly released the Announcement on the Implementation of China VI Emission Standard for Automobiles (《關於實施汽車國六排放標準有關事宜的公告》), which indicated that from July 1, 2023, the PRC will start to implement the National VI (B) emission standard for vehicles. The newly revised requirements focus on the pollutant emission limits for light-duty vehicles subject to the GB standard GB 18352.6–2016 and heavy-duty diesel vehicles under GB standard GB 17691–2018. Both will need to meet enhanced minimum limits starting from July 1, 2023. National VI (B) emission standard requires that (1) carbon monoxide emissions shall not exceed 500mg/km, (2) non-alkane emissions shall not exceed 35mg/km, (3) nitrogen oxide emissions shall not exceed 35mg/km, (4) particulate matter emissions shall not exceed 3mg/km, and (5) particulate number per kilometer shall not exceed 6×10^{11}. In addition, the National VI (B) emission standard includes the monitoring of actual road driving emissions (the "RDE"). Only models whose RDE monitoring results do not exceed the standard limits and meet the durability requirements of 200,000 kilometers can meet the requirements of the National VI (B) emission standard.

REGULATIONS ON AUTOMOBILE SALES

Pursuant to the Administrative Measures on Automobile Sales (《汽車銷售管理辦法》) promulgated by the MOFCOM on April 5, 2017, which became effective on July 1, 2017, automobile suppliers and dealers are required to file with relevant authorities through the information system for the national automobile circulation operated by the competent commerce department within 90 days after the receipt of a business license. Where there is any change to the information concerned, automobile suppliers and dealers must update such information within 30 days after such change.

REGULATIONS ON THE RECALL OF DEFECTIVE AUTOMOBILES

On October 22, 2012, the State Council promulgated the Administrative Provisions on Defective Automotive Product Recalls (the "Provisions on Recalls") (《缺陷汽車產品召回管理條例》), which became effective on January 1, 2013 and were amended on March 2, 2019. The product quality supervision department of the State Council is responsible for the supervision and administration of recalls of defective automotive products nationwide. Pursuant to the Provisions on Recalls, manufacturers of automobile products are required to take measures to eliminate defects in the products they sell. A manufacturer must recall all defective automobile products. Failure to recall such products will result in an order to recall the defective products from the quality supervisory authority of the State Council according to the Provisions on Recalls. If any operator conducting sales, leasing, or repair of vehicles discovers any defect in automobile products, it must cease to sell, lease or use the defective products and must assist manufacturers in recalling those products. Manufacturers must recall their products through publicly available channels and publicly announce the defects, emergency disposal methods for avoiding damage and measures taken by the manufacturers for eliminating defects, among others. Manufacturers must take measures to eliminate or cure defects, including rectification, identification, modification, replacement or return of the products. Manufacturers that attempt to conceal defects or do not recall defective automobile products in accordance with relevant regulations will be subject to penalties, including fines, forfeiture of any income earned in violation of law and revocation of licenses.

Pursuant to the Implementation Rules on the Administrative Provisions on Defective Automotive Product Recalls (《缺陷汽車產品召回管理條例實施辦法》) promulgated by the former General Administration of Quality Supervision, Inspection and Quarantine (the "GAQSIQ", which has been merged into the SAMR afterwards), which became effective on January 1, 2016 and was most recently amended by the SAMR on October 23, 2020, if a manufacturer is aware of any potential defects in its automobile products, it must promptly conduct an investigation and report the results of such investigation to the SAMR. Where any defect is found during the investigations, the manufacturer must cease to manufacture, sell, or import the relevant automobile products and recall such products in accordance with applicable laws and regulations.

On November 23, 2020, the SAMR issued the Circular on Further Improving the Regulation of Recall of Automobile with Over-the-Air (OTA) Technology (《關於進一步加強汽車遠程升級 (OTA) 技術召回監管的通知》), pursuant to which automobile manufacturers that provide technical services through OTA are required to complete a filing with the SAMR and those who have provided such services through OTA must complete such filing before December 31, 2020. In addition, if an automaker uses OTA technology to eliminate defects and recalls its defective products, it must make a recall plan and complete a filing with the SAMR.

REGULATIONS ON PRODUCT LIABILITY AND CONSUMER RIGHTS PROTECTION

Regulations on Product Liability

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated on February 22, 1993 and latest amended on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

Regulations on Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (《強制性產品認證管理規定》) promulgated by the GAQSIQ on December 3, 2001, and became effective on May 1, 2002, and was replaced and most recently amended on September 29, 2022 and became effective on November 1, 2022, and the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》) issued by the GAQSIQ in conjunction with the Certification and Accreditation Administration of the PRC and effective from December 3, 2001, motor vehicles and their safety accessories, motor vehicle tires and safety glass shall not leave the factory, be imported or be offered for sale without the compulsory product certificate and the mandatory certification mark of the PRC.

REGULATIONS RELATING TO INTERNET INFORMATION AND AUTOMOTIVE DATA SECURITY AND PERSONAL PRIVACY PROTECTION

Regulations Relating to Internet Information and Automotive Data Security

Pursuant to the National Security Law of the PRC (《中華人民共和國國家安全法》) issued by the Standing Committee of the National People's (the "SCNPC") on February 22, 1993 and last amended on July 1, 2015, no individual or organization shall compromise national security or provide any funding or assistance to any individual or organization that compromises national security. The state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities to effectively prevent and resolve national security risks.

Pursuant to the Cybersecurity Law of the PRC (the "Cybersecurity Law") (《中華人民共和國網絡安全法》) issued by the SCNPC on November 7, 2016 and implemented on June 1, 2017, the state shall implement the rules for graded protection of cybersecurity. Network operators shall, according to the requirements of laws and regulations as well as the mandatory requirements of national and industry standards, develop internal security management mechanisms, take technical measures and other necessary measures to ensure network security and stable operation. The state emphasizes the protection of critical information infrastructure in important sectors and areas including, among other things, public telecommunications and information services, energy, transportation, irrigation, finance, public services and e-government, which may gravely affect national security, national economy, people's livelihood and public interest. Personal information and important data collected and produced by critical information infrastructure during operation shall be stored within the territory; where due to business requirements it is truly necessary to provide it outside the mainland, a security assessment shall be conducted according to the requirements of relevant departments. Under the Cybersecurity Law, where network operators provide network access and domain registration services for users, handle network access formalities for fixed-line or mobile phone users, or provide users with information release services, instant messaging services and other services, they shall require users to provide true identity information, or otherwise, the network operators shall not provide them with relevant services. The Cybersecurity Law also specifies that the network operators shall provide technical support and assistance to public security and state security authorities for safeguarding national security and investigating criminal activities. Network operators in violation of the provisions of the Cybersecurity Law may be subject to penalties including, among other things, order for making rectifications, warnings or fines, confiscation of unlawful gains, order for temporary suspension of operations, suspension of business for corrections, closing down of websites, revocation of relevant operations permits. Pursuant to the Decision to Revise the Cybersecurity Law of the PRC (Draft for Comments) (《關於修改《中華人民共和國網絡安全法》的決定(徵求意見稿)》) (the "Cybersecurity Law Revision Draft") issued by the Cyberspace Administration of China (the "CAC") on September 12, 2022, the violations of the Cybersecurity Law might be subject to more severe punishment if the Cybersecurity Law Revision Draft is implemented in its current version.

Pursuant to the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》) issued by the MPS on December 13, 2005 and implemented on March 1, 2006, the providers of internet services and entity users of the network shall carry into effect the technical measures for security protection in accordance with laws, record and preserve user information (including registration information, time of login and logout, IP address, contents released by users and release time) for not less than 60 days.

Pursuant to the Announcement on Launching the Security Certification of Apps (《關於開展APP安全認證工作的公告》) jointly issued by the Office of the Central Cyberspace Affairs Commission and the SAMR and implemented on March 13, 2019 and the appendix Rules for

Implementing the Security Certification of Mobile Internet Applications (APP) (《移動互聯網應用程序 (APP) 安全認證實施規則》), the state encourages the APP operators to pass the APP security certification on a voluntary basis, and encourages search engines and APP stores to provide clear identification and give priority to APPs that pass the certification. According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) passed by the SCNPC on June 10, 2021 and implemented on September 1, 2021, the state establishes a classified and tiered system for data protection. When conducting data processing activities, one shall comply with laws and regulations, establish a sound, full-range data security and management system, organize and conduct data security education and training as well as take corresponding technical measures and other necessary measures to protect data safety. Anyone who uses the internet and other information networks to carry out data processing activities shall, on the basis of the hierarchical network security protection system, fulfill the obligations of data security protection. The processors of important data shall, in accordance with relevant provisions, carry out risk assessment on their data processing activities on a regular basis and submit risk assessment reports to the relevant competent authorities. Relevant organizations and individuals shall cooperate with public security departments or state security authorities in obtaining data for the purpose of safeguarding state security or investigating crimes according to law. Those who fail to fulfill the obligations of data security protection and provide important data abroad in violation of the law will be ordered to correct, warned, fined, suspended with their business or suspended for rectification, or revoked of relevant business licenses.

According to the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) jointly issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 6, 2021, China will strengthen the laws and regulations on data security, cross-border data flow and confidential information management.

Pursuant to the Notice of the MIIT on Strengthening Network Safety and Data Safety Work of Vehicle Connectivity (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) issued by the MIIT and implemented on September 15, 2021, enterprises engaged in-vehicle connectivity shall strengthen the prevention and protection of intelligent connected vehicles safety, vehicle connectivity's network safety, vehicle connectivity's service platform safety and data safety, and improve the safety standard system, for network and data safety.

The Measures for Data Security Administration in the Industry and Information Technology Field (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "Measures for Data Security") was issued by the MIIT on December 8, 2022 and implemented on January 1, 2023. In accordance with the Measures for Data Security, industrial and telecommunication data processors are required to classify data by first categorizing it based on its type, regularly assessing and assigning appropriate security levels, then aligning data classification with industry requirements, business needs, data sources and purposes, and other pertinent factors, and ultimately compiling a data classification list. In addition, the industrial and telecommunication data processors should establish a robust data classification management system and continually enhance it, take measures to protect data based on their security levels, conduct key protection of critical data, implement stricter management and protection measures for core data on the basis of critical data protection, and apply the highest level of security requirements when processing data with different security levels simultaneously. The Measures for Data Security also impose certain obligations on industrial and telecommunication data processors, including the implementation of data security work system, encryption key management, data collection, storage, usage, and transmission, data access, transparency, data destruction practices, safety audits and emergency response plans.

According to the Several Provisions on the Management of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the "Several Provisions on Automotive Data") jointly issued by the CAC, the NDRC, the MIIT, the MPS and the MOT on August 16, 2021 and implemented on October 1, 2021, automobile data processors including, among others, automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and ride-hailing and sharing service enterprises shall process automobile data in a lawful, legitimate, specific and clear manner, and such data includes personal information and important data involved during the design, production, sales, use, operation and maintenance, among others, of vehicles.

On April 13, 2020, the Cybersecurity Review Measures (《網絡安全審查辦法》) was jointly promulgated by the CAC, the NDRC, the MIIT, the MPS, the Ministry of State Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the National Administration of State Secrets Protection and the State Cryptography Administration, replaced by 2021 revision promulgated by the aforementioned departments and the CSRC, and the revised Cybersecurity Review Measures was formally implemented on February 15, 2022. According to the revised Cybersecurity Review Measures, operators of online platforms with personal information of more than one million users must file a cybersecurity review with the Cybersecurity Review Office when they pursue listing in a foreign country. In the meantime, the governmental authorities have the discretion to initiate a cybersecurity review on any data processing activity if they deem such a data processing activity affects or may affect national security. The specific implementation rules on cybersecurity review are subject to further clarification by subsequent regulations.

On October 29, 2021, the CAC issued the Measures for the Security Assessment of Cross-Border Data Transmission (Draft for Comments) (《數據出境安全評估辦法(徵求意見稿)》), and then on July 7, 2022, the CAC officially issued the Measures for the Security Assessment of Cross-Border Data Transmission (《數據出境安全評估辦法》), which became effective and implemented on September 1, 2022. The Measures for the Security Assessment of Cross-Border Data Transmission applies to the security assessment conducted by data processors where they provide overseas parties with important data and personal information collected and generated during the operation in the PRC. Based on the Measures for the Security Assessment of Cross-Border Data Transmission, data processors shall apply for the security assessment of data cross-border transfer to the national cyberspace administration through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide important data outside China, (2) operators of critical information infrastructure and data processors who process personal information of over one million users provide personal information outside China, (3) data processors who provide accumulative personal information of over 100,000 users or accumulative sensitive personal information of over 10,000 users outside China from January 1 of previous year, and (4) other situation as required to declare the security assessment for data cross-border transfer as requested by the cyberspace administration. On September 24, 2024, the CAC issued the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》) (the "Regulations on Cyber Data Security"), which will be effective on January 1, 2025. The Regulations on Cyber Data Security stipulates that data processors who carry out cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Regulations on Cyber Data Security also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross- broader safety management and obligations of network platform service provider.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 and implemented on November 1, 2015, network service providers shall be subject to criminal liability if they breach the obligation of information network security management required by the Amendment (IX) to the Criminal Law of the PRC and reject the rectification ordered by relevant authorities.

Regulations Relating to Personal Privacy Protection

Under the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) issued by the MIIT on December 29, 2011 and effective on March 15, 2012, the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC and implemented on December 28, 2012, the Order for the Protection of Telecommunications and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013 and implemented on September 1, 2013, and the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) issued by the SCNPC on November 7, 2016 and implemented on June 1, 2017, any collection and use of a user's personal information must be legal, rational and necessary, and the user should be clearly notified the purposes, methods and scopes of collecting and using information, channels for enquiring and correcting information, and the consequence of refusal to provide information. An internet information service provider shall be prohibited from divulging, tampering or destroying any personal information, or selling or providing such information to other parties. Any violation of these laws and regulations may result in warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the "Civil Code") adopted by the National People's Congress (the "NPC") on May 28, 2020 and implemented on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, process or disseminate the personal information of others, nor illegally trade, provide or disclose the personal information of others.

According to the Several Provisions on Automotive Data, when processing personal information, automobile data processors shall obtain personal consent or comply with other circumstances stipulated by laws and administrative regulations. If the automobile data processors collect data of subjects outside the vehicle and such data is provided outside the vehicle for the purpose of ensuring driving safety, but are unable to obtain consent from such subjects, the automobile data processors shall anonymize the data by means such as deleting the pictures containing identifiable natural persons, or partially contouring the facial information in the pictures.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law") adopted by the SCNPC on August 20, 2021 and implemented on November 1, 2021, the personal information of natural persons shall be protected by law. No organization or individual may infringe upon natural persons' rights and interests relating to personal information. The Personal Information Protection Law integrates previously scattered rules on personal information rights and privacy protection, and initially establishes a personal information protection system. The Personal Information Protection Law clarifies that personal information shall be processed under the principles of lawfulness, legitimacy, necessity and good faith and shall be processed for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the processing purpose. It shall be processed under the principle of openness, and the quality of information shall be guaranteed and measures shall be taken to protect personal information from divulgation, tampering or loss.

REGULATIONS ON AUTONOMOUS DRIVING

On December 20, 2020, the MOT promulgated the Guiding Opinions on Promoting the Development and Application of Road Transport Autonomous Driving Technologies (《交通運輸部關於促進道路交通自動駕駛技術發展和應用的指導意見》), which clarified the development goal of the application of autonomous driving technology in road transportation. Specifically, (1) by 2025, the research on the basic theory of autonomous driving has made positive progress, and key technologies such as road infrastructure intelligence, vehicle-road collaboration and product research and development and test verification have made important breakthroughs, (2) a number of basic and key standards for autonomous driving have been issued, and (3) a number of national autonomous driving test bases and pilot application demonstration projects have been built to realize large-scale application in some scenarios and promote the industrialization of autonomous driving technology.

REGULATIONS ON LAND AND THE DEVELOPMENT OF CONSTRUCTION PROJECTS

Regulations on Land Grants

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on May 19, 1990 and amended on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise commercially exploit the land within the term of use. Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Regulations on Planning of a Construction Project

Pursuant to the Regulations on Planning Administration Regarding Assignment and Transfer of the Rights to Use of the State-Owned Land in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction of the PRC (the "MOC") on December 4, 1992 and amended in January 26, 2011, a construction land planning permit shall be obtained from the municipal planning authority with respect to the planning and use of land. According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, a construction work planning permit must be obtained from the competent urban and rural planning government authority for the construction of any structure, fixture, road, pipeline or other engineering projects within an urban or rural planning area.

After obtaining a construction work planning permit, subject to certain exceptions, a construction enterprise must apply for a construction work commencement permit from the construction authority under the local people's government at the county level or above in accordance with the Administrative Provisions on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the MOHURD, on June 25, 2014, implemented on October 25, 2014 and latest amended on March 30, 2021.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the MOC on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of a construction project, the construction enterprise must submit an application to the competent department in the people's government at or above the county level where the project is located, for examination upon completion of building and for filing purpose; and to obtain the filing form for acceptance and examination upon completion of the construction project.

REGULATIONS ON ENVIRONMENTAL PROTECTION AND WORK SAFETY

Regulations on Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "Environmental Protection Law") promulgated by the SCNPC, on December 26, 1989, amended on April 24, 2014 and effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation and other hazards produced during such activities.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Regulations on Work Safety

Under relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》) which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national or industrial standards. Furthermore, production and operating business entities shall report their major hazard sources and related safety and emergency measures to the emergency management department and other relevant departments for the record, establish a safety risk grading control system and take corresponding control measures. Automobile and components manufacturers are subject to the above-mentioned work safety requirements.

REGULATIONS ON FIRE CONTROL

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and latest amended on April 29, 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special construction projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the MOHURD on April 1, 2020 and effective on June 1, 2020, and amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》), which was promulgated by the MOFCOM on June 25, 2004 and executed on July 1, 2004, and was last amended on May 10, 2021, foreign trade operators engaged in goods or technology import and export are required to go through the record-filing registration procedures with the Ministry of Commerce or its entrusted institutions, except for those that are not required to complete the record-filing registration as prescribed by laws, administrative regulations and the provisions of the Ministry of Commerce. Where a foreign trade operator fails to go through the record-filing registration formalities according to relevant provisions, the customs are entitled to refuse to handle the formalities for declaration and clearance of goods imported or exported by the operator.

According to the revised Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) made by the SCNPC on 30 December 2022, no filings is required for foreign trade operators engaged in goods import and export or technology import and export, with effect from 30 December 2022.

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》), promulgated by the General Administration of Customs of the PRC on November 19, 2021, which came into effect on January 1, 2022, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade operator. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has undergone the formalities of recordation for customs declaration entities, branches that meet the requirements of the preceding paragraph may also apply for recordation for customs declaration entities.

LAWS AND REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended and newly effective on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, effective on January 1, 2008 and amended on December 28, 2012, newly effective on July 1, 2013 and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, effective on the same date, employers must strictly abide by state standards and provide relevant trainings to its employees, protect their labor rights and perform its labor obligations. Labor relationships between employers and employees must be executed in written form. Labor contracts shall be categorized into labor contracts with fixed term, labor contracts without fixed term and labor contracts to be expired upon completion of certain tasks. The remuneration payable by employers to its employees shall not be less than local minimum wage. Employers must establish a system for labor safety and sanitation, and strictly comply with national standards and provide relevant education to its employees. Violations of the Labor Contract Law of the PRC and the Labor Law of the PRC may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and amended and newly effective on December 29, 2018 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) recently amended by the State Council and effective on March 24, 2019, a domestic enterprise shall pay premium for pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance for its employees at an appropriate percentage based on the amounts stipulated by the laws. If the relevant payment is not paid in full and on time to the relevant local administrative agency, the employer may be ordered to make up the gap or pay a fine. Meanwhile, the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生

育保險試行辦法》) and other laws and regulations contain specific clauses on different types of social insurance. Employers governed by such laws and regulations shall pay corresponding insurance premiums for their employees.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and last amended and newly effective on March 24, 2019, employers shall make deposit registration for housing provident fund at the housing provident fund management center and pay the housing provident fund in full and on time. If employers fail to make payment of housing provident fund within the time limit or if there is a shortfall in payment of housing provident fund, employers will be ordered by the housing provident management center to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident fund management center is entitled to apply for compulsory enforcement with the people's court.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

China has adopted comprehensive legislations governing intellectual property rights, including copyrights, trademarks, patents and domain names. China is a signatory to the primary international conventions on intellectual property rights and has been a member of the Agreement on Trade Related Aspects of Intellectual Property Rights since its accession to the World Trade Organization in December 2001.

Copyright

On September 7, 1990, the SCNPC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) ("the Copyright Law"), which was effective on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020, and the latest amendment took effect on June 1, 2021. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Centre of China. According to the Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. An infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

Under the Issuance of the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路佈圖設計保護條例》) ("the Regulations on Integrated Circuits"), promulgated by the State Council on April 2, 2001 and coming into force on October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organizations shall be eligible for the exclusive right of layout-design in accordance with Regulations on Integrated Circuits. Any layout-design which is to be protected shall be original in the sense that the layout-design is the result of the creator's own intellectual effort, and it is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation. The intellectual property administration department of the State Council is responsible for the relevant administrative work concerning the exclusive right of layout-design in accordance with these regulations.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively, the Trademark Office of the State Administration for Industry and Commerce Authority (the "SAIC") under the State Council is responsible for the registration and administration of trademarks in China. The SAIC under the State Council has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which specifies the requirements of applying for trademark registration and renewal.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) ("the Patent Law"), promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, respectively, with the latest amendment taking effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "Implementation Rules of the Patent Law"), promulgated by the State Council on June 15, 2001 and revised on December 28, 2002, January 9, 2010 and December 11, 2023 and the latest amendment took effective on January 20, 2024, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide three types of patents, namely "inventions," "utility models" and "designs". Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 has been extended to fifteen years in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, utility model or design, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Domain Names

On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (the "Domain Name Measures"), which became effective on November 1, 2017. The Domain Name Measures regulate the registration of domain names, such as China's national top-level domain name ".CN." The China Internet Network Information Center (the "CNNIC"), issued the Administrative Regulations for Country Code Top-Level Domain Name Registration and Country Code Top-Level Dispute Resolutions Rules (《關於發佈並實施《國家頂級域名註冊實施細則》系列規定的公告》) on June 18, 2019, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide domain name related disputes.

REGULATIONS ON FOREIGN INVESTMENT IN CHINA

Investment activities in China by foreign investors are primarily regulated by the Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》), the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the "Negative List") and Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "Foreign Investment Law") and their respective implementation rules and ancillary regulations. The latest Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄(2022年版)》) was jointly promulgated by the MOFCOM and NDRC on October 26, 2022 and took effect on January 1, 2023. The latest Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)(2024年版)》), was jointly promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024.

Pursuant to the Foreign Investment Law, foreign investment will enjoy pre-entry national treatment in China (which means treatment that is no less favorable than treatment to domestic investment at the market entry stage), except that foreign-invested enterprises operating in "restricted" or "prohibited" industries set forth on the Negative List are required to obtain market entry clearance and other approvals. The Foreign Investment Law does not explicitly touch upon the concept of de facto control or contractual arrangements with variable interest entities, but its catch-all provision in the definition of foreign investment leaves possibility for future laws and regulations to specify contractual arrangements as a form of foreign investment.

The Foreign Investment Law also includes certain protective principles and provisions for foreign investors and their investment in China. For example, (1) local government authorities must abide by their commitments made to foreign investors, (2) foreign-invested enterprises are allowed to issue shares of stock and corporate bonds, (3) expropriation and requisition of foreign investment are generally prohibited except under special circumstances, where statutory procedures must be followed and fair and reasonable compensation must be made in a timely manner, (4) mandatory technology transfer is prohibited, (5) foreign investors funds are permitted to be freely transferred out and into the PRC territory during the entire lifecycle of foreign investment, and (6) foreign-invested enterprises are provided with opportunities of fair competition in a market economy. In addition, the Foreign Investment Law allows foreign-invested enterprises that were established under the prior foreign investment laws and regulations to maintain their corporate structure and governance within five years after the implementation of the Foreign Investment Law, after which such foreign-invested enterprises may be required to adjust the legacy corporate structure and governance pursuant to the currently effective Company Law of the PRC and other relevant laws and regulations.

The Implementation Regulations of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) were promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020. These implementation rules further clarified that China encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment, continues to optimize foreign investment environment and advances a higher-level opening. The SAMR and its local counterparts supervise the registration of foreign-invested enterprises. If additional licenses and permits are required, foreign investors will apply to relevant government authorities supervising such licenses and permits following the same conditions and procedures applicable to PRC domestic investors unless otherwise stipulated by laws and regulations.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which took effect on January 1, 2020. Pursuant to these measures, where a foreign investor directly or indirectly conducts investment activities in China, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce authority through the enterprise registration system and the national enterprise credit information publicity system. Failure to report required investment information may subject foreign investors or foreign-invested enterprises to legal liabilities.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Administrative Regulation"), which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 1, 2008 (which became effective on August 5, 2008), respectively, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC, on June 20, 1996 and became effective on July 1, 1996. Under these regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "SAFE"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities or the designated banks is required where Renminbi (the "RMB") is to be converted into foreign currency and remitted outside of the PRC to pay capital account items such as the repayment of foreign currency-denominated loans, direct investment overseas and investments in securities or derivative products outside of the PRC. The Foreign Investment Enterprises (the "FIE(s)") are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular 19"), which took effect on June 1, 2015 and further revised in 2019. According to the SAFE Circular 19, the foreign currency capital contribution to an FIE in its capital account may be converted into RMB on a discretional basis.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16"). The SAFE Circular 16 unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the discretional foreign exchange settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) and can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of the SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, the SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations, (2) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations, (3) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope, and (4) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "SAFE Circular 28"). The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the negative list and that the projects invested are true and in compliance with laws and regulations.

On April 10, 2020, the SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-Related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "SAFE Circular 8"). The SAFE Circular 8 provides that under the condition that the use of funds is genuine and compliant with current administrative provisions on use of income relating to capital account, enterprises are allowed to use income under capital account such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "EIT Law") promulgated by the NPC on March 16, 2007 and last amended by the SCNPC on December 29, 2018 and the Implementation Regulations on the EIT Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and last amended on January 20, 2025, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have no formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Value-Added Tax

According to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017 and the Implementation Rules of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993 and last amended on October 28, 2011, any entities or individuals engaged in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC are taxpayers of Value-Added Tax (the "VAT") and shall pay the VAT in accordance with the laws and regulations. The rate of VAT for sale of goods is 17% unless otherwise specified.

According to the Circular of the MOF and State Administration of Taxation on Adjusting Value-Added Tax Rate (《關於調整增值稅稅率的通知》) issued by the MOF and the State Taxation Administration (the "SAT") on April 4, 2018 which came into force on May 1, 2018, the tax rate for the taxable sales or import of goods by the taxpayers would be changed from 17% and 11% to 16% and 10% respectively. Afterwards, further adjustments were made according to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly issued by the MOF, the SAT and the General Administration of Customs of the PRC on March 20, 2019 which came into force on April 1, 2019. For general VAT taxpayers who engaged in VAT taxable sales or importing goods, applicable tax rates that were previously subject to 16% and 10% were adjusted to 13% and 9%, respectively.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On February 17, 2023, with the approval of the State Council, the China Securities Regulatory Commission (the "CSRC") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and relevant five guidelines, which came into force on March 31, 2023. According to the Trial Measures: (1) PRC domestic companies seeking to offer or list securities overseas, both directly and indirectly, should complete the filing procedure and submit relevant information to the CSRC; (2) domestic companies that seek to offer or list securities overseas directly means that PRC companies limited by shares offer or list securities in overseas securities markets; and (3) any PRC company limited by shares seeking to list overseas are required to file with the CSRC within three business days after submitting an application for overseas listing. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to rectification ordered by the CSRC, warning, and fine ranging from RMB1 million to RMB10 million and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may result in administrative penalties, such as warnings and fines.

Besides, PRC domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conducts overseas offering and listing shall (1) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the Company Law of the PRC, the Accounting Law of the PRC and other PRC laws, administrative regulations and applicable provisions, (2) shall abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, (3) shall not divulge any state secret or the work secrets of state authorities, and (4) shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Measures also provides the circumstances where the overseas offering and listing is explicitly prohibited, including: (1) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations, (2) circumstances that constitute threat to or endanger national security, (3) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed crimes of corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (4) the PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof, or (5) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that controlled by the controlling shareholder(s) and/or the actual controller.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuing to the relevant provisions of the state. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the state.

FULL CIRCULATION

"Full Circulation" represents listing and circulating on the Stock Exchange of unlisted shares of an H-share listed company, including unlisted shares held by shareholders prior to overseas listing, unlisted shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced 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》) (the "Full Circulations Guidelines"), which was amended on August 10, 2023. The Full Circulations Guidelines allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Full Circulations Guidelines, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited of the shares related to the application has been completed.

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

In order to fully promote the reform of H-shares "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, China Securities Depository and Clearing Corporation Limited has issued the Circular on Issuing the Guidelines to the Program for "Full Circulation" of H-Shares (《關於發佈〈H股「全流通」業務指南〉的通知》) in February 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. On September 20, 2024, China Securities Depository and Clearing Corporation Limited issued the Notice on Abolishing the Guidelines to the Program for "Full Circulation" of H-Shares, abolished these guidelines and stipulated that relevant business shall be carried out in accordance with the Guidelines to the Program for "Full Circulation" of H-Shares promulgated by China Securities Depository and Clearing Corporation Limited Shenzhen Branch. On February 7, 2020, China Securities Depository and Clearing (Hong Kong) Co., Ltd. promulgated the Guidelines to the Program for Full Circulation of H-Shares of China Securities Depository and Clearing (Hong Kong) Co., Ltd. (《中國證券登記結算(香港)有限公司H股「全流通」業務指南》) to specify the relevant escrow, custody, agent service of China Securities Depository and Clearing (Hong Kong) Co., Ltd., arrangement for settlement and delivery and other relevant matters.

OVERVIEW

We are a China-based provider of electric-powered engineering machinery. We design, develop and commercialize battery-electric engineering machinery with autonomous capabilities and provide intelligent operation services. Our history can be traced back to November 2016 when our Company was established as a limited liability company under the name of Shanghai Boxi Intelligence Technology Co., Ltd. (上海博璽智能科技有限公司) in the PRC. Since then, our founder, Mr. Chen, who has profound industry knowledge and insights of the field of new energy technologies, and rich experience in investment operations and industrialization, has been leading our Company. For the biography and relevant industry experience of Mr. Chen, see "Directors, Supervisors and Senior Management." In March 2019, we changed our company name to Breton Technology Company Limited (博雷頓科技有限公司). Prior to the launch of the BRT951EV, our first five-tonne battery-electric loader, in December 2019, we were primarily engaged in the research and development of core technologies for our e-powertrain kits. In November 2022, our Company was converted into a joint stock limited company and renamed as Breton Technology Co., Ltd. (博雷頓科技股份公司).

KEY MILESTONES

The following is a summary of our key milestones:

Year	Milestones
2016	Our Company was established under the name of Shanghai Boxi Intelligence Technology Co., Ltd. (上海博璽智能科技有限公司).
2018	We conducted series A financing in October, raising an aggregate amount of RMB50.16 million.
2019	We changed our corporate name to Breton Technology Company Limited (博雷頓科技有限公司) in March, and started to use the brand name "Breton (博雷頓)".
	We launched BRT951EV, our first battery-electric loader to the market, establishing ourselves as one of the few pioneers to successfully develop and mass-produce new energy loaders in China.
2020	We inaugurated our intelligent manufacturing base in Zaozhuang, Shandong, in August, where we undertake the manufacturing of our battery-electric loaders.
	We launched BRT90E, our first 90-tonne battery-electric wide-body dump truck.

Year	Milestones
2021	We conducted Series B Financing in August, raising an aggregate amount of approximately RMB274.9 million.
	We spearheaded the development of an array of remote-operate technologies tailored for our battery-electric loaders starting from December.
2022	We conducted Series C Financing in June, raising an aggregate amount of approximately RMB155.9 million.
	We sold our first 700-kWh BRT105E, our flagship 105-tonne battery-electric wide-body dump truck in August featuring the largest battery capacity, longest operational time and highest charging efficiency in China at the time of its debut.
	We inaugurated the first pilot station for direct current photovoltaic energy system in Panzhihua, Sichuan, encompassing photovoltaic energy generation, energy storage and charging functionalities in December.
2023	We marketed upgraded model of battery-electric loader, namely BRT970EV, further expanding our market reach.
	We completed Series C+ Financing, raising RMB954.0 million in March.
	We deployed our autonomous wide-body dump trucks in March.
	We deployed our first remote-operate loader in Chongqing, China in November.
2024	We were awarded "Shanghai Unicorn (Potential) Enterprise to Receive Prioritized Service for 2024 (2024年上海市重點服務獨角獸(潛力)企業)".

OUR MAJOR SUBSIDIARIES

The date of establishment and principal business activities of each of our major subsidiaries are set out in the table below:

No.	Name of subsidiary	Date and place of establishment	Principal business activities	Registered capital	Ownership as of the Latest Practicable Date
1.	Inner Mongolia Breton Intelligent Technology Co., Ltd. (內蒙古博雷頓智能科技有限公司)	January 7, 2019, PRC	Sales of new energy tractor trucks	RMB20 million	100%
2.	Zhejiang Breton Technology Co., Ltd. (浙江博雷頓科技有限公司)	April 12, 2019, PRC	Manufacturing, research and sales of new energy vehicles	RMB100 million	100%
3.	Breton (Shanghai) Intelligent Technology Co., Ltd. (博雷頓(上海)智能科技有限公司) (formerly known as Linju (Shanghai) Power Technology Co., Ltd. (臨矩(上海)動力科技有限公司))	June 25, 2019, PRC	Research and development of automotive technology, new energy technology, and automation technology	RMB10 million	100%
4.	Baipin (Shanghai) Intelligent Technology Co., Ltd. (佰頻(上海)智能科技有限公司)	July 2, 2019, PRC	Research and development of automotive technology, new energy technology, and automation technology	RMB40 million	100%
5.	Breton (Shandong) New Energy Vehicle Co., Ltd. (博雷頓(山東)新能源汽車有限公司)	May 25, 2020, PRC	Manufacturing, research and sales of new energy loaders	RMB330 million	100%
6.	Breton (Hunan) Technology Co., Ltd. (博雷頓(湖南)科技有限公司)	October 12, 2022, PRC	Manufacturing, research and sales of new energy wide-body dump trucks	RMB300 million	100%
7.	Breton (Lanxi) New Energy Engineering Machinery Co., Ltd. (博雷頓(蘭溪)新能源工程機械有限公司)	January 28, 2023, PRC	Manufacturing, research and sales of new energy loaders	RMB200 million	100%

No.	Name of subsidiary	Date and place of establishment	Principal business activities	Registered capital	Ownership as of the Latest Practicable Date
8.	Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司)	March 1, 2023, PRC	Research and sales of new energy loaders	RMB300 million	100%
9.	Breton (Wuhan) New Energy Equipment Co., Ltd. (博雷頓(武漢)新能源裝備有限公司)	March 1, 2023, PRC	Manufacturing, research and sales of new energy loaders	RMB100 million	100%
10.	Breton ESG Pte. Ltd.	November 29, 2023, Singapore	Investment holding	10,000 Singapore dollars	100%
11.	Breton (Hong Kong) Technology Limited	November 4, 2024, Hong Kong	Import and export trade	HK$100,000	100%
12.	Breton (Beijing) Technology Co., Ltd. (博雷頓(北京)科技有限公司)	November 25, 2024, PRC	Sales of new energy engineering machinery	RMB20 million	100%

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(a) Our Establishment and Changes in our Share Capital prior to the Series A Financing

On November 28, 2016, our Company was established as a limited liability company under the laws of the PRC with an initial registered capital of RMB20,000,000. The shareholding structure of our Company as of the establishment date was as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of shareholding in our Company
		(RMB)	*(%)*
1.	Shanghai Boxi Electric Co., Ltd. (上海博璽電氣股份有限公司)[(1)] ("Boxi Electric")	19,000,000	95.00
2.	Mr. Lei Faming (雷發明) [(2)] ("Mr. Lei")	1,000,000	5.00
	Total	**20,000,000**	**100.00**

Notes:

(1) From April 2016 to August 2021, Mr. Chen served as a director of Boxi Electric. Shanghai Yijin, a company controlled by Mr. Chen, was the then third largest shareholder of Boxi Electric.

(2) Mr. Lei was an Independent Third Party.

Pursuant to the shareholders' resolutions dated July 1, 2018, the registered capital of our Company was increased from RMB20,000,000 to RMB60,000,000. Shanghai Fangyu Investment Co., Ltd. (上海方煜投資有限公司) ("Shanghai Fangyu"), a company controlled by Mr. Chen until March 2021, subscribed for all the increased registered capital of RMB40,000,000.

Pursuant to the equity transfer agreement dated July 25, 2018 entered into by Mr. Lei and Shanghai Fangyu, Mr. Lei agreed to transfer all his equity interest in our Company to Shanghai Fangyu at nil consideration, as Mr. Lei had not paid up any of the contributions subscribed by him at the time of such transfer. Shanghai Fangyu would instead assume Mr. Lei's obligations of capital contribution. After such capital increase and equity transfer, Shanghai Fangyu and Boxi Electric held approximately 68.33% and 31.67% of our equity interest, respectively.

Pursuant to our shareholders' resolutions dated August 20, 2018, our registered capital was increased from RMB60,000,000 to RMB70,000,000, all of which was contributed by Mr. Chen.

On October 31, 2018, Shanghai Fangyu transferred all its equity interest in our Company to Shanghai Fangao, a limited partnership controlled by Mr. Chen as its general partner, at nil consideration, as Shanghai Fangyu had not paid up any of the contributions. Shanghai Fangao would instead assume Shanghai Fangyu's obligations of capital contribution.

Upon the completion of the above equity transfers and capital increases, our shareholding structure was as follows:

No.	Shareholder	Registered capital subscribed for	Equity interest
		(RMB)	*(%)*
1.	Shanghai Fangao	41,000,000	58.57
2.	Boxi Electric	19,000,000	27.14
3.	Mr. Chen	10,000,000	14.29
	Total	**70,000,000**	**100.00**

(b) Series A Financing

Pursuant to our shareholders' resolutions dated October 31, 2018, our registered capital was increased from RMB70,000,000 to RMB108,000,000, and a group of investors, all of which were Independent Third Parties, agreed to subscribe for the increased registered capital of RMB38,000,000 at an aggregate consideration of RMB50,160,000 (the "Series A Financing").

The consideration of the Series A Financing was determined based on arm's length negotiations among the relevant parties taking into account the then development of our Company. The respective subscription amount and consideration paid by the subscribers in the Series A Financing were as follows:

No.	Subscribers	Registered capital subscribed for	Consideration
		(RMB)	*(RMB)*
1.	Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership) (蘇州鐘鼎五號股權投資基金合夥企業(有限合夥)) ("Zhongding No.5")	22,727,273	30,000,000
2.	Suzhou Zhongding No. 5 Qinglan Equity Investment Fund Partnership (Limited Partnership) (蘇州鐘鼎五號青藍股權投資基金合夥企業(有限合夥)) ("Zhongding Qinglan")	2,272,727	3,000,000
3.	Zheshang New Energy Co., Ltd. (浙商新能源有限公司) ("Zheshang New Energy")	5,000,000	6,600,000
4.	Langting (Shanghai) Investment Co., Ltd. (廊庭(上海)投資有限公司) ("Langting Investment")	3,000,000	3,960,000
5.	Lin Ziting (林姿廷)	5,000,000	6,600,000
	Total	**38,000,000**	**50,160,000**

Upon the completion of the Series A Financing, Boxi Electric, Shanghai Fangao, Mr. Chen, Zhongding No.5, Zhongding Qinglan, Zheshang New Energy, Langting Investment and Lin Ziting held approximately 17.59%, 37.96%, 9.26%, 21.05%, 2.10%, 4.63%, 2.78% and 4.63% equity interest in our Company, respectively. For further details of the Series A Financing, please see "— Pre-IPO Investments" below.

(c) Equity Transfers between Series A Financing and Series B Financing

From 2020 to 2021, several equity interest transfers were conducted with the price for each registered capital ranging from RMB1.50 to RMB10.00, which was determined after arm's length negotiations between the parties taking into account the development of the Company at the time of negotiation of the relevant equity transfers. For further details, please see "— Pre-IPO Investments" below.

Upon the completion of the equity transfers, our shareholding structure was as follows:

No.	Shareholder	Registered capital subscribed for	Equity interest
		(RMB)	*(%)*
1.	Shanghai Fangao	41,000,000	37.96
2.	Mr. Chen	15,090,000	13.97
3.	Zhongding No.5	11,363,636	10.52
4.	Fujian Diquan Equity Investment Partnership (Limited Partnership) (福建省締泉股權投資合夥企業(有限合夥有限合夥)) ("Fujian Diquan")	3,850,000	3.56
5.	Cai Yulin (蔡玉霖)	5,400,000	5.00
6.	Lin Ziting	5,000,000	4.63
7.	Yue Yong (岳永)	4,100,000	3.80
8.	Zhao Yongge (趙永革)	3,000,000	2.78
9.	Yang Zibin (楊子彬)	3,000,000	2.78
10.	Yang Jiayong (楊家勇)	2,600,000	2.41
11.	Zhao Xuewen (趙學文)	2,000,000	1.85
12.	Zhang Xiaohui (張曉暉)	1,500,000	1.39
13.	Xiao Wenbin (肖文斌)	1,500,000	1.39
14.	Zhang Shanliang (張珊涼)(1)	1,500,000	1.39
15.	You Yifei (游以菲)	1,400,000	1.30
16.	Zhongshan Broad-Ocean Motor Co. Ltd (中山大洋電機股份有限公司) ("Broad-Ocean Motor")	1,260,000	1.17
17.	Cloud Tribe Yijin	1,150,000	1.06
18.	Zhongding Qinglan	1,136,364	1.05
19.	Chai Guang (柴廣)(2)	1,050,000	0.97
20.	Lu Qianyuan (路倩原)	500,000	0.46
21.	Li Xiaoxiao (李瀟瀟)	400,000	0.37
22.	Wang Yicheng (王藝澄)	200,000	0.19
	Total	**108,000,000**	**100.00**

Notes:

(1) Among the registered capital of RMB1,500,000, RMB1,460,000 subscribed for by Zhang Shanliang (張珊涼) was entrusted to her by her families, friends and business partners. Pursuant to the equity transfer agreements dated August 30, 2022, Zhang Shanliang (張珊涼) transferred all the registered capital of RMB1,500,000 to Jiaxing Dixin Equity Investment Partnership (Limited Partnership) (嘉興市締芯股權投資合夥企業(有限合夥)) and the proceeds were repaid to the entrustors in accordance with their respective entrustment arrangements, and the entrustment arrangement was terminated accordingly.

(2) Before Chai Guang (柴廣) became a registered Shareholder, the registered capital of RMB1,050,000 subscribed for by him was entrusted to and held by Mr. Chen. The entrustment arrangement was terminated in May 2021.

(d) Series B Financing

Pursuant to our shareholders' resolutions dated August 16, 2021, our registered capital was increased from RMB108,000,000 to RMB129,990,000, and a group of investors, all of which were Independent Third Parties, agreed to subscribe for the increased registered capital in a total amount of RMB21,990,000 at an aggregate consideration of RMB274,875,000 (the "Series B Financing"). The consideration of the Series B Financing was determined based on arm's length negotiations among the relevant parties taking into account the then development of our Company. The respective subscription amount and consideration paid by the subscribers in the Series B Financing were set out as follows:

No.	Subscribers	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*
1.	Huzhou Qingyun Xinzhengtu Equity Investment Partnership (Limited Partnership) (湖州青雲新征途股權投資合夥企業(有限合夥)) ("Huzhou Qingyun")	9,400,000	117,500,000
2.	Zibo Naying Equity Investment Partnership (Limited Partnership) (淄博納嬴股權投資合夥企業(有限合夥)) ("Zibo Naying")	7,460,000	93,250,000
3.	Guangzhou Naibixin Phase I Venture Capital Fund Partnership (Limited Partnership) (廣州耐必信一期創業投資基金合夥企業(有限合夥)) ("Guangzhou Naibixin")	2,400,000	30,000,000
4.	Broad-Ocean Motor	1,050,000	13,125,000
5.	Shenzhen Changde Enterprise Management Consulting Partnership (Limited Partnership) (深圳長德企業管理諮詢合夥企業(有限合夥)) ("Shenzhen Changde")	800,000	10,000,000
6.	Sichuan Hydrogen Lithium Breton New Energy Technology Co., Ltd. (四川氫鋰博雷頓新能源科技有限公司) ("Sichuan Hydrogen Lithium")	80,000	1,000,000
7.	Chengang International Trade (Shanghai) Co., Ltd. (誠盎國際貿易(上海)有限公司) ("Chengang International")	400,000	5,000,000
8.	Nanjing Bochen Shengan Information Technology Service Co., Ltd. (南京博辰勝安信息技術服務有限公司) ("Bochen Shengan")	400,000	5,000,000
	Total	**21,990,000**	**274,875,000**

For further details of the Series B Financing, please see "— Pre-IPO Investments" below.

(e) Shareholding changes between Series B Financing and Series C Financing

On February 16, 2022, Yue Yong and Zhongchuang Hengxing Asset Management Co., Ltd. (中創恆興資產管理有限公司) ("Zhongchuang Hengxing") entered into an equity transfer agreement, pursuant to which Yue Yong agreed to transfer a 0.62% equity interest in our Company to Zhongchuang Hengxing at a consideration of RMB10 million.

On the same day, Yue Yong entered into an equity transfer agreement with Chai Guang, pursuant to which Yue Yong agreed to transfer a 0.08% equity interest in our Company to Chai Guang at a consideration of RMB1.25 million.

In addition, in recognition of the contributions of Dr. Qiu Debo (the then president of our Company) and Ms. Yang Hui (our then consultant) to our Company, and to incentivize them to further promote our development, it was resolved at the Shareholders' meeting on February 16, 2022 that the registered capital of our Company increased from RMB129,990,000 to RMB139,990,000, and the increased registered capital was held by Shanghai Jifang (an incentive platform of the Group incorporated in the PRC), Dr. Qiu Debo and Ms. Yang Hui at a total consideration of RMB16 million.

Furthermore, due to the change in investment strategies, Zibo Naying decided to transfer its subscribed for but unpaid registered capital of RMB3,326,400. Pursuant to the equity transfer agreements dated June 17, 2022, the following transfers of our registered capital were effected:

No.	Transferor	Transferee	Registered capital transferred	Consideration
			(RMB)	*(RMB)*
1.	Zibo Naying	• Jiaxing Tongneng Xingyuan Equity Investment Partnership (Limited Partnership) (嘉興同能興源股權投資合夥企業(有限合夥)) ("Jiaxing Tongneng")	877,500	0(1)
		• Shanghai Chenqi Trunk Network Technology Partnership (Limited Partnership) (上海辰棋幹線網絡科技合夥企業(有限合夥)) (formerly know as Hainan Trunk Network Technology Partnership (Limited Partnership) (海南幹線網絡科技合夥企業(有限合夥))) ("Shanghai Chenqi")	179,930	0(1)
		• Hefei Rendun Equity Investment Partnership (Limited Partnership) (合肥仁頓股權投資合夥企業(有限合夥)) ("Hefei Rendun")	899,654	0(1)

No.	Transferor	Transferee	Registered capital transferred	Consideration
			(RMB)	*(RMB)*
		• Shanghai Kechuang Shenxin Venture Capital Partnership (Limited Partnership) (上海科創申新創業投資合夥企業(有限合夥)) ("Kechuang Partnership")	162,500	0[(1)]
		• Shanghai Kechuang Shenxin Venture Capital Management Co., Ltd. (上海科創申新創業投資管理有限公司) ("Kechuang Management")	107,250	0[(1)]
		• CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) ("CIMC")	144,040	0[(1)]
		• Rockets Capital L.P.	955,526	0[(1)]
	Subtotal		3,326,400	0[(1)]
2.	Yue Yong	• Rockets Capital L.P.	157,346	1,966,825
		• Changzhou Kesheng Equity Investment Partnership (Limited Partnership) (常州科升股權投資合夥企業(有限合夥)) ("Kesheng Partnership")	1,100,000	13,750,000
	Subtotal		1,257,346	15,716,825
3.	Li Xiaoxiao[(2)]	• Shanghai Chenqi[(2)]	400,000	5,000,000

Notes:

(1) Zibo Naying subscribed for a registered capital of RMB7,460,000 at a consideration of RMB93,250,000 during the Series B Financing. As at the date of the equity transfer agreements, Zibo Naying had paid up the register capital of RMB4,133,600, with the register capital of RMB3,326,400 (i.e. the registered capital sold by Zibo Naying pursuant to the equity transfer agreements dated June 17, 2022) unpaid. Therefore, the consideration was nil. The relevant transferees would instead assume the corresponding capital contribution obligations.

(2) Shanghai Chenqi is a limited partnership established in the PRC. H Truck HK Limited, a company controlled by Li Xiaoxiao, is a limited partner holding 29.5% partnership interest in Shanghai Chenqi.

For further details of shareholding changes between Series B Financing and Series C Financing, please see "— Pre-IPO Investments" below.

(f) Series C Financing

Pursuant to our shareholders' resolutions dated June 17, 2022, our registered capital was increased from RMB139,990,000 to RMB145,558,000, and a group of investors, all of which were Independent Third Parties, agreed to subscribe for the increased registered capital in a total amount of RMB5,568,000 at an aggregate consideration of RMB155,903,999 (the "Series C Financing"). The consideration of the Series C Financing was determined based on arm's length negotiations among the relevant parties taking into account the then development of our Company. The respective subscription amount and consideration paid by the subscribers in the Series C Financing were set out as follows:

No.	Subscribers	Registered capital subscribed for	Consideration
		(RMB)	*(RMB)*
1.	Jiaxing Tongneng	1,350,000	37,800,000
2.	Shanghai Chenqi	276,817	7,750,875
3.	Hefei Rendun	1,384,083	38,754,324
4.	Kesheng Partnership	937,500	26,250,000
5.	Kechuang Partnership	250,000	7,000,000
6.	Kechuang Management	165,000	4,620,000
7.	CIMC	221,600	6,204,800
8.	Rockets Capital L.P.	983,000	27,524,000
	Total	**5,568,000**	**155,903,999**

For further details of the Series C Financing, please see "— Pre-IPO Investments" below.

(g) Equity Transfers in August 2022

Pursuant to the equity transfer agreements dated August 30, 2022, the following transfers of our registered capital were effected:

No.	Transferor	Transferee	Registered capital transferred	Consideration
			(RMB)	*(RMB)*
1.	Zhongchuang Hengxing[1]	• Yellow River Shanxi Industrial Co., Ltd. (黃河山西實業有限公司) ("Shanxi Industrial")[1]	400,000	8,000,000
2.	Yue Yong	• Shanxi Industrial	300,000	6,000,000
		• Wu Weizhong (吳偉忠)	300,000	6,000,000
		• Jiaxing Dixin Equity Investment Partnership (Limited Partnership) (嘉興市締芯股權投資合夥企業(有限合夥)) ("Jiaxing Dixin")	200,000	4,000,000
	Subtotal		800,000	16,000,000

No.	Transferor		Transferee	Registered capital transferred	Consideration
				(RMB)	*(RMB)*
3.	Zhang Shanliang	●	Jiaxing Dixin	1,500,000	30,000,000
4.	Zhang Xiaohui	●	Jiaxing Dixin	200,000	4,000,000
5.	Chengang International	●	Jiaxing Dixin	100,000	2,000,000
6.	Kesheng Partnership(2)	●	Changzhou Kesheng Venture Capital Center (Limited Partnership) (常州科升創業投資中心(有限合夥)) ("Kesheng Center")(2)	2,037,500	40,000,000
7.	Zhao Xuewen	●	Kesheng Center	1,000,000	20,000,000

Notes:

(1) Zhongchuang Hengxing is a wholly owned subsidiary of Shanxi Industrial.

(2) At the time of the equity transfer, Kesheng Partnership (deregistered in December 2022) and Kesheng Center were limited partnerships established in the PRC by the same group of partners (general partner and limited partners).

For further details of equity transfers in August 2022, please see "— Pre-IPO Investments" below.

(h) Conversion into a Joint Stock Company

On November 4, 2022, our then Shareholders passed resolutions approving, among other things, (i) the conversion of our Company from a limited liability company into a joint stock company with its corporate name changed to Breton Technology Co., Ltd. (博雷頓科技股份公司), and (ii) the conversion of our audited net assets value in an amount of RMB313,283,150.37 as of August 31, 2022 into 300,000,000 Shares with a nominal value of RMB1.00 each at a ratio of 1:0.9576, which were issued to the then Shareholders in proportion to their respective equity interests in our registered capital, and the crediting of the remaining net assets value of RMB13,283,150.37 as our capital reserves. The conversion was completed on November 23, 2022.

(i) Series C+ Financing

Pursuant to a series of shareholders' resolutions in November 2022, December 2022, February 2023 and March 2023, respectively, our registered capital was increased from RMB300,000,000 to RMB366,651,762, and a group of investors, all of which were Independent Third Parties, agreed to subscribe the increased registered capital in a total amount of RMB66,651,762 at an aggregate consideration of RMB954,000,000 (the "Series C+ Financing"). The consideration of the Series C+ Financing was determined based on arm's length negotiations among the relevant parties taking into account the then development of our Company. The respective subscription amount and consideration paid by the subscribers in the Series C+ Financing were set out as follows:

No.	Subscribers	Registered capital subscribed for	Consideration
		(RMB)	*(RMB)*
1.	Hunan Xiangtan Caixin Chanxing Equity Investment Partnership (Limited Partnership) (湖南湘潭財信產興股權投資合夥企業(有限合夥)) ("Xiangtan Caixin")	20,959,674	300,000,000
2.	Tianjin Xingyue Puyu Technology Co., Ltd. (天津星月璞瑜科技有限責任公司) ("Xingyue Puyu")	2,095,967	30,000,000
3.	Jiaxing Xuying Equity Investment Partnership (Limited Partnership) (嘉興序盈股權投資合夥企業(有限合夥)) ("Jiaxing Xuying")	3,423,413	49,000,000
4.	Jinhua Boleidun Talent Equity Investment Partnership (Limited Partnership) (金華市博雷頓人才股權投資合夥企業(有限合夥)) ("Jinhua Boleidun")	13,973,116	200,000,000
5.	Hubei Changjiang Automobile Valley Industry Investment Fund Partnership (Limited Partnership) (湖北長江車谷產業投資基金合夥企業(有限合夥)) ("Changjiang Automobile Valley")	20,959,674	300,000,000
6.	Shandong Province New and Old Kinetic Energy Conversion Cross-Border Venture Capital FOF Fund Partnership (L.P.) (山東省新舊動能轉換跨境創投母基金合夥企業(有限合夥)) ("Shandong Kinetic Energy")	5,239,918	75,000,000
	Total	**66,651,762**	**954,000,000**

Upon the completion of Series C+ Financing, our shareholding structure was as follows:

No.	Name of Shareholders	Number of Shares Issued	Approximate percentage of shareholding in our Company after the issuance of Shares
1.	Shanghai Fangao	84,502,397	23.05%
2.	Mr. Chen	31,101,004	8.48%
3.	Zhongding No. 5	23,420,841	6.39%
4.	Xiangtan Caixin	20,959,674	5.72%
5.	Changjiang Automobile Valley	20,959,674	5.72%
6.	Huzhou Qingyun	19,373,720	5.28%
7.	Shanghai Jifang	14,942,497	4.08%
8.	Jinhua Boleidun	13,973,116	3.81%
9.	Cai Yulin	11,129,584	3.04%
10.	Lin Ziting	10,305,170	2.81%
11.	Zibo Naying	8,519,491	2.32%
12.	Fujian Diquan	7,934,981	2.16%
13.	Kesheng Center	6,260,391	1.71%
14.	Yang Zibin	6,183,102	1.69%
15.	Zhao Yongge	6,183,102	1.69%
16.	Yang Jiayong	5,358,689	1.46%
17.	Shandong Kinetic Energy	5,239,918	1.43%
18.	Guangzhou Naibixin	4,946,482	1.35%
19.	Broad-Ocean Motor	4,760,989	1.30%
20.	Hefei Rendun	4,706,860	1.28%
21.	Jiaxing Tongneng	4,590,953	1.25%
22.	Rockets Capital L.P.	4,319,664	1.18%
23.	Jiaxing Dixin	4,122,068	1.12%
24.	Jiaxing Xuying	3,423,413	0.93%
25.	Xiao Wenbin	3,091,551	0.84%
26.	Qiu Debo	3,091,551	0.84%
27.	You Yifei	2,885,448	0.79%
28.	Zhang Xiaohui	2,679,344	0.73%
29.	Yang Hui	2,576,293	0.70%
30.	Chai Guang	2,370,189	0.65%
31.	Cloud Tribe Yijin	2,370,189	0.65%
32.	Yue Yong	2,355,049	0.64%
33.	Zhongding Qinglan	2,342,085	0.64%
34.	Xingyue Puyu	2,095,967	0.57%
35.	Zhao Xuewen	2,061,034	0.56%
36.	Shanghai Chenqi	1,765,785	0.48%
37.	Shenzhen Changde	1,648,827	0.45%
38.	Shanxi Industrial	1,442,724	0.39%
39.	Lu Qianyuan	1,030,517	0.28%

No.	Name of Shareholders	Number of Shares Issued	Approximate percentage of shareholding in our Company after the issuance of Shares
40.	Kechuang Partnership	850,177	0.23%
41.	Zhongchuang Hengxing	824,414	0.22%
42.	Bochen Shengan	824,414	0.22%
43.	CIMC	753,597	0.21%
44.	Wu Weizhong	618,310	0.17%
45.	Chengang International	618,310	0.17%
46.	Kechuang Management	561,117	0.15%
47.	Wang Yicheng	412,207	0.11%
48.	Sichuan Hydrogen Lithium	164,883	0.04%
	Total	**366,651,762**	**100.00%**

For further details of the Series C+ Financing, please see "— Pre-IPO Investments" below.

(j) Equity Transfers after Series C+ Financing

On February 22, 2024, You Yifei and Beijing Shiyuan Zhonglian Technology Co., Ltd. (北京世源眾聯科技有限公司) ("Shiyuan Zhonglian") entered into an equity transfer agreement, pursuant to which You Yifei agreed to transfer a 0.27% equity interest in our Company to Shiyuan Zhonglian at a consideration of RMB9.5 million, which was determined based on arm's length negotiations among the parties thereto.

On April 19, 2024, Chengang International and Fu Changming (付長明) entered into an equity transfer agreement, pursuant to which Chengang International agreed to transfer a 0.17% equity interest in our Company to Fu Changming at a consideration of RMB5,873,945, which was determined based on arm's length negotiations among the parties thereto.

INCENTIVE PLATFORMS

In recognition of the contributions of the relevant persons (primarily comprise our employees) and to incentivize them to further promote our development, Shanghai Jifang, Shanghai Fangzhanbo and Shanghai Fangao, were established in the PRC as our incentive platforms.

(a) Shanghai Jifang

Shanghai Jifang is a limited partnership established in the PRC on January 14, 2022 and managed by its general partner, Liu Xingyu. As of the Latest Practicable Date, Shanghai Jifang had 36 limited partners holding approximately 97.93% partnership interest in it, and Shanghai Jifang directly held approximately 4.08% equity interest in our Company. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Liu Xingyu(1)	Secretary of the Board and a joint company secretary	2.07%
Limited partners		
Shanghai Fangzhanbo	N/A(2)	28.24%
Mr. Chen(1)	Executive Director, chairman of the Board and general manager	0.34%
Qiu Debo	Executive Director and president	20.69%
Sun Kanghua	Executive Director and chief financial director	1.03%
Wang Yanzhen	Supervisor	1.03%
Sun Wenxu	Supervisor	0.31%
30 key employees of the Group	Key employees of engineering machinery department, mining tractor trucks department and human resources department, etc.	46.28%
Total		**100.00%**

Notes:

(1) From March 2022 to January 2023, Mr. Liu Xingyu and Mr. Chen held the partnership interests on behalf of certain participants under our employee incentive schemes. The entrustment arrangements were terminated in January 2023.

(2) Shanghai Fangzhanbo is one of our incentive platforms, for further details on Shanghai Fangzhanbo, see "(b) — Shanghai Fangzhanbo" below.

(b) Shanghai Fangzhanbo

Shanghai Fangzhanbo is a limited partnership established in the PRC on August 26, 2022 and managed by its general partner, Liu Xingyu. As of the Latest Practicable Date, Shanghai Fangzhanbo had 34 limited partners. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Liu Xingyu	Secretary of the Board and a joint company secretary	0.00%
Limited partners		
Yang Hui	Executive Director and director of public relations	48.84%
Mr. Chen	Executive Director, chairman of the Board and general manager	4.88%
31 key employees of the Group	Key employees of engineering machinery department, mining tractor trucks department and self-driving department, etc.	46.28%
Total		**100.00%**

(c) Shanghai Fangao

Shanghai Fangao, formerly known as Ningbo Fangyu, is a limited partnership established in the PRC on September 11, 2018 and managed by its general partner, Mr. Chen. As of the Latest Practicable Date, Shanghai Fangao had 24 limited partners (including 22 current employees of the Group and two founding partners of Shanghai Fangao at the early stage of establishment) holding approximately 16.17% partnership interest in it, and Shanghai Fangao directly held approximately 23.05% equity interest in our Company. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Mr. Chen(1)	Executive Director, chairman of the Board and general manager	83.83%
Limited partners		
Liu Xingyu	Secretary of the Board and a joint company secretary	0.73%
Sun Kanghua	Executive Director and chief financial director	0.73%
Sun Wenxu	Supervisor	0.12%
19 key employees of the Group	Key employees of sales department, finance department and office of the president, etc.	5.32%
Others (two individuals)	N/A	9.27%
Total		**100.00%**

Note:

(1) From February 2020 to January 2023, Mr. Chen and another founding partner of Shanghai Fangao at the early stage of establishment held the partnership interests on behalf of certain participants under our employee incentive schemes. The entrustment arrangements were terminated in January 2023.

For further details, see "Statutory and General Information — C. Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this prospectus.

PRE-IPO INVESTMENTS

Our Company obtained several rounds of investments from the Pre-IPO Investors through equity subscriptions and transfers. For further details, see "— Establishment and Major Shareholding Changes of Our Company" above.

(a) Principal terms of the Pre-IPO Investments

The following table summarizes the details of the Pre-IPO Investments to our Company made by the Pre-IPO Investors:

Pre-IPO Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired	Amount of consideration paid	Approximate cost per Share paid	Discount to the Offer Price[3]
			(RMB)	*(RMB)*[1]	*(RMB)*[1][2]	
Series A Financing*						
Zhongding No. 5	October 31, 2018	January 31, 2019	22,727,273	30,000,000	0.64	96.17%
Zhongding Qinglan		January 31, 2019	2,272,727	3,000,000		
Zheshang New Energy		November 7, 2018	5,000,000	6,600,000		
Langting Investment		December 24, 2018	3,000,000	3,960,000		
Lin Ziting		September 25, 2019	5,000,000	6,600,000		
Equity transfers between Series A Financing and Series B Financing[4]						
Fujian Diquan	February 10, 2020	April 29, 2020	6,000,000	8,625,000	0.96	94.26%
Fujian Diquan	August 1, 2020	December 30, 2020	850,000	1,300,500	0.74	94.57%
Yue Yong	August 26, 2020	March 26, 2021	7,600,000	11,628,000		
Zhao Xuewen		October 29, 2020	5,000,000	7,650,000		
Zhang Xiaohui		October 29, 2020	3,000,000	4,590,000		
Chai Guang		March 10, 2022	1,000,000	1,530,000		
Fujian Diquan		July 12, 2022	2,400,000	3,672,000		
Broad-Ocean Motor	September 16, 2020	September 22, 2020	1,260,000	1,927,800	0.74	94.57%
Chai Guang	September 20, 2020	March 10, 2022	50,000	76,500	0.74	94.57%

Pre-IPO Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired	Amount of consideration paid	Approximate cost per Share paid	Discount to the Offer Price[(3)]
			(RMB)	*(RMB)*[(1)]	*(RMB)*[(1)(2)]	
Zhao Yongge	September 30, 2020	February 10, 2021	3,000,000	4,800,000		
You Yifei	October 12, 2020	April 1, 2021	1,400,000	2,240,000	0.78	95.33%
Yang Jiayong		February 10, 2021	2,600,000	4,160,000		
Cai Yulin	November 15, 2020	September 3, 2021	5,400,000	9,864,500	0.89	94.68%
Zhang Shanliang	December 15, 2020	April 1, 2021	1,500,000	6,000,000	1.94	88.40%
Lu Qianyuan	January 3, 2021	February 5, 2021	500,000	5,000,000		
Wang Yicheng		January 19, 2021	200,000	2,000,000		
Li Xiaoxiao	March 9, 2021	March 24, 2021	400,000	4,000,000	4.85	70.99%
Yang Zibin	March 15, 2021	March 18, 2021	1,000,000	10,000,000		
Yang Zibin	March 16, 2021	March 22, 2021	2,000,000	20,000,000		
Xiao Wenbin	August 16, 2021	January 18, 2022	1,500,000	4,500,000	1.46	91.27%
Series B Financing**						
Huzhou Qingyun		September 18, 2021	9,400,000	117,500,000		
Zibo Naying		December 1, 2021	7,460,000	93,250,000		
Guangzhou Naibixin		June 18, 2021	2,400,000	30,000,000		
Broad-Ocean Motor		October 27, 2020	1,050,000	13,125,000		
Shenzhen Changde	August 16, 2021	June 10, 2021	800,000	10,000,000	6.06	63.76%
Sichuan Hydrogen Lithium		March 11, 2021	80,000	1,000,000		
Chengang International		June 9, 2021	400,000	5,000,000		
Bochen Shengan		September 16, 2021	400,000	5,000,000		
Equity transfers between Series B Financing and Series C Financing						
Zhongchuang Hengxing	February 16, 2022	June 24, 2022	800,000	10,000,000		
Chai Guang		March 1, 2022	100,000	1,250,000		
Rockets Capital L.P.		August 9, 2022	157,346	1,966,825	6.06	63.76%
Kesheng Partnership	June 17, 2022	March 14, 2022	1,100,000	13,750,000		
Shanghai Chenqi		May 16, 2022	400,000	5,000,000		
Jiaxing Tongneng		August 18, 2022	877,500	0[(5)]		
Shanghai Chenqi		March 30, 2022	179,930	0[(5)]		
Hefei Rendun		July 6, 2022	899,654	0[(5)]		
Kechuang Partnership	June 17, 2022	July 11, 2022	162,500	0[(5)]	6.06[(5)]	63.76%
Kechuang Management		June 30, 2022	107,250	0[(5)]		
CIMC		July 11, 2022	144,040	0[(5)]		
Rockets Capital L.P.		August 9, 2022	955,526	0[(5)]		

Pre-IPO Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired	Amount of consideration paid	Approximate cost per Share paid	Discount to the Offer Price[3]
			(RMB)	*(RMB)*[1]	*(RMB)*[1][2]	
Series C Financing* **						
Jiaxing Tongneng	June 17, 2022	August 16, 2022	1,350,000	37,800,000	13.59[6]	18.72%
Shanghai Chenqi		March 31, 2022	276,817	7,750,875		
Hefei Rendun		August 30, 2022	1,384,083	38,754,324		
Kesheng Partnership		March 28, 2022	937,500	26,250,000		
Kechuang Partnership		July 11, 2022	250,000	7,000,000		
Kechuang Management		April 1, 2022	165,000	4,620,000		
CIMC		July 11, 2022	221,600	6,204,800		
Rockets Capital L.P.		August 9, 2022	983,000	27,524,000		
Equity transfers between Series C Financing and Series C+ Financing						
Wu Weizhong	August 30, 2022	August 17, 2022	300,000	6,000,000	9.70[7]	41.99%
Shanxi Industrial		November 1, 2022	300,000	6,000,000		
Jiaxing Dixin		December 13, 2022	2,000,000	40,000,000		
Kesheng Center		August 5, 2022	1,000,000	20,000,000		
Series C+ Financing****						
Xiangtan Caixin	November 28, 2022	December 1, 2022	20,959,674	300,000,000	14.31[8]	14.41%
Xingyue Puyu		December 6, 2022	2,095,967	30,000,000		
Jiaxing Xuying		December 7, 2022	3,423,413	49,000,000		
Jinhua Boleidun	December 27, 2022	January 3, 2023	13,973,116	200,000,000		
Changjiang Automobile Valley	February 9, 2023	February 27, 2023	20,959,674	300,000,000		
Shandong Kinetic Energy	March 21, 2023	March 24, 2023	5,239,918	75,000,000		
Equity Transfers after Series C+ Financing						
Shiyuan Zhonglian	February 22, 2024	February 29, 2024	1,000,000	9,500,000	9.50	43.18%
Fu Changming	April 19, 2024	April 22, 2024	618,310	5,873,945		

Notes:

* Post-money valuation of the Company upon completion of the Series A Financing was RMB142,560,000.

** Post-money valuation of the Company upon completion of the Series B Financing was RMB1,624,875,000.

*** Post-money valuation of the Company upon completion of the Series C Financing was RMB4,075,624,000.

**** Post-money valuation of the Company upon completion of the Series C+ Financing was RMB5,247,960,000.

(1) Other than disclosed specifically below, consideration for the Pre-IPO Investments was determined based on arm's length negotiations among the relevant parties taking into account our Company's post-money valuation and the then development of our Company's technology development prospects.

(2) Calculated based on the number of Shares as adjusted after our Company's conversion to a joint stock company in November 2022.

(3) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$18.0 per Offer Share, assuming that the Over-allotment Option is not exercised.

(4) The consideration was determined based on arm's length negotiations among the parties with reference to the price of historical equity transfers of our Company up to the time of the negotiation and taking into account our Company's then development and listing plan.

(5) Zibo Naying subscribed for a registered capital of RMB7,460,000 at a consideration of RMB93,250,000 during the Series B Financing. As at December 1, 2021, Zibo Naying had made a total paid-in capital contribution of RMB51,670,000, corresponding to the subscribed registered capital of RMB4,133,600, with the subscribed registered capital of RMB3,326,400 unpaid.

On June 17, 2022, due to the change in its investment strategies, Zibo Naying entered into an equity transfer agreement with each of Jiaxing Tongneng, Shanghai Chenqi, Hefei Rendun, Kechuang Partnership, Kechuang Management, CIMC and Rockets Capital L.P., respectively, pursuant to which Zibo Naying agreed to transfer an aggregate of RMB3,326,400 of our Company's registered capital to them at nil consideration as Zibo Naying had not paid up contribution for this part of subscribed registered capital. For details of the transfers, see "— Establishment and Major Shareholding Changes of Our Company — (e) Shareholding changes between Series B Financing and Series C Financing" above.

Each of Jiaxing Tongneng, Shanghai Chenqi, Hefei Rendun, Kechuang Partnership, Kechuang Management, CIMC and Rockets Capital L.P. would instead assume Zibo Naying's obligations of capital contribution for the registered capital of RMB3,326,400 in proportion to the register capital acquired by them after the equity transfers. Accordingly, the settlement date represented the date when the relevant Pre-IPO Investors fulfilled their respective capital contribution obligations.

(6) The increase in the consideration was primarily due to (i) the accelerated growth of our Company's performance in the second half of 2021 and the first quarter of 2022 with the launch of our BRT958EV battery-electric loader and BRT966EV new energy loader and their acceptance by the market, (ii) our Company's ability to continuously introduce new products, and (iii) further clarity on the prospect of the industry.

(7) The consideration was determined based on arm's length negotiations among the parties taking into account the price of the Series C Financing, as well as the then development of our Company.

(8) The consideration was determined after taking into account further growth in our Company's performance in the second half of 2022, as well as the overall macroeconomic and capital market conditions.

(i) Lock-up Period

Pursuant to the applicable PRC laws and regulations, within the 12 months following the Listing Date, no existing Shareholders (including the Pre-IPO Investors) may dispose of any of the Shares held by them.

(ii) Use of Proceeds

We utilized the proceeds from the Pre-IPO Investments for the principal business of our Group, including evolving, designing and manufacturing of our new energy heavy-duty machines, recruitment of management and technical talents, development of technology platform, expansion of sales and services network, and replenishment of our working capital. As of the Latest Practicable Date, approximately 93.5% of the funds raised from the Pre-IPO Investments has been utilized.

(iii) Strategic Benefits

The Pre-IPO Investments not only fueled our research and development and business operation, but also demonstrated the investors' confidence in our business operation and strengths, and our growth prospects. Our Group could benefit from the business resources and potential business opportunities that may be provided by the Pre-IPO Investors from time to time. Some of Pre-IPO Investors are professional investment entities, and they brought us valuable industrial strengths, experience in market expansion and their insight on business strategies, and they also provided us with advice on our corporate governance, financial reporting and internal control.

(iv) Special Rights of the Pre-IPO Investors

The Pre-IPO Investors were granted customary special rights, including but not limited to right of first refusal, tag-along right, anti-dilution right, redemption right and information right.

In respect of the redemption right, according to the shareholders' agreement entered into by, among others, our Company and the Pre-IPO Investors (the "Shareholders Agreement"), the relevant Shareholders will be entitled to request Mr. Chen to repurchase/purchase all or part of the Shares held by them in our Company, if any of the circumstances occur (whichever is earlier): (i) our Company fails to complete a qualified initial public offering or be acquired with an agreed premium, before December 31, 2025; (ii) the Group or Mr. Chen materially breach the terms of the Shareholders Agreement or other transaction documents, laws, regulations, or regulatory requirements, resulting in material adverse impact on the Group; (iii) material integrity issues concerning Mr. Chen in relation to the operation of the Group arise; or (iv) the Group suffers damages due to a lack of necessary operational qualifications. In compliance with paragraph 13 of chapter 4.2 of the Guide for New Listing Applicants, such redemption right was suspended when our Company submitted its listing application form to the Stock Exchange and will be terminated upon completion of the Listing.

Pursuant to the special rights termination arrangements between the Company and each of the Pre-IPO Investors, no special rights of the Pre-IPO Investors will exist after the Listing.

(b) Joint Sponsors' Confirmation

On the basis that (i) the respective consideration for the Pre-IPO Investments has been settled no less than 120 clear days before the Listing Date, and (ii) no special rights of the Pre-IPO Investors will exist after the Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Chapter 4.2 of the Guide for New Listing Applicants.

(c) Information about Pre-IPO Investors

Set out below is a description of our principal Pre-IPO Investors, each holding more than 1.00% of our total issued share capital immediately prior to the Global Offering.

(i) Zhongdi Shareholders

Fujian Diquan is a limited partnership established in the PRC on June 14, 2019, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partner is Shanghai Zhongdi Investment Co., Ltd. (上海中締投資有限公司) ("Shanghai Zhongdi"). As of the Latest Practicable Date, Fujian Diquan had only one limited partner, namely Zhang Shanliang (張珊涼) (a former Shareholder) holding 99.50% of the partnership interests.

Zibo Naying is a limited partnership established in the PRC on May 14, 2021, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partner is Shanghai Zhongdi. As of the Latest Practicable Date, Zibo Naying had ten limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Zhang Shanliang (張珊涼) holding approximately 46.18% of the partnership interests.

Jiaxing Tongneng is a limited partnership established in the PRC on November 23, 2021, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partners are Shanghai Zhongdi and Kunshan Maidun Investment Management Co., Ltd., which is in turn owned as to approximately 72.07% by Qiu Liping (邱立平). As of the Latest Practicable Date, Jiaxing Tongneng had 11 limited partners and none of them held 30% or more than 30% of the partnership interests therein.

Jiaxing Dixin is a limited partnership established in the PRC on March 8, 2022, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partner is Shanghai Zhongdi. As of the Latest Practicable Date, Jiaxing Dixin had seven limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Huzhou Zhuosheng Equity Investment Partnership (Limited Partnership) (湖州卓昇股權投資合夥企業(有限合夥)) holding approximately 74.43% of the partnership interests, which was ultimately beneficially owned by Xia Xingxing (夏形形).

Shanghai Zhongdi, the general partner of each of Fujian Diquan, Zibo Naying, Jiaxing Tongneng and Jiaxing Dixin, is owned as to 39.00% by Li Tongzuan (李統鉆), 38.00% by Shanghai Junhuai Investment Management Group Co., Ltd. (上海君懷投資管理集團有限公司) ("Shanghai Junhuai") and 23% by Xiao Wenbin, a Shareholder. Shanghai Junhuai is owned as to 61.80% by Zhang Huixian (張輝賢).

To the best knowledge of the Directors, each of these entities/individuals is an Independent Third Party.

(ii) Zhongding Shareholders

Zhongding No.5 is a limited partnership established in the PRC on November 1, 2017, primarily engaged in equity investments. Its general partner is Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership) (上海鼎蕭企業管理諮詢中心(有限合夥)) ("Shanghai Dingxiao"), which is managed by Shanghai Dingman Enterprise Management Co., Ltd. (上海鼎蔓企業管理有限公司) ("Shanghai Dingman") as its general partner. Shanghai Dingman is owned as to 52.88% by Yan Li (嚴力). As of the Latest Practicable Date, Zhongding No.5 had 40 limited partners and none of them held 30% or more than 30% of the partnership interests therein.

Zhongding Qinglan is a limited partnership established in the PRC on November 30, 2017, primarily engaged in equity investments. Its general partners are Shanghai Dingxiao and Shanghai Dingying Investment Management Center (Limited Partnership) (上海鼎迎投資管理中心(有限合夥)) ("**Shanghai Dingying**"), which is ultimately controlled by Yan Li. As of the Latest Practicable Date, Zhongding Qinglan had two limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Taikang Life Insurance Co., Ltd. (泰康人壽保險有限責任公司) holding approximately 74.07% of the partnership interests therein.

To the best knowledge of the Directors, each of these entities/individuals is each an Independent Third Party.

(iii) Xiangtan Caixin

Xiangtan Caixin is a limited partnership established in the PRC on October 29, 2021, primarily engaged in equity investments. Its general partners are Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) and Xiangtan Chanxing Private Equity Fund Management Co., Ltd. (湘潭產興私募股權基金管理有限責任公司), which are ultimately beneficially owned by Hunan Provincial People's Government (湖南省人民政府) and State-owned Assets Supervision and Administration Commission of Xiangtan Municipal People's Government (湘潭市人民政府國有資產監督管理委員會), respectively. As of the Latest Practicable Date, Xiangtan Caixin had three limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Xiangtan Zhenxiang State Owned Assets Management and Investment Co., Ltd. (湘潭振湘國有資產經營投資有限公司) holding 49.98% of the partnership interests, which was ultimately beneficially owned as to 90.00% by State-owned Assets Supervision and Administration Commission of Xiangtan Municipal People's Government. To the best knowledge of the Directors, Xiangtan Caixin, its general partners, and its limited partners are each an Independent Third Party.

(iv) Changjiang Automobile Valley

Changjiang Automobile Valley is a limited partnership established in the PRC on January 12, 2023, primarily engaged in equity investments. Its general partner is Hubei Changjiang Chegu Private Equity Fund Management Co., Ltd. (湖北長江車谷私募基金管理有限公司), which is ultimately beneficially owned by State-owned Assets Supervision and Administration Commission of the Hubei Provincial People's Government (湖北省人民政府國有資產監督管理委員會) ("Hubei SASAC"). As of the Latest Practicable Date, Changjiang Automobile Valley had 3 limited partners, with two limited partners holding more than 30% of the partnership interests therein, namely Hubei Changjiang Industry Investment Fund Co., Ltd. (湖北長江產業投資基金有限公司) holding approximately 49.92% of the partnership interests, which was ultimately beneficially owned by Hubei SASAC, and Wuhan Economic Development Investment Co., Ltd. (武漢經開投資有限公司) holding approximately 33.33% of the partnership interests, which was ultimately beneficially owned by Wuhan Economic and Technological Development Zone (Hannan District) State-owned Assets Supervision and Administration Bureau (武漢經濟技術開發區(漢南區)國有資產監督管理局). To the best knowledge of the Directors, Changjiang Automobile Valley, its general partner, and its limited partners are each an Independent Third Party.

(v) Huzhou Qingyun

Huzhou Qingyun is a limited partnership established in the PRC on January 28, 2021, primarily engaged in equity investments. Its general partner is Shanghai Puchao Private Fund Management Co., Ltd. (上海普超私募基金管理有限公司) ("Shanghai Puchao"), which in turn is owned as to 51.00% by Mu Lei (慕磊) and as to 49.00% by Xiao Zhen (蕭震). As of the Latest Practicable Date, Huzhou Qingyun had six limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Ningbo Baili Yihe Energy Co., Ltd. (寧波百利怡和能源有限公司) holding approximately 82.02% of the partnership interests, which was owned as to 95.00% by Han Ruichen (韓瑞辰). To the best knowledge of the Directors, Huzhou Qingyun, its general partner, Mu Lei, Xiao Zhen, Han Ruichen, and its limited partners are each an Independent Third Party.

(vi) Jinhua Boleidun

Jinhua Boleidun is a limited partnership established in the PRC on December 8, 2022, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partner is Jinhua Innovation Investment Development Co., Ltd. (金華市創新投資發展有限公司) ("Jinhua Innovation"). Jinhua Innovation is owned as to 46.67% by Jinhua Guokong Asset Management Co., Ltd. (金華市國控資產管理有限公司), which in turn is ultimately beneficially owned by State-owned Assets Supervision and Administration Commission of Jinhua Municipal People's Government (金華市人民政府國有資產監督管理委員會), and as to 41.33% by Zhejiang Puhuatianqin Equity Investment Management Limited Corporation (浙江普華天勤股權投資管理有限公司) ("Zhejiang Puhuatianqin"), which is owned as to 72.00% by Shen Qinhua (沈琴華). As of the Latest Practicable Date, Jinhua Boleidun had five limited partners, with only one limited partner holding more than 30% of the partnership interests therein, namely Lanxi Juli Industrial Fund Investment Co., Ltd. (蘭溪市聚力產業基金投資有限公司) holding 35.00% of the partnership interests, which was ultimately beneficially owned by State-owned Assets Supervision and Administration Office of Lanxi Municipal People's Government (蘭溪市人民政府國有資產監督管理辦公室). To the best knowledge of the Directors, Jinhua Boleidun, its general partner, Jinhua Guokong Asset Management Co., Ltd., Zhejiang Puhuatianqin, Shen Qinhua, and its limited partners are each an Independent Third Party.

(vii) Kesheng Center

Kesheng Center is a limited partnership established in China on June 15, 2022 and a fund registered with the Asset Management Association of China (中國證券投資基金業協會). Its general partner and manager is Shanghai Kesheng Venture Investments & Management Co., Ltd. (上海科升創業投資管理有限公司) ("Shanghai Kesheng"), which in turn is owned as to 98% by its actual controller, Chen Yaomin (陳耀民). As of the Latest Practicable Date, Kesheng Center had 21 limited partners and none of them held 30% or more than 30% of the partnership interests therein. Kesheng Center, with a fund size of approximately RMB200 million, focuses on investments in the fields of new energy, new materials, biomedicine, and intelligent manufacturing. To the best knowledge of the Directors, Kesheng Center, its general partner, Chen Yaomin, and its limited partners are each an Independent Third Party.

(viii) Shandong Kinetic Energy

Shandong Kinetic Energy is a limited partnership established in the PRC on July 30, 2019, primarily engaged in external investments with its own funds. Its general partner is Shandong Xinye Equity Investment Management Co., Ltd. (山東新業股權投資管理有限公司) ("Shandong Xinye"), which in turn is ultimately beneficially owned as to 99.00% by Li Jiankun (李建坤). As of the Latest Practicable Date, Shandong Kinetic Energy had three limited partners with only one limited partner holding more than 30% of the partnership interests therein, namely Zaozhuang Xinye Project Management Partnership (Limited Partnership) (棗莊新業項目管理合夥企業(有限合夥)) ("Zaozhuang Xinye") holding 64.00% of the partnership interests. The general partner of Zaozhuang Xinye is Shandong Xinye, and it has seven limited partners and none of them holds 30% or more than 30% of the partnership interests therein. To the best knowledge of the Directors, Shandong Kinetic Energy, its general partner, Li Jiankun, and its limited partners are each an Independent Third Party.

(ix) Guangzhou Naibixin

Guangzhou Naibixin is a limited partnership established in the PRC on March 15, 2021, primarily engaged in equity investments, investment management, asset management and other activities with private equity funds. Its general partner is Guangzhou NaiBigxin Investment Management Co., Ltd. (廣州耐必信創業投資管理有限公司) ("Guangzhou NaiBigxin Investment"), which in turn is owned as to 98.00% by Li Ting (李婷). As of the Latest Practicable Date, Guangzhou Naibixin had one limited partner, namely Hainan Lanlan Network Technology Co., Ltd. (海南藍嵐網路科技有限公司) ("Hainan Lanlan") holding approximately 99.00% of the partnership interests. Hainan Lanlan is wholly owned by Guangzhou Huaduo Network Technology Co., Ltd. (廣州華多網路科技有限公司) ("Guangzhou Huaduo"), which is ultimately beneficially owned as to approximately 33.33% by Fu Di (付迪), Li Ting and Song Lin (宋淋), respectively. To the best knowledge of the Directors, Guangzhou Naibixin, its general partner, Guangzhou NaiBigxin Investment, Li Ting, its limited partner, Guangzhou Huaduo, Fu Di, and Song Lin are each an Independent Third Party.

(x) Broad-Ocean Motor

Broad-Ocean Motor was established in the PRC on October 23, 2000 and listed on the Shenzhen Stock Exchange (stock code: 002249.SZ) on June 19, 2008. As of the Latest Practicable Date, Broad-Ocean Motor was collectively owned as to 27.16% by Lu Chuping (魯楚平) and Peng Hui (彭惠) (spouse of Lu Chuping). Broad-Ocean Motor primarily engaged in developing varieties of electric components, including motors for construction and home appliances, e-powertrains for new energy vehicles, and hydrogen fuel cell systems along with their key components. To the best knowledge of the Directors, Broad-Ocean Motor and its ultimate beneficial owners are each an Independent Third Party.

(xi) Hefei Rendun

Hefei Rendun is a limited partnership established in the PRC on February 22, 2022, primarily engaged in external investments with its own funds. Its general partner is Hefei Renfa Xinneng Investment Fund Management Co., Ltd. (合肥仁發新能投資基金管理有限公司) ("Hefei Renfa"), which in turn is owned as to 60.00% by Xie Xiaoyong (解小勇) and as to 40.00% by Jiang Shan (江山), respectively. As of the Latest Practicable Date, Hefei Rendun had three limited partners, with two holding more than 30% of the partnership interests therein, namely Yang Zibin (an existing Shareholder) holding approximately 39.99% of the partnership interests, and Shenzhen Antuoxin Investment Partnership (Limited Partnership) (深圳安托信投資合夥企業(有限合夥)) holding approximately 39.99% of the partnership interests. Zeng Hongtao (曾紅濤) is the general partner of Shenzhen Antuoxin Investment Partnership (Limited Partnership), holding 95.00% partnership interest therein. To the best knowledge of the Directors, Hefei Rendun, its general partner, Xie Xiaoyong, Jiang Shan, its limited partners, and Zeng Hongtao, are each an Independent Third Party.

(xii) Rockets Capital L.P.

Rockets Capital L.P. is a private equity investment fund registered with Cayman Islands Monetary Authority on March 8, 2022. Rockets Capital, a limited liability company incorporated in the Cayman Islands, is the general partner and manager of Rockets Capital L.P. As of the Latest Practicable Date, Rockets Capital L.P. had 16 limited partners, among which XPeng Inc., an exempted company incorporated in Cayman Islands with limited liability whose American depository shares were listed on the New York Stock Exchange (NYSE: XPEV) and whose Class A ordinary shares were listed on the Stock Exchange (stock code: 9868), was the largest limited partner holding approximately 60.73% of the partnership interests in Rockets Capital L.P. Rockets Capital L.P. focuses on investing in startup companies in the smart electric vehicle industry chain, clean energy, and frontier technology sectors. To the best knowledge of the Directors, Rockets Capital L.P., its general partner and limited partners are each an Independent Third Party.

(xiii) ***Individual Investors***

Each of the individual investors holding more than 1.00% of our total issued share capital immediately prior to the Global Offering, being Cai Yulin, Lin Ziting, Yang Zibin, Zhao Yongge and Yang Jiayong is an Independent Third Party.

PUBLIC FLOAT

Upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the conversion of Unlisted Shares into H Shares, 228,241,531 Unlisted Shares will be converted into H Shares and listed on the Stock Exchange. The 138,410,231 Unlisted Shares held by our Shareholders as of the Latest Practicable Date will not be considered as part of the public float as those Shares are Unlisted Shares which will not be converted into H Shares and listed on the Stock Exchange following the completion of the Global Offering.

Upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the conversion of Unlisted Shares into H Shares, the H Shares held by certain of our Shareholders who are, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

- Mr. Chen, Shanghai Fangao and Cloud Tribe Yijin are our Controlling Shareholders and the 60,171,890 H Shares held by them will not count towards the public float;

- Shanghai Jifang, one of our incentive platforms, is controlled by Mr. Liu Xingyu, the supervisor of certain subsidiaries of the Company, and therefore it is a close associate of Mr. Liu Xingyu and the 7,471,249 H Shares held by Shanghai Jifang will not count towards the public float; and

- Each of Dr. Qiu Debo and Ms. Yang Hui is an executive Director, thus the aggregate of 5,667,844 H Shares held by them will not count towards the public float.

To the best knowledge of our Director, save as disclosed above, upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and conversion of Unlisted Shares into H Shares, 167,930,548 H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately 44.23% of our total issued Shares, will be counted towards the public float, which is in compliance with the requirement under Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below sets out the capitalization of our Company as of the date of the Latest Practicable Date and upon the completion of the Global Offering and the conversion of Unlisted Shares into H Shares (assuming that the Over-allotment Option is not exercised):

		As at the Latest Practicable Date		Immediately following the completion of the Global Offering and conversion of the Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)					
No.	Shareholder	Number of Unlisted Shares	Ownership percentage of shareholding in the Unlisted Shares	Number of H Shares	Ownership percentage of shareholding in the H Shares	Number of Unlisted Shares	Ownership percentage of shareholding in the Unlisted Shares	Number of total Shares	Ownership percentage of shareholding in the total issued share capital
1	Shanghai Fangao[(1)]	84,502,397	23.05%	42,251,199	17.51%	42,251,198	30.53%	84,502,397	22.26%
2	Mr. Chen[(1)]	31,101,004	8.48%	15,550,502	6.45%	15,550,502	11.24%	31,101,004	8.19%
3	Cloud Tribe Yijin[(1)]	2,370,189	0.65%	2,370,189	0.98%	—	—	2,370,189	0.62%
4	Zibo Naying[(2)]	8,519,491	2.32%	8,519,491	3.53%	—	—	8,519,491	2.24%
5	Fujian Diquan[(2)]	7,934,981	2.16%	7,934,981	3.29%	—	—	7,934,981	2.09%
6	Jiaxing Tongneng[(2)]	4,590,953	1.25%	4,590,953	1.90%	—	—	4,590,953	1.21%
7	Jiaxing Dixin[(2)]	4,122,068	1.12%	4,122,068	1.71%	—	—	4,122,068	1.09%
8	Xiao Wenbin[(2)]	3,091,551	0.84%	3,091,551	1.28%	—	—	3,091,551	0.81%
9	Zhongding No. 5[(3)]	23,420,841	6.39%	23,420,841	9.71%	—	—	23,420,841	6.17%
10	Zhongding Qinglan[(3)]	2,342,085	0.64%	2,342,085	0.97%	—	—	2,342,085	0.62%
11	Xiangtan Caixin	20,959,674	5.72%	7,335,886	3.04%	13,623,788	9.84%	20,959,674	5.52%
12	Changjiang Automobile Valley	20,959,674	5.72%	10,479,837	4.34%	10,479,837	7.57%	20,959,674	5.52%
13	Huzhou Qingyun	19,373,720	5.28%	19,373,720	8.03%	—	—	19,373,720	5.10%
14	Shanghai Jifang	14,942,497	4.08%	7,471,249	3.10%	7,471,248	5.40%	14,942,497	3.94%
15	Jinhua Boleidun	13,973,116	3.81%	—	—	13,973,116	10.10%	13,973,116	3.68%
16	Cai Yulin	11,129,584	3.04%	11,129,584	4.61%	—	—	11,129,584	2.93%
17	Lin Ziting	10,305,170	2.81%	1,030,517	0.43%	9,274,653	6.70%	10,305,170	2.71%
18	Kesheng Center	6,260,391	1.71%	6,260,391	2.60%	—	—	6,260,391	1.65%
19	Yang Zibin	6,183,102	1.69%	1,854,931	0.77%	4,328,171	3.13%	6,183,102	1.63%
20	Zhao Yongge[(4)]	6,183,102	1.69%	6,183,102	2.56%	—	—	6,183,102	1.63%
21	Yang Jiayong[(4)]	5,358,689	1.46%	5,358,689	2.22%	—	—	5,358,689	1.41%
22	Shandong Kinetic Energy	5,239,918	1.43%	1,833,971	0.76%	3,405,947	2.46%	5,239,918	1.38%
23	Guangzhou Naibixin	4,946,482	1.35%	4,946,482	2.05%	—	—	4,946,482	1.30%
24	Broad-Ocean Motor	4,760,989	1.30%	1,666,346	0.69%	3,094,643	2.24%	4,760,989	1.25%
25	Hefei Rendun	4,706,860	1.28%	—	—	4,706,860	3.40%	4,706,860	1.24%
26	Rockets Capital L.P.	4,319,664	1.18%	4,319,664	1.79%	—	—	4,319,664	1.14%
27	Jiaxing Xuying	3,423,413	0.93%	1,711,707	0.71%	1,711,706	1.24%	3,423,413	0.90%
28	Qiu Debo	3,091,551	0.84%	3,091,551	1.28%	—	—	3,091,551	0.81%
29	Zhang Xiaohui	2,679,344	0.73%	937,770	0.39%	1,741,574	1.26%	2,679,344	0.71%
30	Yang Hui	2,576,293	0.70%	2,576,293	1.07%	—	—	2,576,293	0.68%
31	Chai Guang	2,370,189	0.65%	2,370,189	0.98%	—	—	2,370,189	0.62%

		As at the Latest Practicable Date		Immediately following the completion of the Global Offering and conversion of the Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)					
No.	Shareholder	Number of Unlisted Shares	Ownership percentage of shareholding in the Unlisted Shares	Number of H Shares	Ownership percentage of shareholding in the H Shares	Number of Unlisted Shares	Ownership percentage of shareholding in the Unlisted Shares	Number of total Shares	Ownership percentage of shareholding in the total issued share capital
32	Yue Yong	2,355,049	0.64%	824,267	0.34%	1,530,782	1.11%	2,355,049	0.62%
33	Shanxi Industrial(5)	1,442,724	0.39%	721,362	0.30%	721,362	0.52%	1,442,724	0.38%
34	Zhongchuang Hengxing(5)	824,414	0.22%	412,207	0.17%	412,207	0.30%	824,414	0.22%
35	Xingyue Puyu(2)	2,095,967	0.57%	2,095,967	0.87%	—	—	2,095,967	0.55%
36	Zhao Xuewen	2,061,034	0.56%	2,061,034	0.85%	—	—	2,061,034	0.54%
37	You Yifei	1,885,448	0.51%	1,885,448	0.78%	—	—	1,885,448	0.50%
38	Shanghai Chenqi	1,765,785	0.48%	1,765,785	0.73%	—	—	1,765,785	0.47%
39	Shenzhen Changde	1,648,827	0.45%	1,319,062	0.55%	329,765	0.24%	1,648,827	0.43%
40	Kechuang Partnership(6)	850,177	0.23%	—	—	850,177	0.61%	850,177	0.22%
41	Kechuang Management(6)	561,117	0.15%	—	—	561,117	0.41%	561,117	0.15%
42	Lu Qianyuan	1,030,517	0.28%	360,681	0.15%	669,836	0.48%	1,030,517	0.27%
43	Shiyuan Zhonglian	1,000,000	0.27%	700,000	0.29%	300,000	0.22%	1,000,000	0.26%
44	Bochen Shengan	824,414	0.22%	288,545	0.12%	535,869	0.39%	824,414	0.22%
45	CIMC	753,597	0.21%	376,799	0.16%	376,798	0.27%	753,597	0.20%
46	Wu Weizhong	618,310	0.17%	216,409	0.09%	401,901	0.29%	618,310	0.16%
47	Fu Changming	618,310	0.17%	618,310	0.26%	—	—	618,310	0.16%
48	Wang Yicheng	412,207	0.11%	412,207	0.17%	—	—	412,207	0.11%
49	Sichuan Hydrogen Lithium	164,883	0.04%	57,709	0.02%	107,174	0.08%	164,883	0.04%
50	Investors taking part in the Global Offering	—	—	13,000,000	5.39%	—	—	13,000,000	3.42%
	Total	**366,651,762**	**100%**	**241,241,531**	**100%**	**138,410,231**	**100%**	**379,651,762**	**100%**

Notes:

(1) Shanghai Fangao is controlled by Mr. Chen as its general partner.

As of the Latest Practicable Date, the general partner of Cloud Tribe Yijin was Cloud Tribe Management, which was held as to 51% by Shanghai Yijin and 49% by Yijin Venture Capital Management, and the limited partners of Cloud Tribe Yijin were Shanghai Yijin Caiqingzi Venture Capital Center (limited partnership) (上海易津財慶子創業投資中心(有限合夥)), an entity ultimately controlled by Mr. Chen, and Shanghai Minhang District Innovation Venture Capital Guiding Fund Management Center (Shanghai Minhang District Finance Service Center) (上海市閔行區創新創業投資引導基金管理中心(上海市閔行區金融服務中心)), an Independent Third Party. Yijin Venture Capital Management was held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin was held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Management, whose general partner and limited partner were Mr. Chen (holding 98.91% partnership interest) and one of the founding partners of Shanghai Fangao at the early stage of establishment (holding 1.09% partnership interest), respectively. For further details, see "Relationship with our Controlling Shareholders."

(2) All of Jiaxing Dixin, Fujian Diquan, Jiaxing Tongneng and Zibo Naying are limited partnerships established in the PRC and ultimately controlled by Shanghai Zhongdi Investment Co., Ltd., which in turn is owned as to 39%, 38% and 23% by Li Tongzuan (李統鈷), Shanghai Junhuai Investment Management Group Co., Ltd. and Xiao Wenbin, respectively. Li Tongzuan is an Independent Third Party. Shanghai Junhuai Investment Management Group Co., Ltd. is held as to 61.80% by Zhang Huixian (張輝賢), father of Zhang Shanliang (a former Shareholder). Xiao Wenbin is an existing Shareholder.

The sole limited partner of Fujian Diquan is Zhang Shanliang, a former Shareholder, who holds 99.00% partnership interest in Fujian Diquan.

Zibo Naying has ten limited partners, among which Zhang Shanliang, Li Xiaoxiao (two former Shareholders) and Xingyue Puyu (an existing Shareholder) holds 46.18%, 4.30% and 6.46% partnership interest in Zibo Naying, respectively.

(3) Both of Zhongding No.5 and Zhongding Qinglan are limited partnerships established in the PRC and ultimately controlled by Yan Li.

(4) Zhao Yongge and Yang Jiayong are the spouse of one another.

(5) Zhongchuang Hengxing is a wholly owned subsidiary of Shanxi Industrial.

(6) Kechuang Partnership is a limited partnership established in the PRC and Kechuang Management is a limited liability company established in the PRC, both of them are ultimately controlled by Fang Jialiang (方加亮), an Independent Third Party.

MAJOR MERGER, ACQUISITION AND DISPOSAL

During the Track Record Period, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

PREVIOUS PLAN FOR A-SHARE LISTING

On February 16, 2023, we entered into a pre-listing tutoring engagement agreement with China International Capital Corporation Limited (中國國際金融股份有限公司) in relation to our previous plan to list on the Science and Technology Innovation Board of Shanghai Stock Exchange. As part of the preparation for such preliminary listing plan, we filed a notice of pre-listing tutoring for A-share listing application (上市輔導備案申請) on February 16, 2023, and then submitted four tutoring progress reports (輔導進展報告) during April 2023 and January 2024 with the Shanghai office of CSRC (the "A-share Listing Preparation").

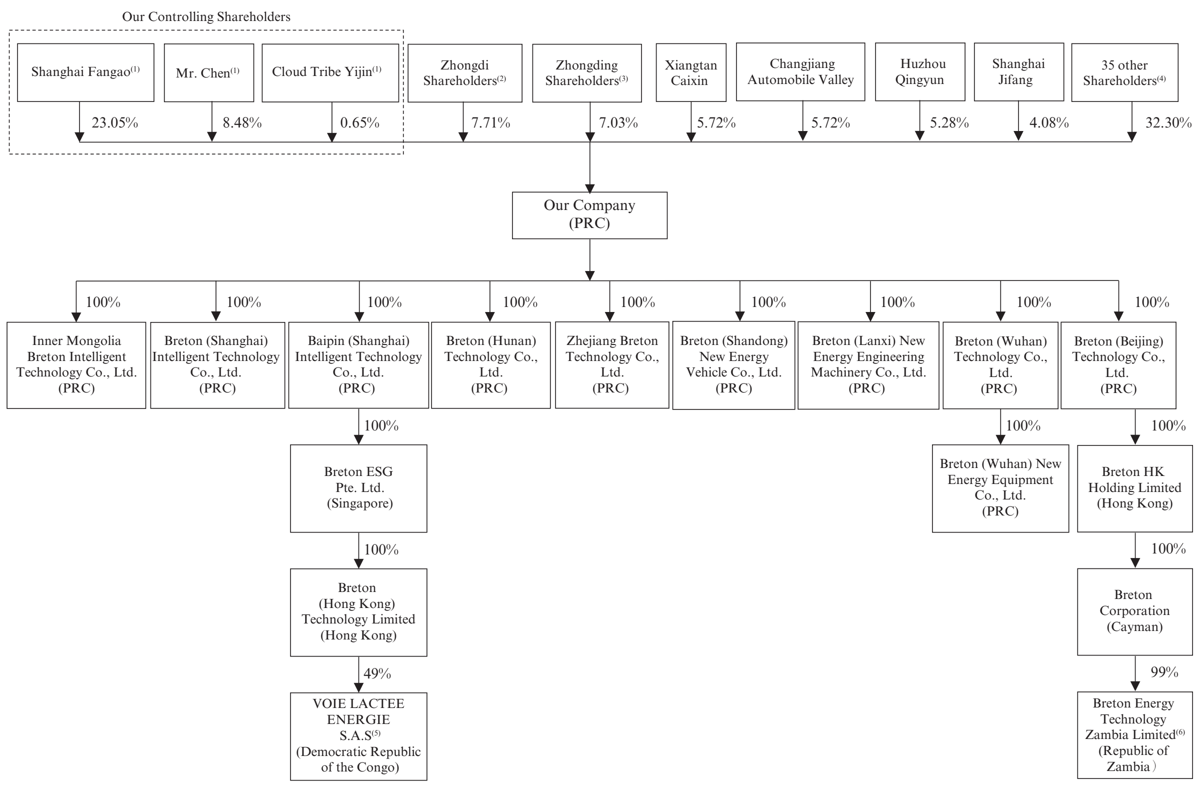
Having considered the then overall market conditions and our business development needs, and to provide further capital for the development and expansion of our business, raise our profile and market awareness of our brand, and present us with an opportunity to further expand our investor base and global presence, we decided to pursue an H-share listing on the Stock Exchange. On April 1, 2024, we terminated the preliminary tutoring process. Our Company has not submitted any listing application for the A-share listing to the CSRC or any stock exchange in the PRC.

Our Directors confirm that there were no unresolved or potential disputes or material disagreements between our Company and relevant professional parties, including China International Capital Corporation Limited (中國國際金融股份有限公司), the tutoring institution, AllBright Law Offices (上海市錦天城律師事務所), the PRC legal advisor, and KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)), the certified public accountants, in respect of the A-share Listing Preparation, and our Directors are also of the view that (i) there are no material matters in relation to the A-share Listing Preparation that will affect the suitability of our Company to be listed on the Stock Exchange in any material respect, (ii) there are no other matters in relation to the A-share Listing Preparation that ought to be brought to the attention of the potential investors and the Stock Exchange, and (iii) there are no substantial changes in the entities of such professional parities engaged by our Company for the proposed Listing.

Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt in any material respect with the Directors' view above.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the corporate structure of our Company and subsidiaries immediately before the completion of the Global Offering:



Notes:

(1) As of the Latest Practicable Date, Mr. Chen was entitled to exercise approximately 32.18% of the voting rights in our Company through: (i) 31,101,004 Shares (representing approximately 8.48% of the voting rights in our Company) directly held by him, (ii) 84,502,397 Shares (representing approximately 23.05% of the voting rights in our Company) held by Shanghai Fangao, our incentive platform controlled by Mr. Chen as its general partner, and (iii) 2,370,189 Shares (representing approximately 0.65% of the voting rights in our Company) held by Cloud Tribe Yijin. For further details, see "Relationship with our Controlling Shareholders."

(2) Zhongdi Shareholders include Jiaxing Dixin, Fujian Diquan, Jiaxing Tongneng, Zibo Naying and Xiao Wenbin.

(3) Zhongding Shareholders include Zhongding No.5 and Zhongding Qinglan.

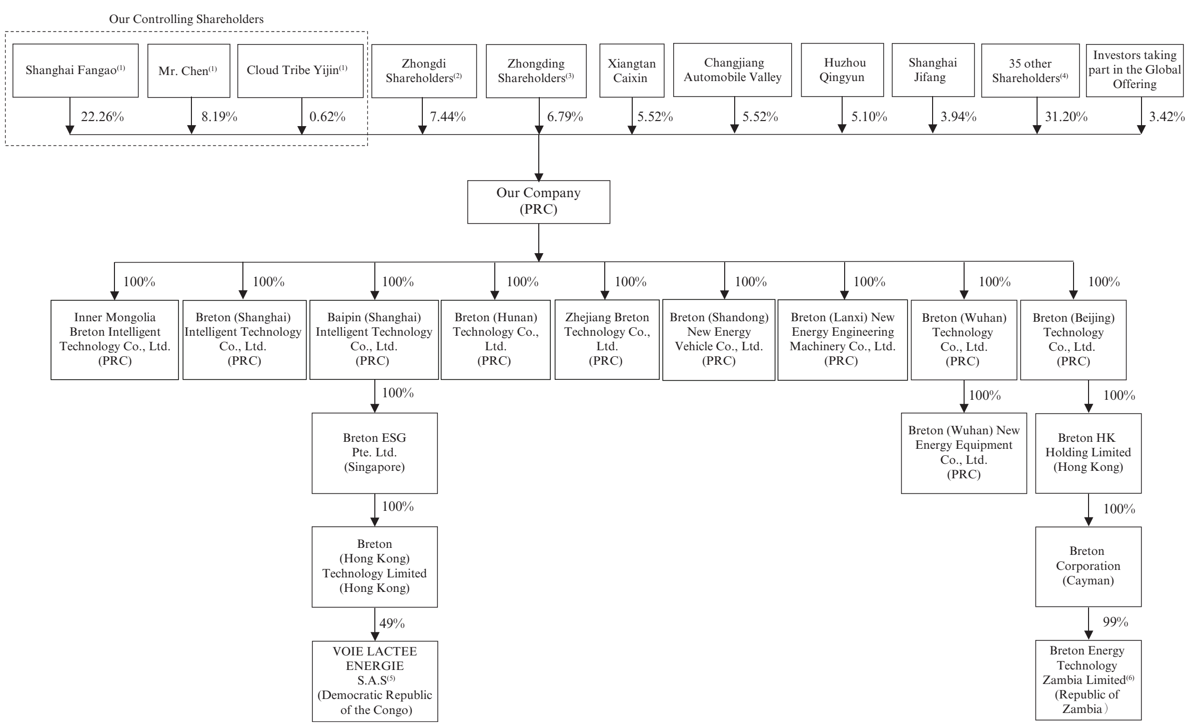
(4) See "— Capitalization of Our Company" for details.

(5) VOIE LACTEE ENERGIE S.A.S was incorporated in Democratic Republic of the Congo and was owned as to approximately 49% by Breton (Hong Kong) Technology Limited, and 51% by a local resident, who is an Independent Third Party and an employee of our business partner in Democratic Republic of Congo as of the Latest Practicable Date. The Company decided to ultimately control VOIE LACTEE ENERGIE S.A.S through a voting rights arrangement pursuant to which Breton (Hong Kong) Technology Limited is entitled to two votes per share while the Independent Third Party is entitled to one vote per share, primarily because of local regulatory requirements that a majority of equity interests of a company shall be owned by local residents if it intends to applies for certain certificates and qualifications.

(6) Breton Energy Technology Zambia Limited was incorporated in Republic of Zambia and was owned as to approximately 99% by Breton Corporation, and 1% by a local resident, who is an Independent Third Party and one of our business partner providing transportation services in Republic of Zambia as of the Latest Practicable Date.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the corporate structure of our Company and subsidiaries immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



Note:

See notes 1 to 6 to the chart in "— Corporate Structure Immediately Before the Completion of the Global Offering" above.

OVERVIEW

Who We Are

We are a China-based provider of electric-powered engineering machinery. We design, develop and commercialize battery-electric engineering machinery with autonomous capabilities and provide intelligent operation services. According to CIC, we ranked third and seventh among all manufacturers of new energy wide-body dump trucks and loaders in China, with a market share of 18.3% and 3.8% in terms of shipments in 2024, respectively, being the only pure-play manufacturer among the top manufacturers of these two types of new energy engineering machinery. In 2024, we achieved a market share of 3.2% in the wide-body dump truck market and 1.3% in the loader market in China in terms of revenue, with both markets including new energy and fuel-powered machinery. We also design and develop e-powertrain kits for battery-electric tractor trucks and collaborate with manufacturers to bring these vehicles to market.

We are a fast-growing manufacturer of battery-electric wide-body dump trucks and loaders. From 2022 to 2024, our shipments of battery-electric wide-body dump trucks grew from 59 to 307 units, and shipments of battery-electric loaders increased from 326 to 450 units, achieving a CAGR of 128.1% and 17.5%, respectively. According to CIC, we ranked first in shipments of battery-electric wide-body dump trucks with battery capacities exceeding 650 kWh for three consecutive years from 2022 to 2024.

Our design and engineering process begins with a detailed analysis of customer requirements and intended use scenarios, which informs our performance-oriented product designs and precise engineering practices. We use different manufacturing arrangements for each product type, leveraging the strengths of both in-house production and external partnerships. Following this strategy, we initially launched the BRT951EV, a five-tonne battery-electric loader model, in December 2019, followed by the introduction of the BRT90E, a 90-tonne battery-electric wide-body dump truck model, in May 2020. As of the Latest Practicable Date, our lineup predominantly featured battery-electric models, including battery-electric loaders with payloads ranging from three to seven tonnes, and battery-electric wide-body dump trucks covering tonnages from 90 to 135 tonnes.

Our business thrives on the strength of advanced technological capabilities. We have been continuously advancing e-powertrain design, electrical and electronic architecture, and machine intelligence. We have introduced a charging circuit design for our battery-electric wide-body dump trucks, incorporating four-branch parallel charging circuits that allow four connectors to simultaneously charge a single truck. This innovation makes us the first in the market to enable a 700-kWh battery to be fully charged within approximately 70 minutes under standard working conditions, according to CIC. We are also the first in China to develop and commercialize a dual-motor design for engineering machinery, according to the same source, which resolves the technical issue of mutual interference and power diversion between the drive and working motors, thereby significantly reducing energy consumption and lowering repair and maintenance costs. Moreover, we are the first manufacturer in China to bring autonomous battery-electric wide-body dump trucks and remote-operated battery-electric loaders to the market, according to CIC. Our proprietary suite of remote and autonomous operation technologies enhances the intelligence, safety and efficiency of our loaders and wide-body dump trucks, especially on jobsites where direct human operation is unsafe or impractical due to extreme temperatures or hazardous conditions. These capabilities set us apart from manufacturers who rely heavily on outsourced software for their remote and autonomous operations.

Our technological achievements have earned us significant industry recognition. We are a "Key Little Giant" enterprise designated by the MIIT in 2022, a select category within the national "Little Giant" program that honors novel, high-performing small and medium-sized enterprises in specialized fields. Our e-powertrain kit was recognized as one of the top ten commercialized high-tech achievements of 2022 by Shanghai Science and Technology Committee. We also play an active role in shaping crucial standards for new energy engineering machinery in China. For instance, we contributed as drafters to the national safety technical specifications for earth-moving machinery, and to the industry standards for technical conditions and testing methods for battery-electric wheeled loaders and battery-electric wide-body dump trucks.

Industry Opportunities

Engineering machinery, indispensable to operations in mining and quarrying, energy and utilities, logistics and transportation, manufacturing and industrial production, construction and infrastructure as well as agriculture, is undergoing a pivotal shift towards new energy. This transition is propelled by the urgent need to address climate concerns, economic benefits and expanding market demand.

- ***Climate change imperatives***. Machinery with internal combustion engines is a major contributor to air pollution, emitting large quantities of greenhouse gases, hydrocarbons, nitrogen oxides, and particulate matter. According to CIC, the number of engineering machines in operation in 2022 is less than 3% of the number of registered cars. However, the engineering machinery industry emits substantially higher levels of pollutants compared to the automobile industry. Specifically, in China, emissions of carbon dioxide, nitrogen oxide and particulate matter from engineering machinery in 2022 are equivalent to 13%, 20% and 109% of those from automobiles, respectively, according to CIC.

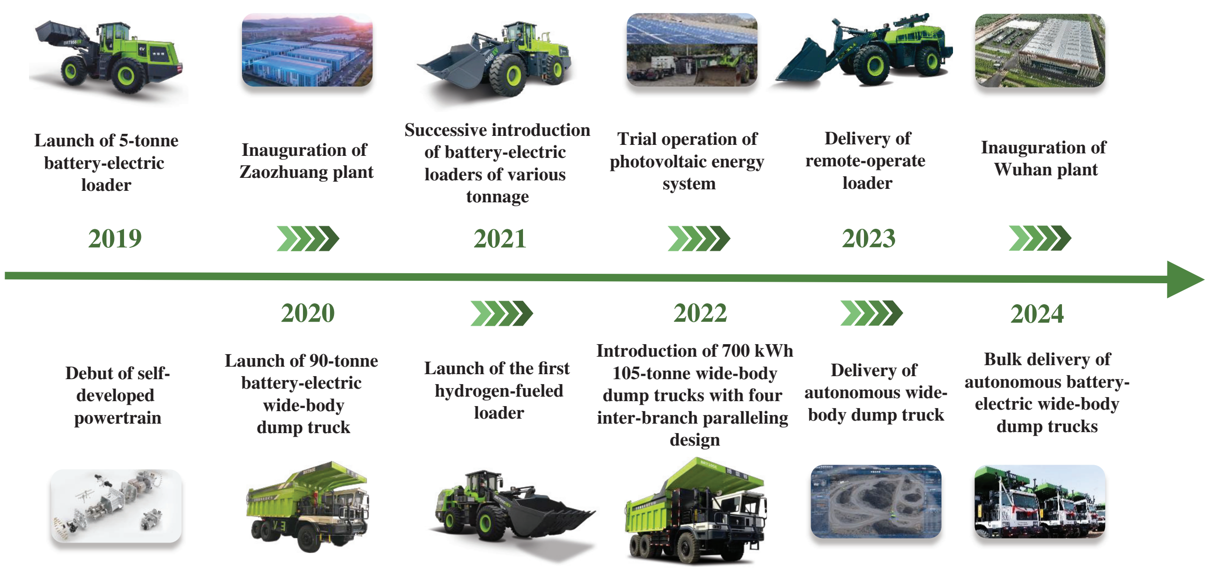
- ***Economic benefits***. The shift toward new energy engineering machinery is not only environmentally driven but also economically advantageous. These machines reduce costs related to energy consumption and maintenance over their lifecycle and are compatible with advanced technologies such as artificial intelligence and telematics, which further enhance their value by lowering operational and labor costs more efficiently than traditional fuel-powered machinery. The economic edge has spurred the adoption of new energy engineering machinery in the market, outpacing the early adoption rates of new energy passenger vehicles. According to CIC, while new energy passenger vehicles took eight years to reach a 5.5% market penetration rate from a negligible base, new energy loaders and wide-body dump trucks achieved the same in less than six years.

- ***Growing market demand***. Driven by the pressing need for decarbonization and effective climate action, new energy engineering machinery is gaining preference worldwide. There has been a significant rise in both international and domestic demand for new energy engineering machinery. In China, the adoption of favorable policies further accelerates this trend, such as the Notice on Further Strengthening the Construction of Green Mines (《關於進一步加強綠色礦山建設的通知》) issued by the Ministry of Natural Resources in April 2024, fueling the growth of market demand for new energy solutions in the industry.

The Breton Solutions

Our exploration into the new energy field begins with the research and development of e-powertrain kits customized for first-generation battery-electric tractor trucks. We have further extended our technological capabilities into the field of engineering machinery, a market that has vast and unserved demand for new energy products and solutions.

The following diagram illustrates our key development milestones:



Our engineering machinery exhibits the following key competitive advantages:

- ***Green enhancement.*** Our engineering machinery, powered exclusively by non-fossil fuel sources, achieves zero exhaust emissions. Our battery-electric loaders and wide-body dump trucks are designed to significantly reduce carbon emissions compared to similar fuel-powered models, making them a greener alternative to traditional machinery. For instance, over a five-year service lifespan, our five-tonne battery-electric loaders are estimated to reduce carbon emissions by approximately 342.0 tonnes per unit. Likewise, the 700-kWh variant of our 105-tonne battery-electric wide-body dump trucks are projected to lower carbon emissions by approximately 490.4 tonnes per unit during heavy-load uphill operations (tasks that involve transporting heavy loads up inclines, which typically consume more energy) and by approximately 624.6 tonnes per unit during heavy-load downhill operations (where the trucks carry heavy loads down slope) over the same period. Furthermore, these machines operate at lower noise levels, with our battery-electric loaders and wide-body dump trucks averaging 70 decibels and 74 decibels, respectively, substantially quieter than the 86 decibels and 82 decibels typically produced by their fuel-powered counterparts, according to CIC.

- ***Cost efficiency.*** Despite higher initial purchase cost, our battery-electric loaders and wide-body dump trucks offer long-term savings over their operational lifetime due to lower energy consumption and maintenance expenses. Over a five-year lifespan, our five-tonne battery-electric loaders can yield total net savings of approximately RMB1.2 million per unit, and our 105-tonne battery-electric wide-body dump trucks can save approximately RMB2.2 million per unit on heavy-load uphill operations, and approximately RMB1.2 million per unit on heavy-load downhill operations. The integration of remote and autonomous operation technologies further reduces the need for large on-site crews, leading to substantial savings in staffing costs.

- ***Adaptability.*** Our machinery lineup, featuring diverse payload and battery capacities, has found widespread applications in mining and quarrying, energy and utilities, logistics and transportation, manufacturing and industrial production, construction and infrastructure as well as agriculture. According to CIC, the BRT105E model, a 105-tonne battery-electric wide-body dump truck with a 700-kWh battery, is the first in China capable of performing uphill tasks for over 5.5 hours continuously on a single charge. This breakthrough expands the versatility of battery-electric wide-body dump trucks, enabling them to meet a broader range of operational demands. Our knowledge in thermal management and e-powertrain design ensures that our products perform reliably under extreme conditions, such as the intense temperatures of Xinjiang, Inner Mongolia and Shanxi, the dusty and stormy environments of tunnel construction and coking coal operations, and the high-altitude regions of Xinjiang and Qinghai.

- ***Operator experience and safety***. Across all our human-operated products, we incorporate a smart cockpit that enhances the operating experience through advanced ergonomic designs and intuitive controls. Operators enjoy the benefits of a real-time overview of equipment status and gain access to comprehensive data analytics facilitated by interconnected sensors and algorithm-powered software. For increased safety, our intelligent safety intervention system proactively manages braking and steering during emergencies, which improves overall reliability in critical situations. Our products are also equipped with panoramic detection capabilities, identifying blind spots and offering timely alerts for operators, pedestrians and passing vehicles.

- ***Intelligent operations***. Our remote and autonomous operation technologies transform mundane, hazardous and labor-intensive tasks into efficient, safe and unmanned operations. These advancements not only enhance machine uptime and overall productivity by eliminating human errors, but also create a safe working environment by enabling operators to manage machines remotely and securely, especially in hazardous conditions and extreme weather. With predictive analytics and adaptive algorithms, operators can exploit autonomous features for smooth navigation across rugged terrains, supervise multiple machines simultaneously, and increase operational efficiency without being physically present.

Expanding beyond our range of engineering machinery, we went further to provide autonomy and energy transition solutions catering to diverse customer needs across geographies, jobsites and working conditions. These solutions are intended to complement our product sales by creating additional, sustainable revenue streams through service fees and software licensing. We anticipate that diversifying our offerings will drive long-term growth, achieve economies of scale, and further strengthen our market position and financial health.

- ***Autonomy solutions***. We offer intelligent mining solutions and autonomous scheduling software to automate operations, facilitate remote control of machinery and manage multiple fleets simultaneously. Our technologies are engineered to integrate with an expanding range of engineering machinery across diverse operational scenarios, which allows businesses to achieve real-time, synchronous control over their entire fleet and minimize labor costs by reducing the need for human intervention in routine, high-risk or complex tasks.

- ***Energy transition solutions***. Our energy transition solutions are designed to convert traditional fuel-powered vehicles into hybrids that can operate on both fuel and battery power. We achieve this by designing, engineering and manufacturing add-on e-powertrains that work in conjunction with existing internal combustion engines. We believe our energy transition solutions promote sustainability and provide a cost-effective pathway for decarbonization across various industries.

- ***Photovoltaic energy system.*** We are developing a direct current photovoltaic energy system that integrates solar panels, inverters, storage batteries and charging stations for energy generation, storage and charging. The direct-circuited-only design enhances efficiency, reduces heat loss and improves stability, making it ideal for regions without grid infrastructure. In December 2022, we launched a pilot system in Panzhihua, Sichuan, which supports unmanned operation and is compatible with various electric vehicles and machinery. We are also expanding our photovoltaic energy business in international markets and expect to complete a new project in 2025 that will generate electricity to support operations.

Our Financial Performance

We recorded a solid financial performance during the Track Record Period. Our revenue was RMB360.1 million, RMB463.7 million, and RMB635.5 million in 2022, 2023 and 2024, respectively. Our loss for the year was RMB178.1 million, RMB229.4 million, and RMB274.5 million in 2022, 2023 and 2024, respectively. Our adjusted net loss (a non-IFRS measure) was RMB142.6 million, RMB189.8 million, and RMB217.6 million in 2022, 2023 and 2024, respectively.

OUR STRENGTHS

Pioneer in China's New Energy Engineering Machinery Industry

We are a pioneer in China's new energy engineering machinery industry, focused on the design, development and commercialization of battery-electric loaders and wide-body dump trucks. Our battery-electric loaders are the first of their kind to receive certification from the Quality Inspection and Testing Center of Construction Machinery of the PRC in July 2020, according to CIC, which validates their quality and paves the way for commercial success.

Our early efforts and extensive knowledge in the industry have made us a top manufacturer of new energy loaders and wide-body dump trucks. According to CIC, we ranked third and seventh among all manufacturers of both new energy wide-body dump trucks and loaders in China, with a market share of 18.3% and 3.8% in terms of shipments in 2024, respectively, being the only pure-play manufacturer among the top manufacturers of these two types of new energy engineering machinery. From 2022 to 2024, our shipments of battery-electric wide-body dump trucks grew from 59 to 307 units, and shipments of battery-electric loaders increased from 326 to 450 units, achieving a CAGR of 128.1% and 17.5%, respectively. According to CIC, we ranked first in shipments of battery-electric wide-body dump trucks with battery capacities exceeding 650 kWh for three consecutive years from 2022 to 2024.

We have led the way in technological advancements in e-powertrain design, electrical and electronic architecture and machine intelligence. We introduced a pioneering four-branch parallel charging circuit design for our battery-electric wide-body dump trucks, enabling four charging connectors to charge a single truck simultaneously. This design enables a 700-kWh battery to be fully charged within approximately 70 minutes under standard working conditions. The charging time, according to CIC, is comparable to that of a model equipped with a 350-kWh battery available in the market. According to the same source, we are also the first in China to develop and commercialize a dual-motor design for engineering machinery, which addresses the technical issue of mutual interference and power diversion between the drive and working motors, thereby significantly reducing energy consumption and lowering repair and maintenance costs. Moreover, we are the first manufacturer in China to bring autonomous battery-electric wide-body dump trucks and remote-operated battery-electric loaders to the market, according to CIC.

We have garnered widespread recognition within the industry. We are a "Key Little Giant" enterprise designated by the MIIT in 2022, a select category within the national "Little Giant" program that honors novel, high-performing small and medium-sized enterprises in specialized fields. In addition, we were named as Shanghai Key Service Unicorn (Potential) Enterprise in 2024. Our e-powertrain kit was recognized as one of the top ten commercialized high-tech achievements of 2022 by the Shanghai Science and Technology Committee. Furthermore, we play an active role in developing crucial standards for new energy engineering machinery in China, contributing to the creation of national safety technical specifications for earth-moving machinery, as well as industry standards for technical conditions and testing methods for battery-electric wheeled loaders and wide-body dump trucks.

Advanced Technology and Engineering Capabilities Driving Product Excellence

Our engineering machinery incorporates a wide array of proprietary technologies developed through a forward design and engineering approach. As of December 31, 2024, our investment in incorporating advanced technologies into engineering machinery has yielded 131 issued patents and 82 pending patent applications. Our achievements in advancing electrical design and engineering, developing remote and autonomous operation technologies, and enhancing connectivity and telematics are pivotal in driving the continuous improvement and excellence of our offerings.

- ***Electrical design and engineering***. We employ a forward design and engineering approach, honing our expertise in all critical aspects of engineering machinery including e-powertrain, electrical and electronic architecture, vehicle control units (VCU), thermal management and battery systems. Utilizing our expertise in e-powertrain and electrical and electronic architecture, we introduced a charging circuit design for our battery-electric wide-body dump trucks that integrates four-branch parallel charging circuits, making us the first in the market to enable a 700-kWh battery to be fully charged within approximately 70 minutes under standard working conditions, according to CIC. Moreover, we are the first in China to develop and commercialize a dual-motor design for engineering machinery, according to the same source, overcoming the technical issue of mutual interference and power diversion between the drive motor and the working motor. This design significantly reduces energy consumption, lowers repair and maintenance costs and enhances operational efficiency and reliability. As of December 31, 2024, we had 121 patents and 51 pending patent applications in the field of electrical design and engineering.

- ***Remote and autonomous operation technology.*** Our remote and autonomous operation technologies change the way how loaders and wide-body dump trucks are operated, especially on jobsites where direct human operation is unsafe or impractical due to extreme temperatures or hazardous conditions. Our remote operation technology enables control from distances exceeding 2,000 kilometers, with an image transmission latency of less than 200 milliseconds. Such capability not only ensures operator safety by eliminating the need to be physically present in the cabin, avoiding exposure to machine vibration and reducing fatigue, but also simplifies the operation with an intuitive "virtual cockpit" interface. Enabled by advanced perception capabilities, our autonomous operation technology can help detect and identify both moving and static obstacles as small as 20 centimeters within a 50-meter radius, and achieve trajectory tracking and parking with an accuracy of up to ten centimeters, enabling machines to traverse smoothly and autonomously over rugged and undulating terrains. As of December 31, 2024, we had three patent and 22 pending patent applications dedicated to remote and autonomous operation technology.

- ***Connectivity and telematics***. All of our machines are equipped with telematics and connected devices, gathering machine data, deriving insights on machinery performance, monitoring operator behaviors, and facilitating remote diagnostics and software updates. Every interaction with operators and each data point collected from our machines contributes to the enhancement of our product development and service offerings. As of the Latest Practicable Date, our network covered over 2,500 Breton machines. The data generated by our machinery supports our utilization of data analytics and machine learning for predictive maintenance and proactive services, minimizing unexpected downtime and reducing repair expenses. As of December 31, 2024, we had seven patents and nine pending patent applications focused on connectivity and telematics.

Green Solutions Adapting to Diverse Customer Needs

Our technical expertise drives a rapid innovation cycle, facilitating the efficient introduction of new products and services to the market. We design modular, cross-platform systems and electronic components from the ground up, making them reconfigurable for different fleets, jobsites and working conditions. This framework not only ensures their adaptability and serviceability across a diverse range of product lines and models, but also allows us to streamline new product development and optimize research and development efficiency. For instance, the 700-kWh variant of our BRT105E model, engineered for heavy-load uphill operations, progressed from conceptualization to delivery within a short period of 12 months.

We maintain a competitive edge by providing integrated hardware and software solutions that draw upon our deep expertise in technology, engineering and manufacturing. Our offerings include autonomy and energy transition solutions to meet the operational needs of our customers. We are actively enhancing the integration of machinery, software, hardware and operational settings to develop intelligent mining solutions for confined spaces such as open-pit mines. With remote and autonomous operations incorporated into our broadening lineup of engineering machinery, our autonomy solutions enable smart, safe and cost-effective fleet management. Whether from a single remote location or nearby command centers, operators can exercise real-time control over the entire fleet simultaneously, which ensures consistent performance across all machines and optimizes task efficiency. Starting from mining operations, we intend to gradually expand our autonomy solutions to cover a wider variety of operational scenarios, such as chemical plants, smelters, power plants, ports and industrial parks in the future.

Our energy transition solutions offer a financially viable option for industries seeking decarbonization while relying on traditional fossil fuels. These solutions include designing, engineering and manufacturing add-on e-powertrains for conventional fuel-powered vehicles, providing an independent power system that works alongside the existing internal combustion engine and facilitating a cost-efficient transition to hybrid operation. We designed and delivered these e-powertrains to a trucking company based in North America, enabling fuel-powered tractors to operate as hybrids. We have been expanding our energy transition solutions to include an increasing number of applications, including operations in underground mining environments.

Vast Sales and Service Network Cultivating Broad Customer Base

Our sales model combines direct sales and distribution channels, which allows us to establish high-touch customer interactions with customers across major industry verticals, and penetrate both nationwide and regional markets swiftly. Our footprint spanned across 30 provinces and municipalities in China, supported by a network of over 38 distributors as of December 31, 2024. At the same time, we have been steadily broadening our international presence.

While maintaining a broad network coverage, we effectively engage with customers by promptly addressing their needs and offering timely customer support. We have created an integrated platform connecting research and development with sales and post-sale services, enabling us to quickly respond to customer requests ranging from product design, finance lease arrangements, to logistics coordination and post-sale support. Our integrated platform not only accelerates the iterative process of our products but also enriches our engagement with customers, allowing us to gain a deeper insight into their requirements. This, in turn, fosters customer loyalty as we deliver products and services catering to their specific needs.

In addition to standard on-site deployments and adjustments, we provide a series of technical training for our products and 24/7 online technical support to guarantee that our customers can harness the full potential of our offerings. Furthermore, we go above and beyond by implementing a routine maintenance check plan, regularly assessing the status and performance of our customers' purchased products and promptly resolving any on-site issues. We also offer a "two-hour/72-hour" resolution for any product-related issues, with standard problems resolved within two hours and material issues addressed within 72 hours.

We have cultivated a diverse customer base, spanning various industry sectors such as mining and quarrying, energy and utilities, logistics and transportation, manufacturing and industrial production, and construction and infrastructure. The quality and reliability of our products are underscored by the trust of customers and end users, most of whom are key players in their respective fields. For example, we supplied battery-electric wide-body dump trucks to a leading cement and building material group in China, supporting carbon-free, heavy-duty hauling at their manufacturing sites. We also facilitated green mining practices for a subsidiary of a Fortune Global 500 mining company by providing our loaders and wide-body dump trucks for use in their operations. Additionally, one of the largest open-pit coal mines in Northwest China chose our loaders and wide-body dump trucks, which demonstrated consistent performance under extreme conditions with temperatures ranging from –29°C to 39°C. Their selection of our products not only reflects our industry standing but also speaks volumes about the reliability of our products.

Robust Supplier Relationships Building Cost-Saving and Resilient Supply Chain

We have forged strategic partnerships with select suppliers of critical electronic components to spearhead innovation in component design. By working closely with these suppliers throughout the procurement process, we not only secure advantageous pricing but also co-create innovations that yield mutual value and competitive advantages. For instance, since June 2021, we have collaborated with a leading motor manufacturer to develop category-defining drive and working motors for our engineering machinery. Additionally, we have partnered with renowned battery manufacturers to develop advanced power battery systems and battery management systems, including a 700-kWh power battery system with four-branch parallel charging circuits, which optimizes energy usage, improves battery efficiency and compatibility, and enhances the overall system reliability of our products.

In addition to these suppliers, we maintain relationships with a diverse range of suppliers across all segments of the supply chain to ensure a consistent flow of dependable parts, secure favorable pricing, and strengthen the resilience of our supply chain against disruptions. During the Track Record Period, we collaborated with four battery manufacturers and 158 electronic component manufacturers. We maintain these partnerships through the establishment of precise performance metrics and by conducting regular evaluations and implementing improvements to enhance overall performance.

Strong Manufacturing Expertise Ensuring High-Quality Standards

We believe strong manufacturing capabilities are crucial for our business expansion. In August 2020, our specialized production and assembly lines for battery-electric loaders at our manufacturing plant in Zaozhuang, Shandong, began operation, with an annual design capacity of 600 units. At this facility, we streamline production with an integrated manufacturing system, using heavy-duty automated guided vehicles for product assembly, and logistics automated guided vehicles for efficient delivery of components and raw materials. In anticipation of increasing demand for new energy engineering machinery in the next five years, we constructed our second loader manufacturing plant in Wuhan, Hubei, which commenced operations in August 2024, with an annual design capacity of 5,000 units of battery-electric loaders.

We apply a lean production model that emphasizes continuous improvement, regular staff training, cost-effective scheduling and efficient inventory management, delivering high-quality standards, fast product turnaround and increased customer satisfaction. Our manufacturing operations are supported by stringent quality control measures at every step, from machine development to inspection. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls or product liability claims that adversely affected our business or financial condition.

Visionary Leadership and Technology Experts Leading Industry Standards

Our management team is dedicated to delivering innovative products and solutions drawing on their global vision, product expertise and professional background. Our founder and chairman of our Board, Mr. Chen Fangming, has over 15 years of experience in investing in the new energy and new material sectors. He has a proven track record of investing in around 30 companies across the new energy industry value chain, such as Shenzhen Sinexcel Electric Co., Ltd. (SZSE: 300693), Kingstone Semiconductor Joint Stock Company Ltd. and LAPLACE Renewable Energy Technology Co., Ltd. Dr. Qiu Debo, the president of our Company, brings us more than two decades of management and operational experience in the engineering machinery industry. He formerly served as the executive director, chief executive officer and president of Lonking Holdings Limited (HKEx: 3339), where he steered the company to a global top-three position in the loader segment of the engineering machinery industry during his tenure.

Beyond our visionary leadership, our success is further propelled by the diverse professional backgrounds, profound industry experiences and robust technological capabilities of our technology team. Comprising seasoned experts in new energy engineering machinery, electronics and autonomous operations, our technology team works collaboratively, generating a strong synergy that propels our continuous breakthroughs and achievements.

OUR STRATEGIES

Advance Our Technological Innovations and Engineering Capabilities

We aspire to pioneer the development and commercialization of next-generation products that are endowed with intelligence capabilities. To this end, we will continue to advance our research and development efforts by delivering integrated hardware and software solutions, leveraging our extensive expertise in technology, engineering, and manufacturing. Specifically, we expect to offer a suite of scenario-specific products and solutions that incorporate intelligent technologies, supported by advanced systems such as AI-powered expert service support, automated operating systems based on cloud and edge computing, and roadside systems for autonomous cluster operations.

We aim to refine our cross-platform architecture to streamline our product development process and improve the overall research and development efficiency. We are focused on augmenting our engineering capabilities by developing our upgraded electrical and electronic architecture, modularized chassis, and a 1000V high-voltage electrical system, which are designed to facilitate ease of assembly and adaptability to meet the changing and diverse needs of our customers.

Expand Offerings of Products and Solutions

We endeavor to expand our product lineup by introducing battery-electric loaders and wide-body dump trucks that feature increased payload and battery capacities and/or utilize alternative energy sources such as hydrogen and methanol to extend operational times. In the second half of 2025, we plan to launch a revamped version of our five-tonne and six-tonne loader models, with reduced costs with higher durability and performance. This model is designed to be deployed in scenarios requiring extended operational time and high stability, such as coal mines, construction sites, ports and steel mills. Beyond expanding our product lineup, we intend to offer energy transition solutions and autonomy solutions, including intelligent mining solutions and autonomous scheduling software, across a broad range of applications.

Expand Our Presence in International and Domestic Markets

We strive to become a global new energy solution provider that delivers high-quality products and services at competitive prices. We plan to expand our global reach and enhance our overseas sales and service capabilities to meet the diverse needs of international customers. We plan to expand into international markets across Southeast Asia, the Middle East and Africa, such as Zambia, Laos and Indonesia, where demand for new energy engineering machinery is on the rise due to their rich mineral resources. Our expansion strategies include (i) partnering with distributors with established resources and experience abroad, (ii) targeting Chinese companies operating internationally, and (iii) deploying dedicated sales, marketing and after-sales teams on-site. We have been expanding our machinery operation services in international markets as well as growing our photovoltaic energy business, with a focus on providing power solutions for mining operations in overseas countries. We may explore opportunities to establish overseas manufacturing plants in these international markets in due course.

On the domestic front, we intend to establish five regional service hubs in major first-tier cities, including Beijing, Xi'an, Chengdu, Guangzhou and Hefei. These hubs will serve multiple functions, including product displays, business development, regional sales, post-sale service management, staff and distributor training, and warehousing of spare parts and accessories. We are establishing regional service hubs to support and collaborate with a broader network of service centers strategically located near our customers in the northwestern, northern, eastern, southwestern and southern regions of China. We aim to collaborate with local service providers to further expand the network of our local service centers throughout China. These centers will provide end users with product training, spare parts, accessories and post-sale services. Through these efforts, we aim to build strong sales channels, broaden our distribution network, and increase our influence in critical industry sectors.

Continue to Strengthen Manufacturing Capabilities

We endeavor to strengthen our manufacturing capabilities, particularly in the assembly of complete engineering machinery within our own facilities. We aim to improve operational efficiency, enforce stringent quality control, achieve cost-effectiveness, and increase product margins throughout the entire process, from research and development to manufacturing. For example, we plan to establish a new manufacturing plant for battery-electric wide-body dump trucks in Xiangtan, Hunan, from the ground up. Once fully built out, this facility is expected to boost our annual production capacity to 2,000 units of wide-body dump trucks.

Pursue Strategic Alliances and Investments

We are actively pursuing strategic alliances and investment opportunities to support our business expansion. Our strategic approach involves seeking collaborations and investments across various segments of the new energy industry chain, with a clear dual focus on promoting economic growth and delivering environmental benefits to our society. Leveraging our extensive industry experience, we believe we are well-positioned to identify and seize investment opportunities efficiently and in a timely manner.

OUR PRODUCTS

We design, develop, manufacture, sell and lease battery-electric engineering machinery, primarily battery-electric loaders and wide-body dump trucks, each offering a variety of payload and battery capacities. We also design and develop e-powertrain kits for battery-electric tractor trucks and offer complete tractor trucks for sale and lease. Our products are primarily used in industries such as mining and quarrying, energy and utilities, logistics and transportation, manufacturing and industrial production, construction and infrastructure as well as agriculture.

Battery-electric Loaders

Our battery-electric loaders, equipped with front-mounted buckets and robust wheels, are designed for heavy-duty lifting and material handling operations. Their maneuverability allows them to navigate in challenging environments such as rough terrains and active construction sites.

Our Major Loader Offerings

Starting with the launch of the BRT951EV, a five-tonne battery-electric loader model, in December 2019, we have expanded our loader lineup to include a fleet of three-tonne to seven-tonne battery-electric loaders.

The following table illustrates certain features and specifications of our primary loader models in chronological order according to their time of first sale.

	BRT956EV	BRT936EV	BRT958EV	BRT966EV	BRT970EV
Image					
Time of first sale	May 2020	March 2021	July 2021	March 2022	April 2023
Length*width*height (mm)	8,300*3,000*3,440	7,650*2,430*3,325	8,300*3,000*3,440	9,030*3,200*3,550	9,030*3,220*3,550
Performance configurations					
Payload capacity(1) (tonne)	5.0	3.0	5.5	6.6	7.0
Rated/Peak power of drive motor(2) (kW)	120/240	60/120	140/280	200/430	200/430
Rated/Peak power of working motor(3) (kW)	100/200	60/120	100/200	140/220	140/220
Hydraulic cycle time(4) (s)	≤10.6	≤10	≤9.6	≤11	≤11
Peak traction force(5) (kN)	170	100	170	198	198
Maximum breakout force(6) (kN)	≥176	≥97	≥176	≥200	≥200
Maneuverability configurations					
Wheelbase(7) (mm)	3,230	2,850	3,230	3,450	3,450
Tier center turning radius(8) (mm)	6,310	5,440	6,320	6,150	6,150
Battery configurations					
Battery capacity(9) (kWh)	282	184	282	423	423
Charging time (charging power)(10)	1h (240kW)	1h (180kW)	1h (240kW)	1.5h (240kW)	1.4h (240kW)

Notes:

(1) Represents the maximum permissible weight that a loader can safely transport in addition to its own unloaded weight.

(2) Represents the maximum power output that the drive motor of a loader can achieve during operation, referred to as "peak power," as well as the sustainable power level it can maintain under normal working conditions, known as "rated power."

(3) Represents the maximum power output that the working motor of a loader can achieve during operation, referred to as "peak power," as well as the sustainable power level it can maintain under normal working conditions, known as "rated power."

(4) Represents the total duration covering the loader's boom lifting, bucket unloading and boom lowering actions, a key metric of a loader's productivity.

(5) Represents the maximum force a loader can exert in the forward direction to overcome all opposing forces.

(6) Represents the maximum vertical force generated by the lifting hydraulic cylinder or the bucket hydraulic cylinder of a loader in an upward direction.

(7) Represents the distance from the center of an engineering machine's front wheel to the rear wheel, which affects the stability and maneuverability of a loader.

(8) Represents the distance from the center of a loader to the outer edge of its turning circle, which indicates the degree of tightness of the loader's turning and is a measure of the loader's maneuverability in confined spaces.

(9) Represents the total amount of electrical energy a battery can store, which impacts the duration the engineering machinery can operate before needing a recharge.

(10) Represents the time required to charge a battery within a standard battery power range, from 20% to 95% of its full capacity.

Powered by a wide array of proprietary technologies, our loaders excel in the following aspects:

- ***Environmental benefits***. While traditional fuel-powered loaders are major sources of environmental pollution, our battery-electric loaders provide a substantial environmental advantage with zero tailpipe emissions of carbon and other air pollutants such as hydrocarbons, nitrogen oxides and particulate matters. Furthermore, our loaders operate at low noise levels, averaging approximately 70 decibels, much quieter than the 86 decibels typically generated by traditional fuel-powered loaders, according to CIC.

- ***Performance excellence***. We pioneer a dual-motor design for battery-electric loaders, enhancing their ability to manage heavy loads and navigate challenging terrains efficiently. This design significantly reduces hydraulic cycle times to as low as nine seconds, which demonstrates our loaders' capability to move more materials within a shorter timeframe, making them well-suited for projects that demand high volume handling within tight deadlines. Furthermore, the dual-motor setup delivers excellent responsiveness, with an average response time of 0.15 seconds. Such quick response ensures our loaders operate with enhanced smoothness and precision of control, minimizing the risk of operational errors and alleviating operator fatigue during prolonged and intensive work sessions.

- ***Cost efficiency*.** Our loaders achieve enhanced energy consumption efficiency through an advanced power output modulation system, which dynamically adjusts the power output to match the operational conditions and load capacities, thereby optimizing energy usage. The single-pedal design of our loaders' braking system effectively captures and recycles energy during braking, channeling this energy back into the battery rather than dissipating it as heat. The following table illustrates the hypothetical full lifecycle cost savings analysis of our five-tonne loader model as compared to its five-tonne fuel-powered counterpart. The following cost saving analysis is only hypothetical in nature based on our theoretical calculations and is not substantiated by actual data collected from the operations of our loaders.

Hypothetical Full Lifecycle Cost Saving Analysis

	Five-tonne fuel-powered loader	**Our five-tonne battery-electric loader**
Service life without significant decay in performance[(1)]	5 years	
Full lifecycle energy consumption costs[(2)]	Approximately RMB1,935,000	Approximately RMB380,000
Full lifecycle maintenance costs[(3)]	Approximately RMB150,000	Approximately RMB75,000
Full lifecycle usage costs[(4)]	Approximately RMB2,085,000	Approximately RMB455,000
Full lifecycle usage cost savings[(5)]	Approximately RMB1,630,000	
Purchase costs[(6)]	Approximately RMB350,000	Approximately RMB760,000
Full lifecycle cost savings[(7)]	**Approximately RMB1,220,000**	

Notes:

(1) According to CIC, the average lifespan of both fuel-powered and battery-electric loaders is five years.

(2) Total energy consumption cost over the lifespan is calculated by multiplying the average annual energy consumption cost by the loader's typical lifespan. Annual energy consumption cost is calculated by multiplying the average unit price of energy by the average hourly energy consumption, the daily operational hours, and the total operational days in a year. In 2023, the average price of diesel in China was RMB7.59 per liter, based on the official pricing for 0# diesel published by local development and reform authorities. For electricity, the average price was RMB0.635/kWh in 2023, according to the commercial and industrial electricity rates released by State Grid Corporation of China in March 2021.

(3) Fuel-powered loaders incur an annual maintenance cost of RMB30,000 due to their mechanical structures. In contrast, battery-electric loaders have an annual maintenance cost of RMB15,000, according to CIC.

(4) Total usage cost over the lifespan is calculated as the sum of the full lifecycle energy consumption cost and the full lifecycle maintenance cost.

(5) Total usage cost savings over the lifespan are calculated by comparing the total energy consumption cost over the lifespan and the total maintenance cost over the lifespan of fuel-powered and battery-electric loaders.

(6) The purchase cost of a five-tonne fuel-powered loader from a typical Chinese machinery manufacturer is RMB350,000, according to CIC.

(7) Total lifespan cost savings are calculated by comparing the total usage cost savings over the lifespan and the purchase cost between fuel-powered and battery-electric loaders.

- ***Long operational time.*** Our loaders offer extended operational time and rapid recharging capabilities. With battery pack capacities ranging from 184 kWh to 423 kWh, these loaders can operate continuously for six to twelve hours on a single full charge. In addition, our loaders with 423-kWh battery packs can be fully recharged within approximately 80 minutes. The charging efficiency makes our loaders the preferred choice for industries requiring prolonged operational hours, such as large-scale engineering, construction projects and infrastructure development in locations such as open-pit mines, quarries, port docks, steel mills, coking plants and ceramic factories.

- ***Adaptability***. Our loaders are engineered to efficiently operate across a wide range of jobsites and working conditions. They feature an advanced battery thermal management system coupled with aerogel battery insulation, which is engineered to support operations in extreme temperatures from –30°C to 60°C. To date, our loaders have demonstrated resilience through four severe winters in Ordos, Inner Mongolia, and have also operated in the extreme cold of the Altay Mountains, where temperatures can drop as low as –40°C. Moreover, with a compact wheelbase ranging from 2,850 mm to 3,550 mm, our loaders offer precise maneuverability with a reduced turning radius, which allows for agile operation even in confined spaces.

Furthermore, our loaders offer diverse customization options to meet the specific operational needs of our customers across jobsites and working conditions. We provide specialized configurations including grapple loaders, fork loaders, rake loaders and side-dumping loaders, each designed for distinct types of tasks. Additionally, our loaders feature a quick attachment swap system that allows operators to switch between functional attachments swiftly.

- ***Connectivity***. Our loaders are equipped with advanced connectivity to enable remote access and control, featuring real-time location tracking, battery health assessment to detect anomalies and the visualization of data for tracking and analysis, monitoring and prediction of operator behaviors and instant fault alerts. Operators have the convenience of remotely managing the loaders, which includes setting geofences, as well as executing commands such as locking and unlocking, pre-heating, cooling and switching between high and low voltage power modes. Furthermore, our Over-The-Air (OTA) technology simplifies the process of receiving and installing software updates remotely, guaranteeing that our loaders consistently operate with the latest control strategies and management software.

- ***Operator experience.*** Our loaders are equipped with a one-touch silence feature that immediately quiets engine noise, creating a comfortable environment during breaks. Operators benefit from a real-time overview of the machine's status and have access to detailed data analytics. Furthermore, our loaders include a suspended seat that offers multi-layer shock absorption, significantly improving comfort for operators especially when navigating over rough terrains.

Case Study 1

In the second half of 2021, we sold a BRT958EV five-tonne battery-electric loader to a coking company in Xiaoyi, Shanxi. The harsh conditions at the operational site, characterized by dust and extreme temperature variations, posed challenges to the durability and adaptability of engineering machinery. Despite these conditions, after more than 15,000 hours of continuous operation up until May 2024, the loader demonstrated robust durability, maintaining over 86% of its maximum battery capacity.

Our Remote-operated Battery-electric Loaders

To address the growing incorporation of intelligent technology in the global engineering machinery industry, we have developed a proprietary suite of software and hardware for remote operations, which can be integrated into any model within our loader lineup.

Case Study 2

In November 2023, we initially deployed our remote-operated battery-electric loaders, model BRT959EV, at an organic fertilizer facility in Chongqing, China. This factory is tasked with handling large volumes of odorous poultry manure, making it difficult for on-site operations. Prior to the deployment of our remote-operated loaders, on-site operators had to work directly within these conditions.

With the introduction of the BRT959EV model, operators no longer need to enter the factory physically. Instead, they can perform their tasks remotely through a "virtual cockpit," which provides an immersive visualization of the loader's real-time status and operational mode, allowing operators to manage the loader with intuitive understanding and precise control over its immediate positioning. This new mode of operation substantially reduces direct exposure to harsh environments and boosts overall operator experience. It effectively addresses the persistent challenges our customers face with high employee turnover and staffing shortages in demanding work conditions.

Operations via the "virtual cockpit"

Building on the success of this pilot project, we launched the BRT958KLe, our first cabinless battery-electric loader model, in April 2024. This model introduces a cabin-free architecture to reduce its overall weight and consequently its average energy consumption especially on rugged terrains. By removing the traditional operator cabin, the loader can be remotely operated, eliminating the need for on-board human operators.

BRT958KLe features a 360-degree panoramic video stitching system and a status feedback system, allowing operators to easily toggle between different loader views via touch controls on a human-machine interface. It enables precise remote control from distances of up to 2,000 kilometers, achieving an image transmission latency of less than 200 milliseconds. Such remote operation capability allows operators to control and monitor the loader from the central console with enhanced operational efficiency. See "— Our Technologies — Remote and Autonomous Operation System" for details on the technological features of the remote-operated system.

BRT958KLe, our first cabinless remote-operated loader

We primarily sell our remote-operated battery-electric loaders, with or without a cabin, as part of an integrated package that includes interconnected hardware and algorithm-powered software for remote operations. Additionally, we are exploring options to offer autonomous scheduling software and intelligent mining solutions to support the coordinated operation of fleets of remote-operated loaders and autonomous wide-body dump trucks for open-pit mines. See "— Our New Business Initiatives — Autonomy Solutions."

Commercialization of Our Loaders

The selling prices of our loaders vary by model, ranging from approximately RMB0.4 million to RMB1.3 million including Value-Added Tax (VAT) during the Track Record Period. We expect the prices of our current loader models to decrease gradually due to anticipated reductions in the market prices of battery cells and other components. However, future models featuring larger payloads and greater battery capacities will be priced higher than our current offerings.

According to CIC, the selling prices of three-tonne to seven-tonne fuel-powered loaders in China range from approximately RMB0.25 million to RMB0.8 million, with an average lifespan comparable to our battery-electric loaders at approximately five years. While fuel-powered loaders generally have lower average selling prices, our loaders offer significant energy cost savings. Specifically, our five-tonne models save approximately RMB0.3 million per unit annually in energy costs compared to their fuel-powered counterparts. See "— Our Products — Battery-electric Loaders — Our Major Loader Offerings — Cost Efficiency."

During the Track Record Period, our loaders experienced increased sales and leasing, supported by strengthened sales and marketing efforts and enhanced performance, adaptability and reliability, which have contributed to greater customer acceptance. The following table sets forth the total sales volume, leasing volume and shipments of our loaders for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Sales volume (unit)	295	484	401
Leasing volume (unit)	31	41	49
Shipments [1] (unit)	**326**	**525**	**450**

Note:

(1) Represents the total number of loaders we sold and leased during the years indicated.

We generated revenue of RMB183.7 million, RMB281.2 million and RMB224.2 million from sales of our loaders in 2022, 2023 and 2024, respectively, representing 51.0%, 60.6% and 35.3% of our total revenue for the corresponding years. We generated rental income of RMB4.9 million, RMB3.6 million and RMB4.5 million from leases of our loaders in 2022, 2023 and 2024, respectively, representing 1.4%, 0.8% and 0.7% of our total revenue for the corresponding years.

Trial-use of Our Loaders

We understand that many of our target customers are more accustomed to traditional fuel-powered machinery than to new energy alternatives. To effectively penetrate the market, we offer trial periods for our battery-electric loaders, giving potential customers the opportunity to experience the economic and operational benefits of our green machinery firsthand. The trial experience not only demonstrates the value and efficiency of our products but also enables us to gather direct feedback, build strong customer relationships and encourage organic promotion.

The following table sets forth the key metrics of our trial-use loaders during the Track Record Period.

	For the Year Ended December 31,		
	2022	2023	2024
Loaders for trial-use			
At the beginning of the year	48	52	49
Newly added during the year	51	25	28
Converted into sales during the year	47	28	25
At the end of the year	52	49	51
Conversion rate(1)	47.5%	36.4%	32.5%

Notes:

(1) Represents the number of trial-use loaders converted into sales during a year divided by the sum of the number of trial-use loaders at the beginning of the year and newly added during the year.

We typically offer a trial period for our loaders ranging from seven days to six months at no cost to the customer. If the customer chooses to continue using the loaders after the trial period, our standard leasing rates apply. We recorded revenue from post-trial fees of nil in 2022, 2023 and 2024. Logistics costs for delivering and returning loaders during the trial period are either borne by us, as part of our efforts to attract trial customers, or by the trial customers themselves.

Pipeline of Future Loader Models

As we continue to evolve and enhance our product offerings, we plan to launch a revamped version of our five-tonne and six-tonne loader models in the second half of 2025, with reduced costs with higher durability and performance. This model is designed to be deployed in scenarios requiring extended operational time and high stability, such as coal mines, construction sites, ports and steel mills.

Battery-electric Wide-body Dump Trucks

Our battery-electric wide-body dump trucks are engineered to tackle the challenging demands of rugged terrains and manage heavy loads effectively. They are powered by new energy, with electricity being the sole or primary source. Our dump trucks are primarily deployed in open-pit mining operations for essential tasks such as transporting, unloading and distributing materials that have been collected by other machinery. Traditional fuel-powered wide-body dump trucks operating in challenging conditions typically experience high fuel consumption and maintenance costs. In contrast, our battery-electric wide-body dump trucks, which are primarily powered by electricity, significantly reduce energy consumption and lower maintenance and operational costs.

Our Major Wide-body Dump Truck Offerings

Our current lineup includes two main models, the BRT90E and the BRT105E, which are designed for downhill and/or uphill operations. The following table illustrates certain features and specifications of our primary wide-body dump truck models in chronological order according to their time of first sale.

	BRT90E (350 kWh)	BRT105E (423 kWh)	BRT105E (700 kWh)	BRT120E (724kWh)
Image				
Time of first sale	May 2020	August 2022	August 2022	September 2024
Length*width*height (mm)	9,560*3,710*3,930	9,960*3,710*4,200	10,960*3,710*4,200	10200*3950*4260
Operation scenario	Downhill and low-gradient uphill	Downhill and low-gradient uphill	Uphill	Uphill
Performance configurations				
Payload capacity(1) (tonne)	57	68–70	63	73
Rated/Maximum power output(2) (kW)	500/800	500/800	500/800	500/800
Battery configurations				
Battery capacity(3) (kWh)	350	423	700	724
Number of charging branches	2	2	4	4
Charging time (charging power)(4)	1h (300kW)	1.2h (300kW)	1.2h (600kW)	1h (800kW)

Notes:

(1) Represents the maximum allowable weight that a wide-body dump truck can safely carry in addition to its own empty weight.

(2) Represents the maximum power output that the motor of a wide-body dump truck can achieve during operation, referred to as "peak power," as well as the sustainable power level it can maintain under normal working conditions, referred to as "rated power."

(3) Represents the total amount of electrical energy a battery can store, which impacts the duration the wide-body dump truck can operate before needing a recharge.

(4) Represents the time required to charge a battery within a standard battery power range, from 20% to 100% of its full capacity.

Our battery-electric wide-body dump trucks exhibit competitive strengths in the following key aspects:

- ***Environmental benefits.*** Our dump trucks operate with zero carbon emissions and produce no air pollutants, distinguishing them from the high pollution levels of traditional fuel-powered dump trucks. Additionally, they generate less noise, with an average sound level of 74 decibels, compared to the 82 decibels typically produced by conventional fuel-powered models. Such advancement not only promotes eco-friendly and sustainable industry practices but also creates a comfortable operating environment for operators.

- ***Cost efficiency***. Our dump trucks feature an adaptive energy recovery system to enhance performance across diverse operational scenarios and working conditions. Through regenerative braking, the drive motor captures energy that would otherwise dissipate as heat, redirecting this energy back to the battery. In emergency scenarios, the system engages mechanical brakes immediately. Such mechanism is particularly beneficial during heavy-load downhill operations, leading to a net positive energy balance by efficiently recapturing and reusing energy. The following table illustrates the hypothetical full lifecycle cost savings analysis of our 105-tonne battery-electric wide-body dump truck in heavy-load uphill operations as compared to its fuel-powered counterpart. The following cost saving analysis is only hypothetical in nature based on our theoretical calculations and is not substantiated by actual data collected from the operations of our wide-body dump trucks.

Hypothetical Full Lifecycle Cost Saving Analysis

	Fuel-powered wide-body dump truck	Our 105-tonne battery-electric wide-body dump truck
Service life without significant decay in performance(1)	5 years	
Full lifecycle energy consumption costs(2)	Approximately RMB4,780,000	Approximately RMB1,355,000
Full lifecycle maintenance costs(3)	Approximately RMB200,000	Approximately RMB125,000
Full lifecycle usage costs(4)	Approximately RMB4,980,000	Approximately RMB1,480,000
Full lifecycle usage cost savings(5)	Approximately RMB3,500,000	
Purchase costs(6)	Approximately RMB800,000	Approximately RMB2,050,000
Full lifecycle cost savings(7)	**Approximately RMB2,249,000**	

Notes:

(1) According to CIC, the average lifespan of both fuel-powered and battery-electric wide-body dump trucks is approximately five years.

(2) Total energy consumption cost over the lifespan is calculated by multiplying the average annual energy consumption cost by the typical lifespan. Annual energy consumption cost is calculated by multiplying the average energy unit price by the energy consumption per kilometer, the average daily mileage, and the total number of operational days in a year.

(3) Fuel-powered wide-body dump trucks incur an annual maintenance cost of RMB40,000 due to their mechanical structures. In comparison, battery-electric wide-body dump trucks have an annual maintenance cost of RMB25,000, according to CIC.

(4) Total usage cost over the lifespan is calculated as the sum of the full lifecycle energy consumption cost and the full lifecycle maintenance cost.

(5) Total usage cost savings over the lifespan are calculated by comparing the total energy consumption cost over the lifespan and the total maintenance cost over the lifespan of fuel-powered and battery-electric wide-body dump trucks.

(6) The purchase cost of a 105-tonne fuel-powered wide-body dump truck from a typical Chinese machinery manufacturer is RMB800,000, according to CIC.

(7) Total lifespan cost savings are calculated by comparing the total usage cost savings over the lifespan and the purchase cost between fuel-powered and battery-electric wide-body dump trucks.

- ***Adaptability***. Designed for operations in demanding conditions, our dump trucks incorporate a dual-motor topology design that provides significant traction to enable stable operations, even when transporting full payloads up inclines of 30%. Such capability renders them well-suited for challenging uphill tasks where robust performance is critical.

- ***Long operational time***. The 700-kWh variant of our BRT105E model is designed for extended use, delivering more than 5.5 hours of continuous operations at full payload capacity. Incorporating our proprietary design of four-branch parallel charging circuits, the charging time for the 700-kWh battery is approximately 70 minutes under normal working conditions, which reduces downtime associated with recharging and maximizes operational efficiency on mining sites.

- ***Connectivity***. Our dump trucks are equipped with advanced connectivity to enable remote access and control, featuring real-time location tracking, operation parameters monitoring, battery and entire machinery health assessment, and the visualization of data for tracking and analysis, monitoring and prediction of operator behaviors and instant fault alerts. Operators can conveniently manage our dump trucks remotely, performing tasks such as setting geofences, executing commands such as locking and unlocking, pre-heating, cooling and switching between high and low voltage power modes. Furthermore, our OTA technology streamlines the process of offering post-sale services, ensuring that our dump trucks always operate with the latest control strategies and management software.

- ***Safety.*** Our dump trucks feature an intelligent braking intervention and warning system that automatically activates the brakes and makes warnings in response to collision threats or brake pedal malfunctions. Additionally, upon the customer's request, these dump trucks can be outfitted with a 360-degree detection capability and full-color night vision, providing operators with light signals and sound warnings to enhance situational awareness of potential collisions or emergencies.

Case Study 3

In November 2023, we sold nine of our 700-kWh BRT105E dump trucks to a subsidiary of a Fortune Global 500 mining company located in Xilin Gol, Inner Mongolia. Situated at an altitude exceeding 1,100 meters with winter temperatures plunging below –34.5°C, the site presented severe challenges for heavy-load engineering machinery.

BRT105E navigating snowy mountains at the mining sites in Xilin Gol

Despite these conditions, our BRT105E model demonstrated exceptional stability and efficiency, delivering substantial economic benefits. Detailed energy consumption records from the customer showed that, for equivalent payloads and distances, the energy costs of the BRT105E dump trucks were approximately one-third of those for traditional diesel-powered dump trucks. By switching to our BRT105E model, the company significantly reduced its overall cost of molybdenum concentrate production, achieving savings of over RMB4,200 per tonne and annual savings exceeding RMB12.0 million.

Our Autonomous Battery-electric Wide-body Dump Trucks

In response to the increasing domestic and international market demand for autonomous operation especially in open-pit mines, we integrated our proprietary autonomous system onto our BRT105E model and introduced our first-generation autonomous battery-electric wide-body dump trucks in March 2023.

Our first-generation autonomous wide-body dump truck

Operating autonomously, this machine can navigate and perform its tasks without any manual intervention. Our autonomous dump trucks can precisely identify obstacles as small as 20 centimeters from up to 50 meters away. Through our cloud-based dispatch platform, customers can easily schedule tasks for their autonomous dump trucks and perform real-time analysis of operational data generated by these machines. Our autonomous dump trucks leverage advanced technologies such as intelligent sensing, real-time video stitching, video streaming and three-dimensional mapping, which enable the trucks to navigate the rugged and undulating terrains commonly found in mining areas, even under challenging environmental conditions such as dust or sandstorms. These technologies also enable our dump trucks to autonomously avoid obstacles and perform accurate trajectory tracking and parking, with a precision of within ten centimeters. See "— Our Technologies — Remote and Autonomous Operation System" for details on the technological features of our autonomous operation system.

Based on our prototype test, our autonomous dump trucks can work for approximately 18 hours a day with minimal on-site staff, efficiently achieving labor cost savings of over RMB1.0 million per unit across a service lifespan of five years. In addition, we provide specialized engineers and technical support to promptly address any issues that may arise amid autonomous operations.

We primarily sell our autonomous dump trucks as part of a package, which also includes hardware components such as a drive-by-wire chassis and roadside units, as well as specialized autonomous operation software deployed directly on the trucks. Similar to our remote-operated loaders, we are exploring the potential of offering autonomous scheduling software, as well as intelligent mining solutions to enable the coordinated operation of fleets of remote-operated loaders and autonomous wide-body dump trucks for open-pit mines. See "— Our New Business Initiatives — Autonomy Solutions."

Commercialization of Our Wide-body Dump Trucks

The selling prices of our battery-electric wide-body dump trucks vary by model, ranging from approximately RMB0.9 million to RMB2.3 million including VAT during the Track Record Period. We expect the prices of our current wide-body dump truck models to gradually decrease due to anticipated declines in the market prices of battery cells and other components. However, future models with larger payloads and greater battery capacities will be priced higher than our current offerings.

According to CIC, the selling prices of fuel-powered wide-body dump trucks in China range from approximately RMB0.7 million to RMB0.9 million, with an average lifespan comparable to our battery-electric wide-body dump trucks at approximately five years. While fuel-powered wide-body dump trucks typically have lower average selling prices, our battery-electric models provide significant savings in energy consumption costs. Specifically, our 105-tonne battery-electric wide-body dump trucks save approximately RMB0.7 million per unit annually in energy costs compared to fuel-powered counterparts. See "— Our Products — Battery-electric Wide-body Dump Trucks — Our Major Wide-body Dump Truck Offerings — Cost Efficiency."

Our dump trucks experienced significant growth in sales and leases throughout the Track Record Period, driven by our intensified marketing efforts, the launch of new models targeting to a broader market, and enhanced research and development to refine the performance, adaptability and reliability. The following table sets forth the total sales volume, leasing volume and shipments of our dump trucks for the years indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Sales volume (unit)	59	88	281
Leasing volume (unit)	0	8	26
Shipments [(1)] (unit)	**59**	**96**	**307**

Note:

(1) Represents the total number of dump trucks we sold and leased during the year indicated.

We generated revenue of RMB76.3 million, RMB126.5 million and RMB364.6 million from sales of our dump trucks in 2022, 2023 and 2024, representing 21.2%, 27.3% and 57.4% of our total revenue for the corresponding years. Additionally, we generated rental income of nil, RMB1.2 million and RMB6.3 million from leases of our dump trucks in 2022, 2023 and 2024, representing nil, 0.3% and 1.0% of our total revenue for the corresponding years.

Trial-use of Our Wide-body Dump Trucks

In line with our strategy for loaders, we offer trial use of our battery-electric wide-body dump trucks to enable customers to familiarize themselves with our products and experience the economic and operational benefits of our products firsthand. The following table sets forth the number of our trial-use wide-body dump trucks and its changes during the Track Record Period.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Wide-body dump trucks for trial-use			
At the beginning of the year	7	15	25
Newly added during the year	13	14	10
Converted into sales during the year	5	4	8
At the end of the year	15	25	27
Conversion rate(1)	25.0%	13.8%	22.9%

Note:

(1) Represents the number of trial-use wide-body dump trucks converted into sales during a year divided by the sum of the number of trial-use wide-body dump trucks at the beginning of the year and newly added during the year.

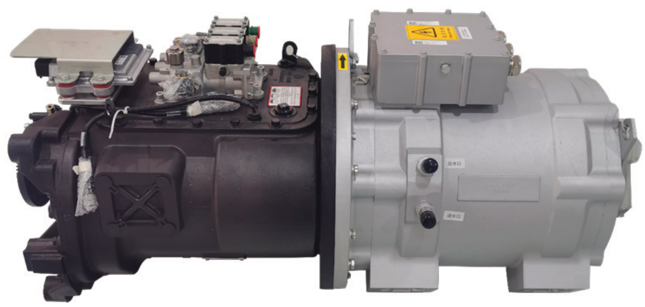
We typically offer a 15- to 120-day trial period for our dump trucks at no cost to the customer. If a customer decides to continue using the trucks after this trial, our standard leasing rates apply. Revenue from post-trial fees amounted to nil in 2022, 2023 and 2024. We typically bear the logistics costs for the delivery and return of the trial-use wide-body dump trucks.

Pipeline of Future Dump Truck Models

We plan to expand our wide-body dump truck lineup with the addition of a 145-tonne range-extended model with 724-kWh batteries in the second half of 2025 and a 135-tonne battery-electric model equipped with over 900-kWh batteries in 2026. Designed with the rigors of large-scale coal mining operations, both the range-extended and battery-electric wide-body dump trucks are built to support extended periods of operations. With their ultra-large tonnage capability and battery capacity, these wide-body dump trucks are expected to optimize work duration and improve energy consumption efficiency, thereby minimizing operational costs for our customers.

E-powertrain Kits for Battery-electric Tractor Trucks

We design, engineer, and manufacture e-powertrain kits for battery-electric tractor trucks and supply these kits to a catalog company that holds the requisite vehicle manufacturing qualifications. This catalog company integrates our e-powertrain kits into its chassis to complete the assembly of the tractor trucks. Once assembled, we purchase these fully assembled trucks from the catalog company and then distribute them to our customers. See "— Manufacturing — Tractor Truck E-powertrain Kit Manufacturing."



E-powertrain kits for battery-electric tractor trucks

Our e-powertrain kits for battery-electric tractor trucks possess the following features.

- ***Extended driving range***. Our e-powertrain kits facilitate extended driving range and fast charging for battery-electric tractor trucks. Tractor trucks equipped with our e-powertrain kits can achieve a driving range of 150 km while operating at a maximum load of 49 tonnes. Additionally, our e-powertrain kits feature a dual-gun fast charging mode, which enables a battery-empty tractor truck to be fully recharged in approximately one hour.

- ***Rapid acceleration and shifting.*** Our e-powertrain kits offer instantaneous torque and rapid acceleration, which allow tractor trucks to reach speeds of 40 km/h (typical operational speed for tractor trucks) in under 14 seconds with a 49-tonne total weight, making them ideal for short-haul operations. Moreover, our e-powertrain kits ensure seamless and dependable gear shifting by continuously adjusting gear ratios to enable efficient acceleration without distinct gear steps.

Tractor trucks are motor vehicles designed for hauling cargo, containers and other types of vehicles. They are widely used in logistics, warehousing, airports, rail stations and ports. The following table provides key specifications for the main tractor truck models we sold during the Track Record Period.

	Charging model	Battery-swapping model	Economy charging model
Length*width (mm)	7,360*2,550	7,360*2,550	7,360*2,550
Full load weight (kg)	9,980 (standard load)/10,400 (heavy load)	10,400 (standard load)	9,980 (standard load)/10,500 (heavy load)
Maximum speed (km/h)	89	89	85
Battery capacity (kWh)	282	282	258

We distribute the battery-electric tractor trucks incorporating our e-powertrain kits to our downstream customers following the procurement of these trucks from the catalog company. The sales volume of the tractor trucks decreased from 148 units in 2022 to 66 units in 2023, and further decreased to 27 units in 2024. During the Track Record Period, the selling prices of the battery-electric tractor trucks ranged from approximately RMB0.3 million to RMB0.8 million including VAT.

Our collaboration agreement with the catalog company expired in November 2024 and as we shifted our focus towards new energy engineering machinery and solutions, we have decided not to renew the agreement. We have no plans to produce e-powertrain kits for tractor trucks or to purchase assembled tractor trucks from the catalog company in the future. Going forward, our sales of tractor trucks will be limited to clearing out our existing inventory.

OUR NEW BUSINESS INITIATIVES

Our business is founded on innovations that center around our customer needs. Since 2023, we have expanded our technological and engineering expertise to include new energy solutions, such as autonomy solutions, energy transition solutions and photovoltaic energy system. These solutions are intended to complement our product sales by creating additional, sustainable revenue streams through service fees and software licensing. We believe that diversifying our offerings will drive long-term growth, achieve economies of scale, and further strengthen our market position and financial health.

Autonomy Solutions

Beyond engineering machinery equipped with remote and autonomous operation capabilities, we offer autonomy solutions through intelligent mining solutions and autonomous scheduling software. These solutions are designed to automate designated tasks, facilitate remote control and operations of machinery, enable efficient management of multiple fleets simultaneously. Additionally, they support fully autonomous operations, helping our customers eliminate the need for direct human supervision, therefore ensuring the safety of personnel and improving overall operational efficiency.

Intelligent Mining Solutions

Drawing on our advancements in remote and autonomous operation technologies, we are laying the groundwork for delivering intelligent mining solutions tailored to enclosed environments such as open-pit mines. Customers no longer need to purchase our engineering machinery for demanding tasks. Instead, they can utilize our intelligent mining solutions, using our fleet of machinery to complete their mining operations autonomously or remotely. Our solutions are designed to handle a range of tasks including excavation, crushing, loading, transportation, unloading and charging, all achievable without operators present at the jobsites. Once we deploy our autonomous and remotely operated fleets at the sites of our customers, our team of technical experts and service staff manages the entire operations, from initial setup and integration to ongoing maintenance and optimization.

Our revenue model for intelligent mining solutions is based on ongoing service fees, which vary depending on factors such as the operational environment, fleet size, complexity of scheduling needs, term of the service agreement, infrastructure development level, and any value-added services requested (such as custom reporting and integration with existing systems). We may also adopt a tiered approach to accommodate various service requirements, ranging from basic remote monitoring to comprehensive autonomous operation management. As of the Latest Practicable Date, we had entered into an agreement with a customer to provide intelligent mining solutions.

Autonomous Scheduling Software

We intend to provide scheduling software that facilitates the operation, scheduling and orchestration of large fleets of battery-electric loaders and wide-body dump trucks, whether they are equipped with remote and autonomous operation technology or not. Our scheduling software is designed for deployment within central consoles at customers' jobsites or accessed through application programming interface. It allows operators to remotely control and operate multiple machines and provides recommendations to optimize machine dispatch and operations.

We expect to adopt a licensing model for our autonomous scheduling software, which will include subscription fees covering software updates and ongoing support and services. The pricing structure will vary depending on the complexity of tasks the software is required to perform, the number of machines to be integrated, and any custom features or integrations requested by the customer. During the Track Record Period, we had not generated any revenue from the autonomous scheduling software.

Energy Transition Solutions

Leveraging our technological and engineering expertise, we have expanded our offerings to include energy transition solutions. As of the Latest Practicable Date, we provided energy transition solutions to a trucking company based in North America for the design and manufacturing of add-on e-powertrains to convert diesel tractors to operate as hybrids.

We utilize modular technology stacks developed through our engineering platforms to provide tailor-made design and engineering services and manufacture core kits for the energy transition solutions according to the specific technical and mechanical specifications requested by our customers. Each kit is subject to thorough testing, inspection, modification and tuning within our manufacturing facilities to ensure that the final products precisely match our design blueprints and fulfill all functional requirements. We adopt a project-based pricing model, considering the costs associated with our raw material procurement, research and development and engineering.

Case Study 4

In 2022, we were commissioned by a trucking company based in North America to design and manufacture add-on e-powertrains, allowing conventional diesel tractors to operate as hybrids. The e-powertrains we designed are specialized for integration with the existing tractors of the company's clients, allowing the tractors to transition from running solely on diesel to becoming dual-power models, utilizing both diesel and electricity.

During the Track Record Period, our revenue attributable to our energy transition solutions was insignificant.

Photovoltaic Energy System

In the emerging field of new energy engineering machinery, many downstream businesses lack the essential electrical infrastructure required to fully adopt such advanced machinery. To meet this demand, we are in the process of developing and commercializing a proprietary direct current photovoltaic energy system, which integrates photovoltaic panels, direct current inverters, energy storage batteries and charging stations. It is designed to provide one-stop solutions for photovoltaic energy generation, storage and charging.

The system operates exclusively on direct current power. Specifically, the photovoltaic panels generate electricity in direct current, the energy storage unit charges and discharges using direct current, and the charging stations distribute power in direct current as well. Such design offers numerous advantages, including reduced heat loss, higher energy conversion efficiency, improved system stability, and decreased hardware requirements. The all-direct current system is particularly advantageous in areas lacking traditional grid infrastructure. By eliminating the reliance on conventional grid scheduling and management systems, our system offers greater independence and reliability.

In December 2022, we initiated a pilot photovoltaic energy generation, storage and charging station in Panzhihua, Sichuan, for trial operations. The station is capable of unmanned operation and is compatible with a variety of electric vehicles and engineering machinery. Moving forward, we intend to leverage the experience gained from this pilot to propel the commercialization of such stations.

We are expanding our international photovoltaic energy business, particularly in providing power solutions for mining operations. In Zambia, for instance, we established a subsidiary in January 2025 and are developing grid infrastructure to support mining sites. We are currently implementing an energy storage solution in Zambia to provide scalable renewable energy services, with completion expected by 2025. Once in service, this infrastructure will power the customer's production line and support the charging requirements of our battery-electric products.

OUR REVENUE MODEL

During the Track Record Period, we generated most of our revenue from sales of products, including battery-electric loaders, wide-body dump trucks and tractor trucks, as well as sales of spare parts and accessories (primarily e-powertrains and charging piles, as well as add-on e-powertrains we sold under our energy transition solutions). Starting in 2024, we began generating revenue through the sale of battery-electric engineering machinery with autonomous capabilities. We also generate rental income by leasing our loaders, dump trucks and tractor trucks to lessees who prefer to use our products without purchasing them.

Apart from product sales and leasing, we offer a wide range of repair and maintenance services adapting to our customer needs. To introduce prospective customers to the economic and operational benefits of our products, we provide trial uses and, on a case-by-case basis, may charge trial-use fees. As we began commercializing our remote and autonomous operation technologies in 2023, we also generate service fees from providing autonomy solutions.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Sales of products:						
Battery-electric loaders	183,730	51.0	281,154	60.6	224,197	35.3
Battery-electric wide-body dump trucks	76,290	21.2	126,456	27.3	364,588	57.4
Battery-electric tractor trucks	77,940	21.6	28,551	6.1	7,035	1.1
Spare parts and accessories	15,311	4.3	19,372	4.2	25,687	4.0
Subtotal	**353,271**	**98.1**	**455,533**	**98.2**	**621,507**	**97.8**
Rendering of services	**485**	**0.1**	**2,794**	**0.6**	**3,187**	**0.5**
Rental income	**6,350**	**1.8**	**5,411**	**1.2**	**10,763**	**1.7**
Total revenue	**360,106**	**100.0**	**463,738**	**100.0**	**635,457**	**100.0**

OUR TECHNOLOGIES

Our business operates on robust technological and engineering capabilities. We utilize a modular approach that segments our technologies into distinct building blocks, which facilitates the efficient development of a growing lineup of new products while achieving economies of scale. Over time, we have applied the modular approach to construct versatile design platforms for our loaders and wide-body dump trucks. Each platform offers a variety of configuration options to meet diverse customer preferences, which help improve our research and development efficiency and accelerate our time-to-market.

Building on these platforms, we have developed a proprietary suite of technologies for our loaders and wide-body dump trucks, including remote and autonomous operation systems, e-powertrain, electrical and electronic architecture, VCU, thermal management, and battery systems. The diagram below illustrates the core technologies featured in our loaders and wide-body dump trucks.

Battery-electric Loaders and Wide-body Dump Trucks

Remote and Autonomous Operation System

We have developed a full stack of proprietary software for the autonomous and remote operations of our engineering machinery, making us the first in China to commercialize remote-operated battery-electric loaders and autonomous battery-electric wide-body dump trucks, according to CIC.

Remote operation system. Our remote operation system employs image codec and low-latency communication technologies, which reduce image transmission latency to less than 200 milliseconds. Such reduction in visual lag minimizes operator's sense of disruption. The system's optimized control strategies enable precise control of loaders from distances up to 2,000 kilometers. Employing multi-sensor fusion technology, the system combines signals from multiple cameras with radar-generated point clouds to enhance the visual data captured by the cameras. Our proprietary warning and assistive intelligent operation algorithms further enhance operational precision, simplify manual handling and improve safety.

Autonomous operation system. Our autonomous operation system combines a rich array of sensors with robust computing capabilities and advanced intelligent algorithms. Utilizing real-time 3D spatial positioning, it employs forward fusion technology for processing sensor data, ensuring prompt rendering of results within 100 milliseconds. Capable of detecting obstacles as small as 20 centimeters within a 50-meter range, the system formulates optimal operation strategies based on perception and detection results. Our perception fusion algorithm provides a real-time bird's-eye view of the environment, presenting a detailed status of both dynamic and static object, which enables autonomous obstacle avoidance and high-precision trajectory tracking and parking within a ten-centimeter range.

E-powertrain

Our e-powertrain features a pioneering dual-motor design that incorporates a drive motor and a working motor, which effectively resolves the technical challenges related to interference and power diversion between the two motors. The dual-motor design not only improves the stability of the power system but also ensures optimal performance with minimal energy consumption. Additionally, our gearbox control strategy refines the control sequence for electromagnetic valves within the gearbox, which increases the efficiency of gear transitions and reduces the risk of malfunctions during shifts.

To further improve energy efficiency, our loader's working motor is equipped with an adaptive start-stop transition feature. When the loader's hydraulic system remains idle for a specified duration, the working motor automatically shuts off to conserve energy. Upon resuming operation, the working motor promptly restarts to support the operations of the hydraulic system, thus optimizing energy use while maintaining consistent performance.

Electrical and Electronic Architecture

The electrical and electronic architecture encompasses the structural layout of electrical and electronic components, the topology of bus communication system, the layout of electronic control components, and the design of both high- and low-voltage electrical connections and wiring harnesses. Employing the forward design and engineering method with the functional performance requirements of the entire machinery in mind, this architecture supports autonomous operations and ensures that all components function effectively under various conditions, delivering optimal performance and a superior functional experience.

High-voltage safety technology. We employ a specialized system for continuous real-time monitoring of insulation resistance and the state of the high-voltage interlock loop across the machinery and its components. Safety performance is our priority, and our proprietary high-voltage leakage detection algorithms identify insulation degradation and faults effectively. In case of a high-voltage leakage, our system accurately locates and addresses the issue, providing a robust defense against potential high-voltage safety incidents and enhancing the safety and reliability of our products.

Electromagnetic interference and compatibility design. Our product design mitigates potential sources of electromagnetic interference, their transmission routes, and the susceptibility of components to such interference. We take effective measures in the layout of high-voltage components, the routing and design of wiring harnesses, the shielding and protection of adaptive components and wiring, and the material and layout of communication cables. These measures ensure that our products' electromagnetic interference and compatibility performance adhere to standards and safeguard the stable and reliable operation of our products.

Regenerative braking system. Our braking system features regenerative braking with motor feedback and mechanical braking, supplemented by an emergency brake system for added redundancy. This system prioritizes rapid, safe and stable braking performance while maximizing the conversion of kinetic energy into electrical energy for recovery. It intelligently adjusts according to different scenarios and potentially increases the driving range by 5% to 10% during heavy-load downhill operations. Even under emergency conditions, the eddy current brake is designed to prevent heat decay in mechanical brakes to ensure effective emergency braking and operation safety.

Vehicle Control Unit

The Vehicle Control Unit (VCU) acts as the central domain controller in our products, receiving signals from various strategically positioned sensors across the machinery. These sensors monitor a range of data, including brake and accelerator pedal positions, voltage and current levels of key components, speed, torque, temperature and charging connector status. Such comprehensive data collection allows the VCU to accurately determine the status of the entire machinery, its systems and all critical components. By interpreting the operator's intentions, the VCU precisely manages the activity of each component and the overall power output, ensuring precise control for the operator.

Furthermore, based on the gathered information about our products, the VCU utilizes deployed intelligent recognition and control models to assess their operational status and health. It continuously upgrades the parameters of each component of our products in real-time, thereby enhancing the overall working efficiency of the machinery and extending the lifespan and durability of its components.

Thermal Management

Temperature regulation is critical for the overall performance of our products. We have implemented a sophisticated system of nested heating circuits that efficiently recycle excess heat generated under different conditions, enabling the cyclic reuse of heat throughout the machinery. To optimize this process, we used Computational Fluid Dynamics (CFD) simulation software to analyze and enhance the flow field of the machinery and its components. This analysis has improved heat dissipation efficiency by optimizing the layouts of fans and radiators.

Furthermore, we applied CFD analysis to fine-tune the heat flow within the machinery's power compartment based on flow and temperature field analysis. By incorporating advanced technologies such as phase change materials and heat pumps, we have achieved thermal equilibrium, which reduces the power needed for heat dissipation, leading to lower energy consumption in the thermal management system.

Battery System

We source high-energy density battery cells and modules from top-tier suppliers and integrate them into our battery system using our proprietary system design. The power batteries in our products generally perform optimally for approximately five years before significant capacity loss begins. Their lifespans are affected by factors such as the number of charge and/or discharge cycles, operating environment, temperature and charging and/or discharging practices. According to CIC, end users generally prefer replacing the entire machine rather than just the battery, as component wear over time can impact overall machinery stability.

To enhance battery lifespan, safety, and charging efficiency, we have co-developed a dynamic battery balancing technology to ensure that the multiple branches of our large-capacity battery systems remain balanced during charging and discharging cycles. Additionally, we have introduced micro-circulation among battery branches to minimize the circulating current effect, thereby extending overall battery health. In our 700-kWh model BRT105E, we incorporated four-branch parallel charging circuits to enable convergence of a 1,000A high charging current while minimizing inter-branch interference.

Our proprietary battery thermal management system precisely controls the temperature of the battery system during charging. It maintains the battery temperature within an optimal range and ensures minimal temperature variance between cells, which enhances adaptability to various operating conditions. The system also supports remote battery heating to allow for the pre-heating of the battery in cold conditions before operation, which improves both user experience and operational efficiency. Moreover, our proprietary three-sided liquid cooling structure enhances overall cooling efficiency, resulting in a 20% reduction in cooling energy consumption. To prevent battery overheating, our system ensures a consistent coolant flow rate of at least 10L/min in each branch and maintains a flow rate difference of less than 2% between branches.

MANUFACTURING

Our manufacturing strategy focuses on maintaining product quality and enhancing operational efficiency. We employ distinct manufacturing methods for each product type, all of which combine the benefits of both in-house production and external collaboration to balance our core manufacturing competencies with economic efficiency.

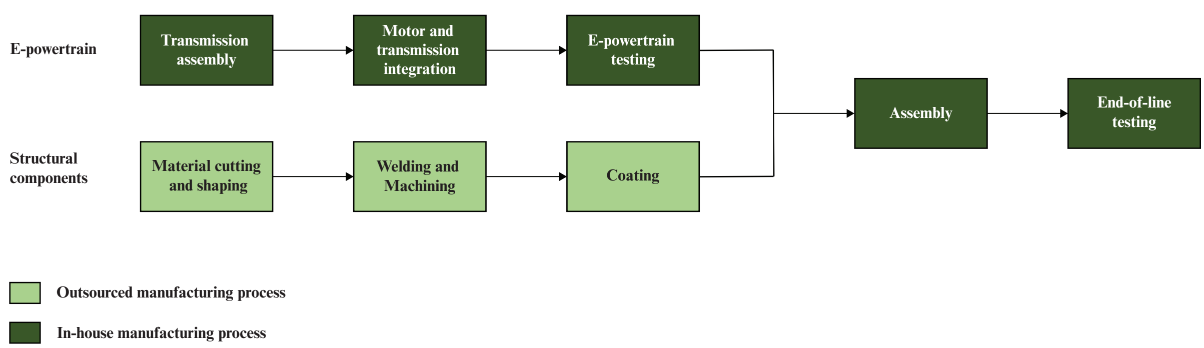
Battery-electric Loader Manufacturing

We manufacture e-powertrains of our loaders, which are essential to our intellectual property, at our own manufacturing plants. This setup allows our design, engineering and manufacturing teams to collaborate closely, significantly speeding up our product development process. Additionally, our in-house manufacturing capabilities facilitate diverse customization and rapid iteration of our products, which enable us to adapt our designs to meet specific customer requirements and integrate these adaptations into our existing product lineup.

During the Track Record Period, we primarily collaborated with 13 third-party manufacturers to produce major structural and other components, making sure they meet the technical standards and specifications set by our design and engineering teams. Routine and labor-intensive tasks such as material cutting, shaping, welding, machining and coating are outsourced to these manufacturers. We also conduct on-site quality inspections at every critical stage of the manufacturing process to maintain our high-quality standards. This approach makes sure that every step of the outsourced production complies with our specifications, and any deviations are promptly identified and corrected to preserve the integrity and quality of our products.

In addition to producing components, we undertake the complete assembly of our loaders, including body assembly, final machinery assembly and end-of-line testing. Furthermore, we conduct a thorough pre-delivery inspection to ensure the quality and readiness of our machinery before shipping to customers. See "— Quality Control — Quality Control in Manufacturing Process."

The following diagram illustrates the key stages in the production process of our loaders:



Below are the key stages in our in-house production process for e-powertrains of our loaders, with each stage averaging three to four hours to complete:

- ***Transmission assembly.*** Transmission assembly begins with component preparation, followed by assembling the planetary carrier, planetary gear, and the rear and front housing, attaching the power take-off, the front-end cover, and installing necessary peripherals such as pipes and valves.

- ***Motor and transmission integration.*** The motor is integrated with the assembled transmission to ensure effective coordination between the motor and transmission.

- ***E-powertrain testing.*** The assembled e-powertrain undergoes testing to detect any operational issues and ensure compliance with required quality and performance standards.

Below are the key stages in the outsourced production process for the structural components of our loaders, which typically take approximately two days to complete:

- ***Material cutting and shaping.*** Both thermal and mechanical methods are utilized to cut steel plates into designed shapes. These components undergo multidirectional pressing, rolling and stretching to correct any distortions, ensuring they are properly flattened.

- ***Welding and machining.*** Cut pieces are assembled and welded together using carbon dioxide shielded welding and automated welding robots. High-precision machining centers refine hinge holes and mounting surfaces to ensure dimensional accuracy and a precise fit for assembly.

- ***Coating.*** Components such as frames and arms undergo surface preparation in a shot blasting chamber before being coated with eco-friendly water-based paints in a multi-layer process, including primers and topcoats. The painted components are then cured in drying chambers.

Below are the key stages in the complete assembly of our loaders, with each stage taking approximately four days to complete:

- ***Assembly.*** Using an AGV assembly line, major components such as power batteries, motors and hydraulic parts are mounted onto the chassis. These components are secured with automated screw-tightening systems and filled with necessary fluids such as brake and hydraulic oils.

- ***End-of-line testing.*** In the specialized facility within our manufacturing plants, our complete loaders undergo road testing and performance evaluations, simulating real-world operating conditions to ensure reliability and safety.

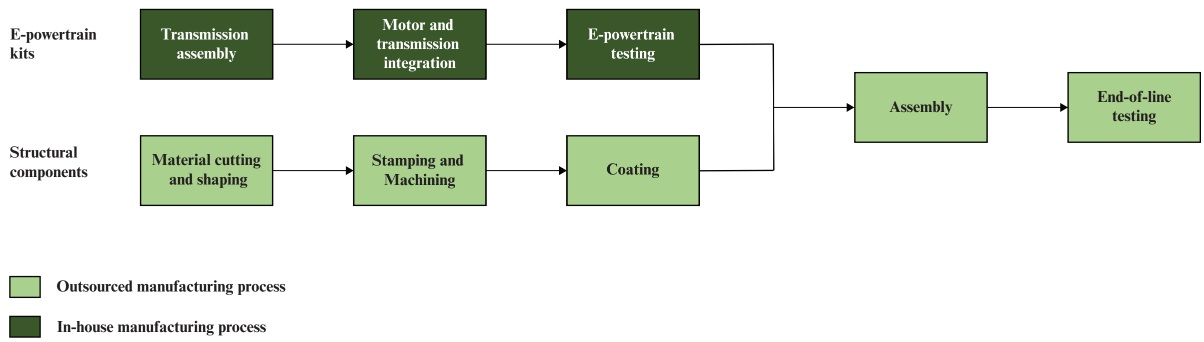
The entire component procurement and production cycle for our loaders takes approximately 50 days to complete. According to CIC, the production and procurement cycle for fuel-powered loaders typically ranges from 40 to 60 days.

Battery-electric Wide-body Dump Truck Manufacturing

We manufacture e-powertrain kits for our battery-electric wide-body dump trucks in-house and outsource the production of structural and other components such as battery frames, chassis, cabins and cargo beds, as well as the assembly process to third-party manufacturers. Such arrangement allows us to focus on our strengths in the design and development of complete machinery and the manufacturing of core components, while leveraging the specialized expertise of third-party manufacturers for cost-efficient production and assembly. During the Track Record Period, we collaborated with five third-party manufacturers for the production of major structural and other components and the assembly process for our dump trucks.

To maintain high-quality standards, we have developed our own technical manual that contains detailed standards and specifications which our third-party manufacturers are required to follow, which provides guidance to ensure that all outsourced components and assembly processes meet our expectations. Furthermore, we assign our engineers to the sites of our third-party manufacturers to conduct on-site inspections and provide supervision throughout the production and assembly process of outsourced components.

The following diagram illustrates the key stages in the production process of our dump trucks:



The production processes for our dump trucks are largely similar to those of loaders, except that the structural components for wide-body dump trucks are predominantly stamped, while those for loaders are typically welded. See the key stages in our in-house production process for e-powertrains of our loaders under "— Manufacturing — Battery-electric Loader Manufacturing." Similar to our loaders, the complete component procurement and production cycle for our dump trucks takes approximately 50 days. According to CIC, the production and procurement cycle for fuel-powered wide-body dump trucks typically ranges from 40 to 60 days.

In selecting these third-party manufacturers, we prioritize criteria such as certifications, proven track records, manufacturing capabilities, technological expertise, product quality, service offerings, pricing, and their commitment to long-term partnerships.

The salient terms of our agreements with the third-party manufacturers are as follows:

- ***Quality assurance.*** The third-party manufacturer is responsible for the quality of the chassis, while we are responsible for the quality of the e-powertrain kits and the entire wide-body dump trucks.

- ***Pricing.*** We pay volume-based tiered service fees to these third-party manufacturers. The unit price for the service fee decreases in direct proportion to the volume of commissioned manufacturing work.

- ***Payment schedule.*** We remit payments to the third-party manufacturer at four distinct intervals: within three working days following the execution of this agreement, in advance of shipment, 45 days subsequent to the receipt of the equipment, and within three working days after the expiration of the warranty period.

- ***Confidentiality obligations.*** Both parties bear a mutual obligation to maintain the confidentiality of information concerning pricing and other confidential data.

- ***Duration.*** The duration of the agreements is typically for three years, and we negotiate the terms of the agreements with the third-party manufacturers annually.

Tractor Truck E-powertrain Kit Manufacturing

We manufacture e-powertrain kits for tractor trucks in-house. Our manufacturing operations for the e-powertrain include transmission assembly, motor and transmission integration, and e-powertrain testing. These processes are largely similar to those used for our loaders and dump trucks. See the key stages in our in-house production process for e-powertrain of our loaders under "— Manufacturing — Battery-electric Loader Manufacturing."

We have collaborated with catalog companies holding requisite manufacturing qualifications for the production of tractor trucks. Under this arrangement, we supply e-powertrain kits to the catalog company, which they then integrate with their chassis and other critical components to assemble the complete tractor trucks. Upon completion of the assembly process, we procure these fully assembled trucks from the catalog company and include them in our inventory for sale to downstream customers. See "— Our Products — E-powertrain Kits for Battery-electric Tractor Trucks." We believe such collaboration combines the catalog companies' production expertise with our proficiency in developing and manufacturing e-powertrain kits, resulting in high-quality production at optimal costs.

According to the "Administrative Measures for the Access of Road Motor Vehicle Manufacturers and Products" (《道路機動車輛生產企業及產品准入管理辦法》, the "Measures"), manufacturers of road motor vehicles must obtain the relevant manufacturing qualifications before production and sales. Since tractor trucks fall under the category of road motor vehicles, obtaining the vehicle manufacturing qualification is required prior to production. Under our collaboration arrangement, catalog companies are designated as the "manufacturer" of the tractor trucks according to the Measures, which requires them to obtain the necessary vehicle manufacturing qualifications. We find this arrangement to be more cost-effective, as it allows us to focus on supplying e-powertrain kits and distributing the assembled tractor trucks, rather than obtaining manufacturing qualifications ourselves. According to CIC, this collaboration arrangement is common in the new energy tractor truck industry. As advised by the PRC Legal Advisor, our collaboration with catalog companies does not contravene any applicable PRC laws and regulations.

During the Track Record Period, we collaborated with Dongfeng Vasol Automobile Co., Ltd. (東風華神汽車有限公司), referred to as the "Catalog Company." The Catalog Company, a subsidiary of Dongfeng Motor Group Company Limited (東風汽車集團股份有限公司, HKEx: 0489) and an independent third party, specializes in manufacturing and selling a variety of commercial vehicles. With registered capital exceeding RMB1.0 billion and a workforce of over 1,000 employees, the Catalog Company has been in partnership with us since October 2019.

We have entered into a five-year collaboration agreement with the Catalog Company, which includes the following salient terms:

- ***Vehicle announcement catalog.*** The Catalog Company is responsible for ensuring that the tractor trucks provided to us comply with national technical and quality standards, as well as the technical agreement jointly executed by both parties. They must also confirm that the mass-produced tractor trucks align with the vehicle announcement catalog that are published by the MIIT. If the tractor trucks purchased from the Catalog Company fail to obtain vehicle licenses due to issues attributable to the Catalog Company, they are obligated to take corrective action at their own expense.

- ***Exclusivity.*** For tractor truck models for which we bear the cost of the vehicle announcement catalog application, the Catalog Company is prohibited from selling those models to any third party without our prior written consent.

- ***Intellectual property rights.*** The ownership of intellectual property rights pertaining to components developed jointly by us and the Catalog Company under our collaborative projects shall be determined through mutual negotiations, considering each party's contributions and other relevant factors. Each party retains ownership of its respective trademarks, patents, core technologies and other intellectual property, as legally entitled.

- ***Distribution.*** The Catalog Company shall assist and cooperate with us or any other designated company by providing the necessary authorization documents and materials required for distribution. Additionally, the Catalog Company shall support us in completing any required registration or filing processes related to distribution.

- ***Confidentiality obligations.*** Both parties are under a mutual obligation to maintain the confidentiality of any confidential information related to the cooperation for a period of five years following the execution of this agreement.

We treat the entire process — our sale of e-powertrain kits to the Catalog Company, our purchase of assembled tractor trucks from the Catalog Company, and our distribution of these trucks to end customers — as a single transaction. As a result, we do not record revenue or costs for the first two steps (sales of e-powertrain kits to the Catalog Company and purchases of assembled tractor trucks from the Catalog Company). Instead, we only record revenue and the corresponding costs from the final step of the collaboration, which is the sale of tractor trucks to our customers.

We treat the entire process as a single integrated transaction, including (i) the sale of e-powertrain kits to the Catalog Company ("Step 1"), (ii) the purchase of assembled tractor trucks from the Catalog Company ("Step 2"), and (iii) the subsequent sale of these tractor trucks to end customers ("Step 3"). We record revenue and cost of sales in Step 1 and record inventory purchase in Step 2. At the end of each reporting period, we eliminate the associated revenue and cost of sales entries. We record e-powertrain kits as raw materials in our inventory until we receive the assembled tractor trucks we purchase from the Catalog Company, at which point they are reclassified as finished goods in our consolidated financial statements for the first two steps. In Step 3, we recognize gross revenue and corresponding cost of sales when we sell these tractor trucks to end customers. For the sale of tractor trucks, we recorded revenue of RMB77.9 million, RMB28.6 million and RMB7.0 million, and costs of sales of RMB75.5 million, RMB33.2 million and RMB8.7 million from the sales of tractor trucks in 2022, 2023 and 2024, respectively. We recorded gross profit margin for distribution of tractor trucks of 3.1% in 2022, and gross loss margin of 16.4% and 23.1% in 2023 and 2024, respectively.

In terms of pricing, the Catalog Company sets the price for e-powertrain kits based on its standard procurement pricing system, which is applied consistently across all its suppliers. As a distributor, we purchase tractor trucks from the Catalog Company at their standard pricing for all distributed products. When selling these trucks to end customers, we set the prices based on our cost analysis and market competition.

During the Track Record Period and up to the Latest Practicable Date, the Catalog Company procured e-powertrain kits from us solely for producing tractor trucks sold to us. The only exception occurred in 2022 when the Catalog Company purchased six e-powertrain kits, assembled them into tractor trucks and sold them to other companies. This was a one-off transaction prompted by the Catalog Company's specific business needs at the time, and we generated revenue of RMB2.7 million from the sale of these six e-powertrain kits in 2022. Aside from these six tractor trucks, all other tractor trucks assembled by the Catalog Company using our e-powertrain kits were sold to us during the Track Record Period and up to the Latest Practicable Date. See "Overlapping of Our Customers and Suppliers."

Our Manufacturing Plants

We currently operate three specialized manufacturing plants: one in Zaozhuang, Shandong, one in Wuhan, Hubei, for manufacturing battery-electric loaders, and another in Yuyao, Zhejiang, for manufacturing e-powertrain kits for battery-electric wide-body dump trucks and tractor trucks. Additionally, we intend to expand our production infrastructure by constructing several new plants, which not only increase our manufacturing capacity for loaders but also enhance our in-house production capabilities for wide-body dump trucks.

Manufacturing Plant for Loaders

We manufacture battery-electric loaders at our Zaozhuang plant, which began operation in August 2020 and is situated in a leased facility in Zaozhuang, Shandong. The table below sets forth details on the design capacity, production output, and capacity utilization rate of our Zaozhuang plant for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Battery-electric loaders			
Design capacity (units)	600	600	600
Production output (units)	413	336	386
Capacity utilization rate[1]	68.8%	56.0%	64.3%

Note:

(1) The capacity utilization rate represents the total production output divided by the design capacity.

This fluctuation of the capacity utilization rate of our Zaozhuang plant during the Track Record Period was due to adjustments in our manufacturing plans based on anticipated market demand and our inventory levels.

In anticipation of increasing demand for battery-electric loaders in the next five years, we constructed our second loader manufacturing plant in Wuhan, Hubei, which commenced operations in August 2024, with an annual design capacity of 5,000 units of loaders.

Manufacturing Plants for E-powertrain Kits

We previously manufactured e-powertrain kits for battery-electric wide-body dump trucks and tractor trucks at our manufacturing plant located in Shanghai until our lease expired in September 2022. Starting from October 2022, we relocated the manufacturing of these e-powertrain kits to our Yuyao plant.

The table below sets forth details on the design capacity, production output, and capacity utilization rate of the Shanghai plant and Yuyao plant for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
E-powertrain kits			
Design capacity (sets)	200	200	200
Production output (sets)	189	159	246
Capacity utilization rate (%)[1]	94.5%	79.5%	123.0%[2]

Notes:

(1) The capacity utilization rate represents the total production output divided by the design capacity.

(2) The capacity utilization rate of our Yuyao plant in December 31, 2024 exceeded 100% as we optimized the shift arrangements of manufacturing staff during this year to meet production targets and fulfill the market demand for our dump trucks, resulting in the production output exceeding the designed capacity. At the end of 2024, we ceased the operation of our Yuyao plant and moved related manufacturing to our Wuhan plant.

Plants Under Construction

While we effectively utilized our manufacturing plants during the Track Record Period, we anticipate a significant increase in demand for both loaders and wide-body dump trucks in the near future. According to CIC, the new energy loader market in China is projected to grow from RMB6.9 billion in 2024 to RMB28.7 billion in 2029, with a CAGR of 33.0% from 2024 to 2029. According to the same source, the new energy wide-body dump truck market in China is expected to grow from RMB2.5 billion in 2024 to RMB14.9 billion in 2029, with a CAGR of 43.2% from 2024 to 2029. To capitalize on these market opportunities and strengthen our market position, we plan to scale up our production capacity by establishing new manufacturing plants for loaders and wide-body dump trucks. As new plants require time for construction and a ramp-up period to reach full capacity, we believe our current capacity expansion strategy is well-aligned with the anticipated demand for our products.

We plan to construct another loader manufacturing plant in Lanxi, Zhejiang, which is expected to be completed in 2025, with an annual design capacity of 5,000 units of battery-electric loaders. Furthermore, we are in the process of establishing a new wide-body dump truck manufacturing and assembly plant in Xiangtan, Hunan, which is expected to commence operations in 2025, with an annual design capacity of 2,000 units of battery-electric wide-body dump trucks.

RESEARCH AND DEVELOPMENT

Research and development are critical for advancing our technological capabilities. We have invested significant resources in research and development to continually refine our technologies, enhancing the performance, adaptability and reliability of our products. We recorded research and development costs of RMB44.9 million, RMB68.6 million and RMB81.7 million, respectively, in 2022, 2023 and 2024. We conduct research and development activities primarily in our dedicated center in Shanghai. As of December 31, 2024, our research and development team consisted of 103 experts, most of whom have extensive industry experience in new energy, engineering machinery, electronics, electrical engineering and remote and autonomous operations.

We have forged strategic partnerships with select suppliers of critical electronic components to spearhead innovation in component design. For instance, since June 2021, we have collaborated with a leading motor manufacturer to develop category-defining drive and working motors for our engineering machinery. Under our cooperation agreement with this motor manufacturer, all intellectual property rights resulting from this collaboration will be exclusively owned by us. Additionally, we have partnered with renowned battery manufacturers to develop advanced power battery systems and battery management systems, including a 700-kWh power battery system with four-branch parallel charging circuits, which optimizes energy usage, improves battery efficiency and compatibility, and enhances the overall system reliability of our products. According to our cooperation agreement with these battery manufacturers, any intellectual property rights resulting from this collaboration will be jointly owned by both parties, provided that both have made contributions. Alternatively, if the intellectual property is developed independently by one party, that party will retain exclusive ownership.

In addition, we collaborate with universities and academic institutions to enhance our research and development capabilities. For instance, we have partnered with a prestigious university in Shanghai to develop energy consumption optimization algorithms for predicting short-range speeds in battery-electric engineering machinery, which enhances the accuracy of energy consumption predictions and enables sophisticated management in our products. Additionally, we are engaged in a technical collaboration with a prominent intelligent control institute in Wuxi, Jiangsu, focusing on the development of autonomous wide-body dump trucks.

Our research and development team completed 11, 13 and nine research and development projects in 2022, 2023 and 2024, respectively, which primarily focused on the development of new product models, refinement of existing models, iteration of key components, development of our remote and autonomous operation system, and enhancement of our photovoltaic energy system. As of the Latest Practicable Date, we had 32 ongoing research and development projects, which are concentrated on our future product pipelines, iteration of our core technologies, refinement of our remote and autonomous operation system, and improvements to our internal operation system.

SUPPLY CHAIN MANAGEMENT

During the Track Record Period up to the Latest Practicable Date, we maintained a stable supply chain and inventory of key product components, including the VCU, motor and network control units, transmission control unit, display screens, dashboards, air conditioning and water-cooling systems. The chips integral to these components were not affected by the global chip shortage to ensure the consistent production and availability of our products.

We have adopted a multifaceted approach to control procurement costs. For instance, we have entered into supply agreements with our major suppliers, which guarantee a steady supply of essential raw materials and components. See "— Our Suppliers — Salient Terms of Our Supply Agreements" for salient terms of such agreements. As of the Latest Practicable Date, our relationships with these suppliers had remained stable without any material adverse changes.

In addition to maintaining strong ties with our major suppliers, we are proactively expanding our supplier network to broaden our sourcing channels for key components, thereby reducing dependency on our existing suppliers and enhancing our supply chain resilience. Specifically, we are diversifying our battery suppliers as part of a strategic effort to reduce costs without compromising quality. Despite these efforts, we may still incur substantial expenses associated with the procurement of raw materials and components necessary for manufacturing and assembling our products. See "Risk Factors — Risks Relating to Our Business and Industry — We may encounter cost increases or disruptions in the supply of raw materials or other components used in our products."

INVENTORY

We store finished products, components and raw materials within our own manufacturing plants as well as those of our third-party manufacturer and catalog companies. Our inventory turnover days were 266 days, 226 days and 161 days in 2022, 2023 and 2024, respectively. We recognize the amount of any write-down of inventories to net realizable value and all losses of inventories in the period the write-down or loss occurs. In 2022, 2023 and 2024, our impairment loss on inventory amounted to RMB25.7 million, RMB20.9 million and RMB17.4 million, respectively, accounting for 7.1%, 4.5% and 2.7% of our total revenue for the corresponding years.

To effectively manage our inventory levels, we employ strict control policies and utilize an inventory management system that allows us to adjust our inventory levels based on existing orders and projected sales. Furthermore, we have established partnerships with third-party logistics providers to ensure efficient and timely delivery of raw materials. Our supply chain for raw materials and components is compact and responsive, with deliveries made directly to our manufacturing plants from suppliers or through our selected logistics service providers.

QUALITY CONTROL

We aim to provide our customers with products and services of the utmost quality. To achieve this, we have employed a comprehensive quality control system that allows us to uphold our product quality standards, reduce wastage and enhance production efficiency. Our quality control procedures cover the full lifecycle of our products, primarily including: (i) product design and development; (ii) supply chain management; and (iii) manufacturing process.

Quality Control in Product Design and Development

We develop our products in compliance with applicable laws, regulations and industry standards. Our development process includes a series of evaluations and validations of prototype products to ensure high quality and cost-effective production. Additionally, we test our prototypes under diverse environmental conditions to guarantee they meet the operational requirements of our customers.

Quality Control in Supply Chain Management

We maintain detailed policies and procedures for supplier selection to ensure the quality of components and raw materials we procure. When evaluating potential suppliers, we conduct thorough due diligence, taking into account factors such as reputation, credentials, experience, product availability and pricing. Our quality control team within the supply chain management division regularly reviews and assesses our suppliers, focusing on the quality of their products, the timeliness of their deliveries, and their commitment to our business cooperation.

All suppliers are required to comply with our supply management policies, which include specific requirements for product labeling and packaging to ensure traceability. Our quality control team is responsible for communicating our quality standards to suppliers and conducting thorough inspections of product samples to verify compliance with the technical specifications of our product designs. To ensure the quality of incoming materials, our quality control team performs inspections of all raw materials received. We conduct ad hoc on-site visits of our suppliers' facilities and require timely corrective measures to remedy any quality issues identified.

Quality Control in Manufacturing Process

Our manufacturing department houses a dedicated quality control team responsible for overseeing our overall quality strategy, quality systems and processes to ensure minimal deviation from set procedures. Throughout production, our quality control team monitors technical standards, evaluates the quality of finished products, and assesses operational execution. Our inspectors adhere strictly to inspection benchmarks, routinely check stored products, and conduct pre-delivery inspections before shipment. If any defects are detected, inspectors immediately report to the quality control team, which then conducts an analysis on the quality or technical issue, formulates rectification plans, and implements corrective and preventive measures accordingly.

To maintain effective oversight, we compile regular quality reports shared with our research and development and manufacturing departments and keep consistent inspection records. Any technical glitches discovered are promptly addressed, with follow-up evaluations scheduled to ensure resolution. We also hold regular meetings to resolve the quality issues identified in the manufacturing process.

For safety and compliance, we conduct training programs for our assembly workers that cover safety protocols and secure operational procedures. We also implement systematic monitoring to ensure our assembly workers comply with operational protocols, assess the outcome of production assembly and observe the execution of safe and civilized production practices. These evaluations are documented in detailed inspection logs, enhancing worker safety awareness and contributing to the overall quality of our products.

We are dedicated to complying with applicable laws, regulations, and standards in product production and sales. For instance, key components such as chargers, lithium batteries and electronic control systems are designed and manufactured according to the mandatory standards for new energy engineering machinery and tractor trucks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls or product liability claims that adversely affected our business or financial condition.

SALES AND SERVICE NETWORK

Our sales model combines direct sales and distribution channels, leveraging the distinct advantages of each sales approach to generate synergistic benefits. Through direct sales, we connect directly with customers to ensure our brand values and messages are consistently delivered, fostering personalized experiences that strengthen relationships and gather detailed feedback. Direct sales had been particularly effective for our battery-electric wide-body dump trucks during the Track Record Period, which allows us to build high-touch interactions with large and medium-sized enterprises and continuously improve our models to meet specific needs across industry verticals.

On the other hand, we partner with distributors who resell our products to end users. We enhance our market presence by leveraging the established networks of our distributors, especially in regions where direct sales are impractical or economically unfeasible. Some of our direct customers, recognizing the economic value of our battery-electric engineering machinery, choose to become our distributors themselves, thereby creating a mutually beneficial relationship that extends our market reach and influence.

The following table sets forth a breakdown of our sales volume by product type for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Loaders			
Direct sales[(1)]	140	220	204
Sales through distributors[(2)]	155	264	197
Total sales volume	**295**	**484**	**401**
Wide-body dump trucks			
Direct sales[(1)]	35	78	188
Sales through distributors[(2)]	24	10	93
Total sales volume	**59**	**88**	**281**
Tractor trucks			
Direct sales[(1)]	26	44	10
Sales through distributors[(2)]	122	22	17
Total sales volume	**148**	**66**	**27**

Notes:

(1) Represents the sales volume of our products that are purchased by (i) customers who purchase our products for their own use, and (ii) distributor customers who purchase our products for leasing to their clients or for the provision of machinery operation services.

(2) Represents the sales volume of our products that are purchased by distributors who contractually resell or are reasonably expected to resell our products.

Direct Sales

We market and sell our products directly to two main customer groups: (i) customers who purchase our products for their own use, and (ii) customers, often also our distributors, who purchase our products to lease to their clients or to provide machinery operation services, which include supplying both the machinery and operators for contracted tasks. In 2022, 2023 and 2024, the number of our direct sales customers was 65, 83 and 92, respectively.

We enter into standard sales agreements with our direct sales customers. See "— Our Customers — Salient Terms of Our Sales Agreements" for salient terms of our sales agreements. The selling price of our products through direct sales is determined by multiple factors, including the cost of raw materials, equipment, and labor for manufacturing our products plus the expected profitability, the quantity of the purchase, and the pricing of similar products offered by our competitors. We maintain a uniform pricing structure across all customer types to ensure consistent pricing and to avoid channel conflicts.

Distribution Channels

We extend our market reach beyond direct sales by leveraging a network of distributors across China, a prevalent strategy in the new energy engineering machinery industry in China, according to CIC. Our distributors are primarily companies with established local customer bases, specializing in the sales and leasing of engineering machinery as well as providing machinery operation services.

Distributors base their purchase decisions on factors such as sales forecasts, existing orders and estimated supply lead times. Typically, a distributor places an order with us after securing a firm commitment or a lead from an end user, subsequently entering into two separate sales agreements with the end user and with us. Distributors may also pre-stock our products in order to meet anticipated demand, particularly at year-end to prepare for potential production and logistics delays during the Chinese New Year holiday. Once our sales agreement with the distributor is executed and the products are delivered, ownership is transferred to the distributor. The products are then shipped to end users, with delivery and any required post-sale services managed by either us or the distributor as specified in our sales agreements. See "— Our Customers — Salient Terms of Our Sales Agreements" for salient terms of our sales agreements.

Distributor Selection and Management

To ensure high-quality sales and services, we implement a rigorous selection process and ongoing evaluation of our distributors. Our selection criteria include industry knowledge, access to customer networks, understanding of our products, capability to provide post-sale services, commitment to long-term partnerships, creditworthiness, financial health and business scope. We regularly review our distributors' performance evaluations, focusing on their credit status, inventory control, business network expansion, operational improvements and sales achievements.

Our distributor management policies include daily management, support structures, sales analysis, and performance assessments to ensure alignment with our standards and objectives. Additionally, we offer robust support to enhance our distributors' sales and management skills. Our regional representatives actively collaborate with distributors, assisting them during customer visits and negotiations to provide timely advice. We also conduct training programs aimed at improving the sales skills of distributor staff to enhance overall sales performance.

Under our distribution agreements, we have established exclusive distribution arrangements that prevent our distributors from selling similar new energy loader, wide-body dump truck or tractor truck products supplied by other manufacturers. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, our distributors had solely distributed our loaders and wide-body dump trucks, provided they were distributing any of these types of engineering machinery and vehicles.

Cannibalization Strategy

To prevent cannibalization between our direct sales and distributorship channels, as well as among our distributors, we have implemented a set of strategies and policies. We grant our distributors distribution rights within specific regions across the country and prohibit distributors from selling beyond their designated regions without our authorization, which effectively eliminates market overlap and competition among distributors in different regions. Our products have unique identification codes on the chassis, enabling us to accurately detect unauthorized cross-region sales. If a distributor wishes to sell our products outside its designated area, we evaluate such request pursuant to our cross-region sales management policies. We may approve such request if the distributor designated to that region has not contacted with the target end users.

We believe, during the Track Record Period and up to the Latest Practicable Date, there were no instances of cannibalization between our direct sales efforts and sales through distributors, nor between our leasing business and the distributors' leasing operations. In the event that a customer is contacted by both our sales representatives and distributors, the person who first contacts the customer will manage the order. If a distributor handles the order, we will not intervene or engage directly with that distributor's client. These clients typically do not purchase or lease our products directly from us, as they have established relationships with our distributors, who often operate in the same geographic regions and provide better local coverage. We do not actively seek to expand our direct leasing business and offer leasing services only when specifically requested by customers, as we remain focused on our core strengths in the research, development and manufacturing of engineering machinery.

Distributor Inventory Management

Our sales agreements with distributors do not permit product returns. Distributors independently determine their inventory levels based on their business needs and forecasts. However, if they overstock inventory beyond their capacity, it could negatively impact their financial health. We may request distributors to provide reports on the status of product sales, leases or usage in machinery operation services for end users, allowing us to monitor and assess their inventory management, quickly identify potential issues and take corrective action as necessary.

Our Distribution Network

Our distribution network consists of independent distributors, and associated distributors in which we hold a minority equity interest, typically between 10% and 49%. These associated distributors are established through partnerships with third-party entities that bring deep industry expertise, broad customer bases and strong distribution experience. Our relationships with the partners we collaborated to establish associated distributors were primarily formed through our standard business development processes. Our sales personnel across different regions identified and approached potential partners, referring qualified prospects to our sales and marketing team and senior management, who assessed their profiles and made decisions on the suitability for collaboration.

Our partners are generally recognized for their industry expertise and customer networks within their regions. Many of them are experienced players in their fields, including top engineering machinery sales companies in Sichuan and Henan, large-scale logistics operators in Shandong and Chongqing, new energy solution providers focused on carbon neutrality and renewable energy projects, and technology companies specializing in digital mining and supply chain management solutions. Additionally, other partners contribute expertise in areas such as semitrailer and specialty vehicle manufacturing, mineral trade and distribution, coal logistics and processing, and environmental technology and construction, with operations extending across more than ten provinces in China. These partners bring deep regional knowledge and established local networks, enhancing our distribution capabilities and expanding our regional reach, providing access to customer resources beyond what we could achieve on our own. In addition to their co-investments in the associated distributors, some partners have relationships with us in ways such as serving as former or current independent distributors, being affiliated with our direct sales customers, or having connections to our minority shareholders.

By establishing associated distributors, we strengthen partner commitment, encouraging them to invest more resources without concerns of replacement and reducing the likelihood of switching to competitors. These deep, enduring relationships enable us to effectively leverage our partners' customer bases to broaden our market reach effectively. Additionally, these partnerships enhance end-user trust in our associated distributors and improve their customer acquisition success, while also providing us with insights into distributor operations for improved decision-making and risk management. According to CIC, the associated distributorship model is a widely accepted practice in the engineering machinery industry.

Our rights to oversee or participate in the management of these associated distributors are subject to the investment agreements with our partners. For associated distributors where our equity interest exceeds 10%, we actively participate in strategic decision-making processes, including business expansion and evaluating sales orders to assess the creditworthiness of end users. We generally hold the right to appoint one director to the boards of these associated distributors. Approval from our appointed director is required for certain resolutions specified in the distributor's articles of association, including related-party transactions and transactions exceeding a designated threshold. According to CIC, many leading players in the engineering machinery industry also adopt a strategy to leverage associated distributors to strengthen their regional sales coverage.

In alignment with our strategic goals for business expansion, we have been optimizing our distribution network by initiating partnerships with new, qualified distributors and discontinuing those who fail to meet our standards for sales performance, operational efficiency, activity levels, or adherence to our distributor management policies. We adjust our network based on distribution density in each sales region to ensure we maintain an efficient yet competitive footprint, improving sales efficiency and overall performance.

The following table sets forth the number of our distributors and its changes in the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
Independent distributors			
At the beginning of the year	24	30	33
Distributors started cooperation with us during the year	33	32	19
Distributors terminated cooperation with us during the year	(27)	(29)	(27)
At the end of the year	30	33	25
Associated distributors			
At the beginning of the year	—	6	11
Distributors started cooperation with us during the year	6	6	2
Distributors terminated cooperation with us during the year	—	1	—
At the end of the year	6	11	13

The growth in the number of both independent and associated distributors reflects our ongoing efforts to expand our distribution capabilities with capable, resource-rich partners nationwide, thereby boosting our market presence at both national and regional levels.

During the Track Record Period, we terminated relationships with several independent distributors primarily because they had poor sales performance and failed to meet our sales targets. In 2022, 2023 and 2024, we terminated relationships with 27, 29 and 27 independent distributors, respectively. We generated revenue of RMB32.7 million, RMB23.3 million, and RMB9.1 million from these distributors in 2022, 2023 and 2024, accounting for 2.1%, 1.7% and 1.4% of our total revenue for the corresponding years. In October 2023, we transferred our 15% equity interest in one of our associated distributors to the partner with whom we originally established the associated distributor. The transfer, conducted on an arm's length basis, was driven by the partner's confidence in the associated distributor's growth potential and their desire to increase their ownership stake. Following this transfer, the associated distributor became an independent entity while continuing its distribution relationship with us.

We recorded revenue from recurring distributors — those who conducted transactions with us during the Track Record Period and had done so for at least two consecutive years — of RMB37.3 million, RMB226.9 million and RMB184.7 million in 2022, 2023 and 2024, respectively, accounting for 10.4%, 48.9% and 29.1% of our total revenue for the corresponding years.

In 2022, 2023, and 2024, five, 16 and 16 of our distributors, respectively, purchased our products not only to resell them but also to lease them to end users or provide machinery operation services. We generated revenue of RMB44.9 million, RMB85.3 million and RMB289.3 million from sales to these distributors in 2022, 2023 and 2024, respectively, accounting for 12.5%, 18.4% and 45.5% of our total revenue during the corresponding years.

During the Track Record Period, we recorded revenue of RMB51.6 million from product sales to associated distributors who subsequently resold these products to end users related to us through our minority Shareholders in 2024, accounting for 8.1% of our total revenue for the same year. Additionally, two of our associated distributors sold our products to end users under common control with them. For these transactions, we recorded revenue of RMB1.9 million, RMB2.3 million and RMB28.5 million in 2022, 2023 and 2024, respectively, accounting for 0.5%, 0.5% and 4.5% of our total revenue for the same years.

We apply the same pricing, payment method, credit and distributor management policies to both independent and associated distributors. We use the same templates for both distribution agreements and sales agreements for all independent and associated distributors, regardless of whether they purchase our products for resale, lease to end users, or provide machinery operation services. These agreements are on normal commercial terms, negotiated on an arm's length basis and there are no material differences between the salient terms of these agreements. Distributors set retail prices based on individual negotiations with end users, guided by our suggested retail prices which take into account regional market competition. Our pricing recommendations, while non-binding, allow us to monitor and maintain a consistent pricing structure across distribution channels yet offer distributors the flexibility to adjust their retail prices based on factors such as purchase volume, production costs, and the market prices of similar products, as needed.

Finance Lease Arrangement

We collaborate with finance lease companies to offer finance lease services to our customers who are willing to purchase our products but require financing options. We select our finance lease partners based on various factors, including: (i) their license and qualifications, (ii) their interest rates offered to our customers, (iii) their experience with lease transactions within our industries, (iv) the timing of their loan disbursements, and (v) their ability to provide timely financial support, which helps ensure the prompt collection of our trade receivables.

During the Track Record Period, we collaborated with a total of 12 finance lease companies, encompassing state-owned enterprises, foreign joint ventures, as well as specialized firms with expertise in the engineering machinery sector. We typically enter into framework collaboration agreements with finance lease companies with the following salient terms:

- ***Credit limit.*** Each of the finance lease companies offers their finance lease services to our customers within a maximum total credit limit, ranging from RMB30 million to RMB200 million for different finance lease companies.

- ***Collaboration model.*** Under our collaboration with the finance lease companies, we recommend their services to our customers, collect our customers' information, and provide tracking services for the leased items. The finance lease companies are responsible for assessing our customers' qualifications, approving the financing leases within the stipulated timeframe, disbursing the funds, and managing the collection of lease payments.

- ***Forms of leasing and leased items.*** Our leasing options include direct lease and sale-leaseback. The leased items consist of our products, including loaders and wide-body dump trucks.

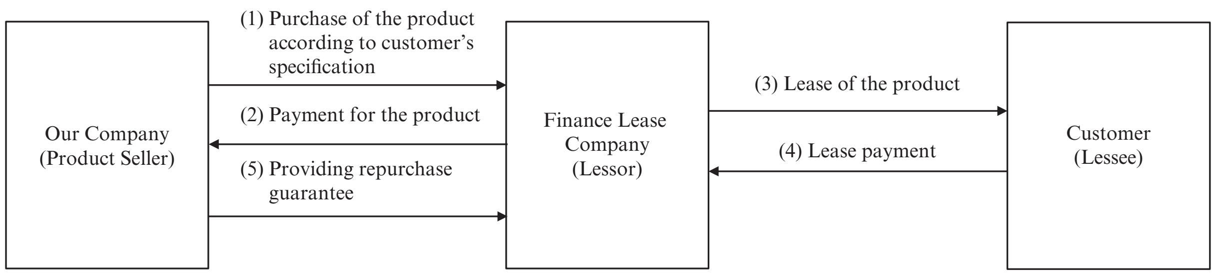
- ***Confidentiality.*** Both parties are obligated to maintain the confidentiality of all business information and are prohibited from disclosing it without prior written consent. This obligation remains in effect after the termination or expiration of the contract.

Except for our collaborations under the finance lease arrangement, there are no other past or present family, employment, financial or other relationships between us, the finance lease companies, our respective shareholders, directors, senior management or any of their respective associates.

Before providing finance lease services, finance lease companies typically review the qualifications of our customers. They require our customers to provide documents such as audit reports or financial statements, proof of assets, VAT invoicing information and credit reports, in order to assess the customer's financial status, business operations and creditworthiness to determine whether they are eligible to enter into finance lease arrangement. In 2022, 2023 and 2024, 12, 38 and 84 of our customers entered into the finance lease arrangement, respectively.

Direct Lease

Under a direct lease arrangement, we typically enter into a tripartite agreement with the finance lease company and the customer. The finance lease company purchases the products directly from us and pays the full purchase price. Subsequently, the customer leases these products from the finance lease company under a finance lease agreement and makes monthly installment payments. From time to time, we provide a repurchase guarantee to the finance lease company under this arrangement. The following diagram illustrates the transaction flow among us, our customers, and the finance lease company under a direct lease arrangement.



The salient terms of the tripartite agreement and repurchase guarantee agreement under the direct lease arrangement are as follows:

- ***Ownership of the leased asset.*** Ownership of the leased asset remains with the finance lease company until the customer has fully repaid all debts under the lease agreement. No one other than the finance lease company has the right to dispose of the leased asset. During the lease term, the customer only has the right to use the asset and is not permitted to sell, transfer, sublease, mortgage, pledge, invest with, or take any actions that infringe upon the ownership rights of the finance lease company.

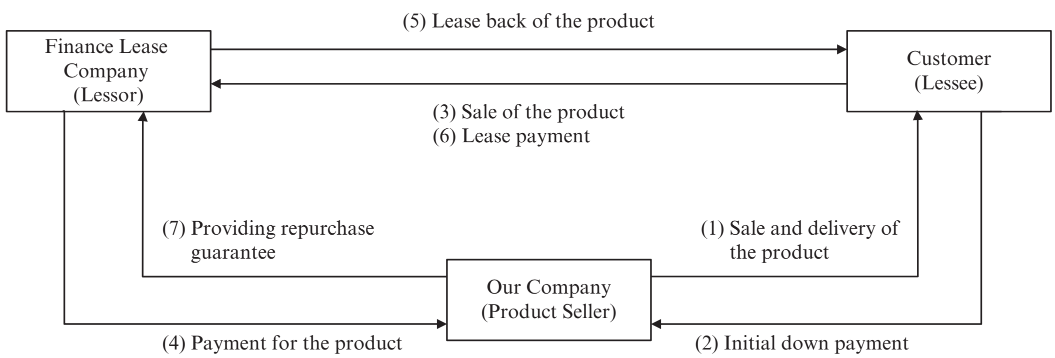
- ***Delivery of the leased asset.*** The leased asset will be delivered by us to the location designated by the customer. The customer (or their agent) must accept delivery and cannot refuse it for any reason. If delivery is delayed or cannot be made due to national policies, laws, regulations, force majeure or issues related to transportation, unloading or customs that are not the responsibility of the finance lease company, the finance lease company will not be held liable. The customer must resolve these issues directly with us.

- ***Acceptance of the leased asset.*** Once the leased asset arrives at the location specified by the customer, the customer assumes responsibility for its safekeeping. The customer must complete the acceptance of the asset within three days of receipt and submit the corresponding receipt and acceptance documents to the finance lease company within three days after acceptance.

- ***Repurchase guarantee***. If the customer defaults on payment obligations or breaches the lease agreement, we are obligated to repurchase the products from the finance lease company.

Sale-leaseback

Under a sale-lease back arrangement, we typically enter into a sales agreement with our customer, pursuant to which the customer purchases the product from us and makes an initial down payment. The remaining balance is paid directly to us by a finance lease company designated by the customer. The customer then sells the product to the finance lease company and leases it back by making monthly lease payments. From time to time, we provide a repurchase guarantee to the finance lease company under this arrangement. The following diagram illustrates the transaction flow among us, our customers and the finance lease company under a sale-leaseback arrangement.



The salient terms of the sales-leaseback agreement and repurchase guarantee agreement under the sales-leaseback arrangement are as follows:

- ***Ownership of the leased asset.*** Ownership of the leased asset remains with the finance lease company until the customer has fully repaid all debts under the finance lease agreement. No one other than the finance lease company has the right to dispose of the leased asset. During the lease term, the customer only has the right to use the asset and is not allowed to sell, transfer, sublease, mortgage, pledge, invest with, or take any actions that infringe upon the finance lease company's ownership rights.

- ***Repurchase guarantee***. If the customer defaults on payment obligations or breaches the lease agreement, we are obligated to repurchase the products from the finance lease company.

As of December 31, 2022, 2023 and 2024, our maximum exposure to such repurchase guarantee was RMB17.4 million, RMB121.1 million and RMB344.1 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances requiring the fulfillment of guarantee obligations. We measured such repurchase guarantees at their expected credit loss allowance and recorded them as liabilities under the provision for financial guarantee issued. Such liabilities amounted to RMB92 thousand, RMB492 thousand and RMB3,058 thousand as of December 31, 2022, 2023, and 2024, respectively. We also recorded subsequent changes in the value of such repurchase guarantees as impairment loss on financial guarantee issued, which amounted to RMB69 thousand, RMB400 thousand and RMB2,565 thousand in 2022, 2023 and 2024, respectively.

MARKETING STRATEGY

We are committed to establishing a strong brand identity "Breton (博雷頓)," synonymous with high-quality products and services.

We endeavor to make Breton the preferred choice across various industries, particularly targeting potential customers accustomed to traditional fuel-powered machinery. We offer trial uses of our products, allowing customers to experience the economic and operational benefits firsthand, which helps us build trust, gather valuable feedback, foster long-term relationships, and generate word-of-mouth referrals. We strategically target large and medium-sized enterprises in regions with significant demands for engineering machinery. Positive feedback from these enterprises enables them to endorse Breton within their regions, further amplifying our reach through word-of-mouth.

In addition, we employ a cross-selling method by promoting our loaders to existing customers of our battery-electric wide-body dump trucks, and vice versa, to maximize sales potential and enhance customer satisfaction through a diverse product portfolio. We also utilize our established loader distributor network to distribute our dump trucks, and vice versa, thus strengthening our market presence and sales efforts.

Additionally, our collaborations with key industry authorities and institutions enhance our brand's market recognition. We have been working closely with Earth-Moving Machinery of the Standardization Administration of China (全國土方機械標準化技術委員會) and China Machinery Industry Federation (中國機械工業聯合會). Through these partnerships, we actively contribute to the establishment of national safety technical specifications for earth-moving machinery, as well as industry standards for technical conditions and testing methods for battery-electric wheeled loaders and wide-body dump trucks.

Our online marketing campaigns are executed through engaging video content distributed across digital platforms such as our official websites, Weixin official accounts, and Toutiao (今日頭條). By doing so, we not only expand our accessibility to end users but also cultivate interest among potential customers.

Charging Solutions

We provide efficient charging solutions to meet the rapid charging needs of our customers across various application scenarios. Our battery-electric products utilize direct current charging piles that supply high-voltage direct current power to recharge vehicle batteries. These products are compatible with standard direct current dual-connector charging piles and also support our custom-developed four-connector charging piles. Designed specifically for our 700 kWh, 105-tonne wide-body dump trucks, our custom charging piles enable direct current fast charging, delivering up to 1000A through four connectors. Customers can purchase charging piles directly from us or opt for those from other charging equipment manufacturers based on their preferences.

When selecting charging pile installation locations, customers prioritize safety and operational efficiency. Safety is the primary consideration, with charging piles installed away from areas with potential fire or explosion risks to protect personnel and property. Additionally, customers choose locations that provide accessibility and meet the operational needs of mining sites or other applications, allowing vehicles to park and charge conveniently without disrupting regular workflows. Our charging piles are typically installed either at the jobsite, provided the site meets the required installation conditions, or at a location near the jobsite.

WARRANTY AND POST-SALE SERVICES

Warranty

We provide standard warranty terms to our customers. For our loaders, the warranty coverage typically includes: (i) a one-year or 3,000-hour warranty for the entire loader, and (ii) specific warranties covering critical components, such as (a) a five-year or 10,000-hour warranty for non-water-cooled batteries and a five-year or 15,000-hour warranty for water-cooled batteries, (b) a five-year or 15,000-hour warranty for motors, (c) a one-year or 3,000-hour warranty for gearboxes, and (d) a five-year or 15,000-hour warranty for motor controllers.

For our dump trucks, the warranty coverage typically includes: (i) a six-month or 10,000-kilometer warranty for the entire truck, and (ii) specific warranties covering critical components, such as (a) a five-year warranty for batteries ranging from 980,000 to 1.96 million kWh with a decay not exceeding 30%, (b) a two-year or 200,000-kilometer warranty for motors, (c) a one-year or 60,000-kilometer warranty for gearboxes, and (d) a five-year or 200,000-kilometer warranty for motor controllers.

For batteries, if our products are used as recommended and properly maintained, we provide free repairs when a battery issue arises due to our design or manufacturing defects within the warranty period. If defects are attributable to our battery supplier, the supplier will be responsible for the repairs. After the warranty period, or if the issue is caused by improper use or maintenance by the customer, the customer is responsible for the cost of repairs or replacements.

We accrue warranty expenses for potential claims in connection with repair and replacement of our products under the warranties we provide based on the sales volume and the projected unit costs required for warranty services. In 2022, 2023 and 2024, our warranty expenses amounted to RMB10.3 million, RMB13.4 million and RMB18.6 million, respectively, representing 2.9%, 2.9% and 2.9% of the total revenue for the corresponding years.

Post-Sale Services

We strive to deliver all-round post-sale services that cater to the evolving needs of our customers. Our post-sale services include:

- ***Inspection, maintenance and repair***. We offer regular inspection, maintenance, and repair services, conducted by our post-sale service engineers. During these services, we sell to our customers spare parts and accessories of our products, including chargers, tires, steering gears, air filters, radiators, coolers, electronic fans, wiper blade assemblies and air pressure sensors.

- ***Emergency rescue***. Our emergency rescue services are available 24/7, ensuring timely assistance at any hour of the day or night.

- ***Product operation training service***. We provide a variety of training services to ensure customers can operate and maintain our products effectively, including instructions on the proper use and upkeep of our products to optimize performance and safety.

- ***Machine operation reports***. We provide in-depth reports on the performance and operation of our products, offering insights into various metrics to help customers optimize usage.

- ***Technical consultation and support***. Our team of experts is available for technical guidance and support through multiple channels, including phone, real-time online chat, and email. In addition, we conduct regular training sessions, provide technical manuals, and offer on-site visits to address any issues or concerns, helping customers fully leverage the capabilities of our products.

- ***Post-sale services empowered by connectivity***. Our post-sale services are enhanced by the connectivity features of our products. We utilize OTA technology that enables remote installment of software updates, eliminating the need for post-sale service engineers to be onsite for updates and efficiently improving post-sale service. Additionally, we can remotely analyze the operational data of our products to quickly identify any fault points, allowing for swift and effective maintenance services.

Our Post-Sale Services Team

We provide regular training to our staff, distributors, and post-sale service providers to ensure they are well-equipped to offer high-quality support to our customers. To facilitate customer feedback, we maintain a dedicated customer service team that helps customers express their opinions on our products and services to ensure the timely delivery of professional assistance.

Our post-sale service engineers are knowledgeable about the structure, components and functionalities of our products. Recognizing that most of our customers may not have the expertise for product maintenance and inspection, we typically deploy our engineers directly to the customers' project sites, which ensures any issues with our products are promptly addressed. If immediate resolution is not possible, our engineers report back to us for further action. As of December 31, 2024, we had 42 post-sale service engineers.

Product Return and Exchange

We allow customers to return or exchange our products in accordance with applicable PRC laws and regulations. See "Regulatory Overview — Regulations on Product Liability and Consumer Rights Protection." Additionally, we extend the option for component replacement to our customers within our sales and service network.

Our product return and exchange process includes the following key steps:

- ***Application for return or exchange.*** Customers or distributors can initiate a return or exchange request by stating the reasons, providing product details, and submitting relevant documentation.

- ***Application review.*** Upon receiving a request, our sales managers or engineers promptly communicate with the customer or distributor to address any issues related to product quality, service or suitability. If the initial discussion does not resolve the issue, it is escalated to our customer service department for a more thorough evaluation and to lead the return or exchange process.

- ***Demand confirmation.*** The customer service department quickly convenes an inter-departmental meeting to assess the reasonableness of the request. They urgently develop a resolution plan and negotiate with the customer or distributor. If the customer's needs cannot be met through technical solutions, commercial terms, or additional services, the return or exchange is confirmed.

- ***Refund process.*** The sales and marketing team coordinates with the finance department to manage the necessary procedures for issuing refunds.

We have implemented transparent customer claims processing procedures. Customers can submit their claims along with relevant photographs directly to us. Once these claims are approved by our team, we guarantee swift action by disbursing payments within ten business days. Furthermore, we enter into warranty agreements and specify the product return and exchange terms in the supply agreements to mitigate the potential cost arising from product quality claims from our customers that are due to the quality issues of raw materials and components provided by our suppliers.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls or product liability claims that adversely affected our business or financial condition. See "Risk Factors — Risks Relating to Our Business and Industry — We have been and may become subject to product liability claims, which could harm our financial condition if we are not able to successfully defend against such claims" for details on the risks related to product liability.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, our products, technology, and innovations received prestigious awards and recognition, some of which are highlighted below.

Year of Grant	Award/Recognition	Issuing Authority
2024	Shanghai Unicorn (Potential) Enterprise to Receive Prioritized Service for 2024 (2024年上海市重點服務獨角獸(潛力)企業)	Shanghai Centre for Small and Medium Enterprise Development Services (上海市中小企業發展服務中心)
2023	Top Ten Independent Innovative Commercialization Projects of High-Tech Achievements in Shanghai for 2022	Shanghai Science and Technology Committee

Year of Grant	Award/Recognition	Issuing Authority
2023	Shanghai Science and Technology "Little Giant" (上海市科技小巨人)	Shanghai Science and Technology Committee
2022	National "Key Little Giant" (國家級專精特新「重點小巨人」)	Ministry of Industry and Information Technology of the PRC, Shanghai Coordination Office for Promoting the Development of Small and Medium Enterprises

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Since our inception, we have focused on transforming the traditional engineering machinery industry with new energy solutions and contributing to carbon neutrality and environmental protection. In line with this mission, we firmly believe in the importance of adhering to the environmental, social, and governance (ESG) principles, and view them as one of our fundamental responsibilities. By integrating the ESG principles into all aspects of our business, we aim to create a low-carbon, environmentally friendly, and harmonious world.

Our Governance

Strong corporate governance is crucial for achieving our ESG objectives. In 2023, we introduced the Breton Technology Co., Ltd. ESG Management Measures (Trial), establishing a structured ESG management framework. This framework is coordinated by our Board of Directors, with oversight from our management and ESG working group, and ensures collaborations across our departments.

The Board of Directors primarily undertakes the following responsibilities: (i) formulating policies and strategies concerning ESG management, (ii) evaluating, prioritizing, and managing significant ESG-related matters and risks, (iii) establishing and ensuring the effectiveness of appropriate ESG risk management and internal monitoring systems tailored to our business operations, (iv) setting ESG-related objectives, regularly reviewing company performance against these objectives, and approving ESG reports, and (v) supervising, inspecting, and assessing compliance with Listing Rules, particularly Appendix C2 of the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guidelines"). Our secretary office of the Board oversees ESG initiatives within the governance domain, assisting the Board of Directors in effective decision-making and oversight, ensuring transparency and accountability in information disclosure and communication. Additionally, we have established an internal audit department to coordinate the management of our internal control systems. Our risk management system is overseen by relevant business departments, responsible for identifying and qualitatively and quantitatively assessing risks within their respective areas of expertise.

The ESG working group is responsible for implementing specific ESG initiatives, comprising heads of various functional departments, including production, human resources, central research institute, public relations, sales, and the secretary office of the Board. The working group facilitates coordination among company departments, subsidiaries, and third-party consulting firms, providing specific guidance on ESG initiatives within annual objectives and compiling annual ESG reports. Each of our subsidiaries is required to designate a dedicated individual responsible for ESG data management, ensuring timely updates, organizing and archiving data, and providing data verification or source documentation. At the end of each year, our subsidiaries compile all the annual submitted data, which is then reviewed, signed, and submitted to the ESG working group by the respective subsidiary's responsible personnel.

Furthermore, we have engaged a reputable consulting firm as a third-party ESG advisor to assist us in monitoring and aligning with ESG-related policy requirements, as well as assessing our performance in environmental protection and climate change mitigation.

ESG Material Topics

In line with the ESG Reporting Guidelines and the GRI Standards, we have conducted a comprehensive assessment of ESG material topics, taking into account our industry, business characteristics, and developmental status. This assessment process involves: (i) gathering ESG-related topics based on our industry background and core business activities, considering inputs from the Board of Directors and various departments to preliminarily identify and screen ESG topics closely related to our operations; (ii) engaging in communication with stakeholders and experts to assess the significant impact of ESG topics; and (iii) synthesizing internal and external assessments of the significance of the issues and aligning them with our strategic considerations, and obtaining final approval of ESG material topics from the Board of Directors and the ESG working group. We have identified, evaluated, and confirmed the following material topics central to our ESG initiatives:

- ***Climate change.*** Climate change presents profound challenges affecting global populations and will deeply impact production and livelihoods. Recognizing the urgency of climate change, we actively engage in the new energy engineering machinery industry to mitigate its environmental impacts and address potential climate-related challenges.

- ***Resource consumption.*** Our new energy engineering machinery business relies on the supply of natural resources such as electricity and water. Against the backdrop of the "dual carbon" goal, resource consumption has garnered increased attention. We are committed to adopting energy-saving and sustainable resource consumption measures to address potential risks.

- ***Emissions control.*** Improper handling of emissions from our operations can negatively impact the environment, resulting in legal and reputational risks. We have implemented measures to lower greenhouse gas emissions, minimize the generation of non-hazardous waste, and ensure the proper disposal of hazardous waste.

- ***Supply chain management.*** Maintaining a stable and ESG-friendly supply chain is crucial for our business. We have established a comprehensive supply chain management system, recognizing that our suppliers' engagement in ESG matters also affects our ESG performance.

- ***Employee health and safety.*** We are committed to safeguarding our employees' health and safety, recognizing that accidents, improper operations, or noise pollution in our business operations can pose risks. We continuously monitor and take preventive measures to ensure our compliance with applicable laws and regulations related to production safety and occupational health.

- ***Employee management and professional development.*** Employee compensation, benefits, training, and promotion mechanisms are critical for building a stable and efficient team. We maintain and regularly update our systems and plans for employee management and professional development to enhance employee satisfaction and happiness, safeguard employees' legal rights and interests, prioritize people, and strengthen our competitive advantage.

Our ESG Contributions

Since our inception, we have upheld a development philosophy centered around green, intelligent, efficient, and harmonious coexistence with nature. Leveraging innovative technologies, we support carbon neutrality and fulfill our commitments to ESG initiatives throughout our business operations. Traditional engineering machinery typically operates on fossil fuels, emitting significant amounts of greenhouse gases and harmful substances, posing risks to the natural environment and the health of operators.

In alignment with the national "dual carbon" goals, we have been actively developing a range of new energy engineering machinery products, substituting the energy source of traditional fuel-driven engineering machinery with new energy, particularly electric power. This switch results in a substantial reduction in carbon emissions throughout the lifecycle of our engineering machinery, thereby effectively lowering societal carbon emissions. For example, compared to conventional fuel models, our five-tonne battery-electric loader model, our 105-tonne battery-electric wide-body dump truck model in heavy-load uphill operations and in heavy-load downhill operations can reduce carbon emissions by approximately 342.0 tonnes, 490.4 tonnes and 624.6 tonnes, respectively, over their lifecycles. In 2023 and 2024, our new energy engineering machinery business contributed a total carbon reduction of 230.5 thousand tonnes and 364.9 thousand tonnes respectively to society. As our new energy engineering machinery business continues to develop, our contributions to societal carbon reduction and carbon neutrality goals are set to increase.

According to the China Mobile Source Environmental Management Annual Report (2023), engineering machinery is one of the main sources of atmospheric pollutant emissions. In 2022, nationwide emissions of HC, NOx, and PM from loaders were 45,000 tonnes, 540,000 tonnes, and 25,000 tonnes, respectively. Our new energy engineering machinery products do not emit any air pollutant during operation, thus solving the problem of atmospheric pollutant emissions generated by fuel-driven engineering machinery during diesel combustion. This significantly contributes to the governance of atmospheric pollution.

Furthermore, we are venturing into new business initiatives offering additional carbon reduction benefits. For example, we are in the process of developing and commercializing a proprietary direct current photovoltaic energy system, which incorporates photovoltaic energy generation, energy storage, and charging functionalities. This service will facilitate the carbon-free generation of energy, further enhancing carbon emission reductions throughout the lifecycle of new energy engineering machinery. In December 2022, we initiated a pilot photovoltaic energy station in Panzhihua, Sichuan, covering an area of 300 square meters, for trial operations. It is equipped with approximately 41 kW of photovoltaic systems and 250 kWh of energy storage systems. At maximum operational capacity, this project is expected to save 40,000 kWh of electricity annually for corporate users, equivalent to 21.6 tonnes of carbon emissions.

Identification, Assessment, Management, and Mitigation of ESG Risks

We fully recognize the profound impact of climate change on human destiny and social development and have fully integrated climate change and other ESG-related risks into our business considerations. Under the supervision of the Board of Directors, we have engaged department heads in assessing various ESG-related risks, focusing on their likelihood and impact severity. Consequently, we have identified significant risks that may affect our business, strategy, and financial reporting and have developed measures for risk identification, assessment, management, and mitigation.

Climate Risks

Among climate risk types, acute physical risks such as storms, floods, and fires may cause damage to our office premises or production bases, as well as harm to our upstream raw material suppliers and downstream industries such as factories, construction, and ports, thereby affecting our business operations and threatening employee safety. Furthermore, as China transitions from fossil fuel to low carbon energy sources, the energy landscape undergoes ongoing transformation. This transition may entail the risk of encountering power outages and the implementation of electricity rationing measures, potentially disrupting production and operational continuity. Consequently, project timelines may be extended, and operating costs could escalate. Additionally, societal expectations for corporate environmental responsibility continue to rise. If our new energy engineering machinery products cause adverse environmental impacts during production and operation, causing issues such as failure to establish a systematic battery recycling mechanism, or improper handling of power battery recycling that leads to environmental pollution, we may face legal and reputational risks.

To address physical risks, we have established an emergency management system and regularly organize emergency drills to respond to extreme weather and emergencies, prioritizing employee safety and enhancing our risk resilience. To address transition risks, we have taken proactive measures to renovate our energy infrastructure. Specifically, we are implementing the installation of rooftop photovoltaic systems at our manufacturing plants to harness clean energy, thereby reducing our dependence on traditional thermal power generation. In terms of power batteries, we adhere to the principle of easy disassembly in design and development and actively explore cooperation with battery recycling companies, battery manufacturers, and battery banks to ensure proper recycling and disposal of power batteries.

Supply Chain Risks

A stable and high-quality supply chain is essential for the smooth operation of our business. Failure to select reliable suppliers may adversely affect our product quality, leading to legal and reputational risks. Moreover, poor performance of suppliers in ESG issues may also damage our reputation.

To address supply chain risks, we have established a comprehensive supply chain assessment system, employing a comprehensive approach to identify suppliers' environmental protection, human rights, and corporate governance risks, including internal risk assessment, external environmental analysis, data and statistical analysis, due diligence, and risk control mechanisms. Based on thorough preliminary risk identification, we have established strict supplier admission mechanisms, requiring suppliers to hold relevant certifications, including environmental certifications, to meet green environmental requirements. Emphasizing ethical and environmental standards, we mandate third-party manufacturers' compliance, ensuring alignment with sustainability principles throughout the production process and conducting routine audits to uphold performance standards. We foster robust partnerships with suppliers dedicated to sustainable development and possessing well-established ESG frameworks. Notably, one of our major suppliers was named to the "Top Ten 'China ESG Model'" list by China Media Group in 2023, and has delineated precise carbon neutrality objectives, aiming to achieve carbon neutrality in core operations by 2025 and across the entire value chain by 2035.

Furthermore, given the size and weight of engineering machinery, the logistics inherently presents notable challenges and risks. We prioritize safety and environmental considerations throughout our logistics operations. Collaborating with reputable and compliant third-party logistics providers, we ensure compliance with transportation regulations across jurisdictions along the logistics route, maintaining safety, reliability and operational efficiency. To minimize our environmental impact, we optimize transportation routes to reduce carbon emissions and actively minimize packaging material use, opting for biodegradable and recyclable options such as paper cushioning pads and inflatable films instead of traditional plastic foam. We also encourage our suppliers to adopt sustainable, eco-friendly packaging solutions.

Product Liability Risks

Product quality issues could lead to recalls, harming our reputation. Misleading product information, or inadequate warranty and repair services, can also impact our customer loyalty or expose us to legal risks.

To address these risks, we maintain a strict quality management system and provide our sales and marketing team with compliance training to ensure accurate information is delivered to our customers. Our customer service department offers 24-hour support for product quality and maintenance issues, maintaining our ESG reputation and sustainable development.

Opportunities Associated with Climate Change

Against the backdrop of climate change, societal attention towards carbon emissions continues to escalate, with markets increasingly favoring new energy and low-carbon technologies. This presents significant development opportunities for companies specializing in new energy engineering machinery. Our products, reducing carbon emissions, align with the low-carbon development trend and have significant market potential. Additionally, climate change is poised to greatly boost the development of the new energy industry. The operation of new energy engineering machinery needs significant electrical power, and new energy sources such as solar and wind power can provide ample clean and sustainable energy for these machines. The integration of new energy engineering machinery with wind and solar energy generation and storage technology will expand our business development space. Furthermore, with the gradual establishment and development of carbon trading mechanisms, our contributions to carbon reduction are expected to create additional carbon trading revenue.

Environment

We are committed to environmental sustainability and proactively monitor, analyze, and control our resource consumption and pollutant emissions during business operations.

Resource Consumption

In our manufacturing and daily operations, the primary resources we consume are water and electricity. The following table outlines indicators related to resource consumption during the Track Record Period.

		For the Year Ended December 31,		
		2022	2023	2024
Energy/Resource types				
Electricity consumption	kWh	726,302.24	695,555.09	1,194,345.27
By manufacturing plants	kWh	559,376.44	548,305.91	1,030,899.40
By offices	kWh	166,925.80	147,249.18	163,445.87
Intensity of electricity consumption (kWh/number of employees)		3,051.69	3,024.15	3,210.6
Water consumption	tonnes	5,971.15	5,888.49	14,282.38
By manufacturing plants	tonnes	3,666.47	3,665.00	11,577.51
By offices	tonnes	2,304.68	2,223.49	2,704.87
Intensity of water consumption (tonnes/number of employees)	tonnes	25.09	25.60	38.39

We emphasize resource management in manufacturing and office activities, aiming to optimize our resource consumption structure and integrate sustainability into our daily operations. We have set development goals for our main resource types:

Environmental sustainability metrics	Our ESG development goals
Electricity consumption	By 2028, 30% of our annual electricity utilized in manufacturing plants will be sourced from photovoltaic power systems.
Water consumption	By 2028, our intensity of water consumption will decrease by 5% compared to 2023.

These goals aim not just to reduce resource consumption, but also to decrease indirect greenhouse gas emissions resulting from this consumption. To meet these objectives, we have enacted several strategies to optimize resource use and reduce consumption:

- ***Renewable energy utilization.*** All our forthcoming manufacturing plants will actively embrace the concept of green manufacturing, incorporating photovoltaic rooftops into their infrastructure. Our manufacturing plant in Wuhan, Hubei, has registered its rooftop photovoltaic installation, with plans to install similar systems in our new manufacturing plant in Xiangtan, Hunan.

- ***Energy-efficient production.*** We utilize AGVs in our manufacturing lines to optimize transport efficiency and reduce energy usage. Our use of variable frequency air compressors and low-power LED lighting in workshops cuts down energy consumption. We utilize a spray tower water circulation system to reuse the water in our production. We also set water consumption quotas for products and incorporate these into our manufacturing management and evaluation systems.

- ***Energy-efficient building.*** Our manufacturing plant buildings are designed for optimal air tightness, surpassing the level III standard specified by current national standards. We use energy-efficient construction materials, including thermal insulation for roofs, porous hollow bricks and insulation mortar for external walls, and extruded polystyrene boards for internal walls.

- ***Energy-efficient water supply and drainage.*** We use a zoning water supply model, with differential compensation box-type non-negative pressure equipment for high zones. Variable frequency pumps reduce electricity usage. Sanitary appliances adhere to the Code for Design of Building Water Supply and Drainage (《建築給水排水設計標準》), and we display water conservation posters to promote employee awareness.

- ***Energy-efficient electrical appliances.*** We use high-efficiency fluorescent lamps for lighting, sound-controlled indoor lighting in staircases and corridors, and outdoor lighting controlled by time and illumination conditions to conserve electricity.

- ***Energy-efficient heating, ventilation, and air conditioning.*** We use high-efficiency, energy-saving air conditioners, fans, and other equipment. Smart multi-connected central air conditioning in offices allows real-time control based on occupancy, reducing energy usage through centralized, intelligent systems. We also aim to implement distributed combined heat, power, and cooling technology where possible for efficient energy use.

- ***Other measures.*** We promote the use of public transportation and new energy vehicles, offer incentives to our employees for the acquisition of new energy vehicles and encourage green office practices.

Pollutant Emissions

Our manufacturing and office process does not directly emit carbon dioxide or other harmful waste. Direct greenhouse gas emissions (Scope 1) mainly stem from on-road transportation activities associated with our operations, while indirect greenhouse gas emissions (Scope 2) primarily result from the consumption of water, electricity, and other energy sources within our facilities. We have identified the key activities that generate other indirect greenhouse gas emissions (Scope 3), including disposal of paper waste, fresh water and sewage processing, business travel by employees, and upstream production of steel purchased by our Company. Key indicators related to pollutant emissions during the Track Record Period for both manufacturing and office operations include:

		For the Year Ended December 31,		
Pollutant type		**2022**	**2023**	**2024**
Total greenhouse gas emission	Tonnes of CO_2 equivalent	14,676.39	23,595.97	35,402.99
Greenhouse gas emission (scope 1)	Tonnes of CO_2 equivalent	57.67	51.40	125.78
Greenhouse gas emission (scope 2)	Tonnes of CO_2 equivalent	508.41	486.89	836.04
Greenhouse gas emission (scope 3)	Tonnes of CO_2 equivalent	14,110.31	23,057.68	34,441.17
Intensity of greenhouse gas emission (tonnes CO_2 equivalent/number of employees)		61.67	102.59	95.17

Our current production processes do not produce industrial wastewater, exhaust gases or harmful solid waste. Instead, employee sewage is channeled to municipal wastewater networks for treatment, and we primarily generate solid waste from employee household garbage, managed through segregated collection, daily disposal, and regular contracts with sanitation departments. To handle oil pollution from production, we use centralized storage and leak-proof pallets for prevention, and contaminated packaging and rags are disposed of through qualified third-party services. To combat noise pollution, we mitigate assembly noise using fixtures and noise-reducing tools and manage testing noise with soundproof rooms.

With the start of production at our manufacturing plant in Wuhan, Hubei, machine repair services involving procedures such as painting and spray gun cleaning will emit volatile organic compounds (VOCs). We employ treatments such as dry filtration, activated carbon adsorption-desorption, and catalytic combustion to ensure VOCs emissions are above national standards before atmospheric discharge. Hazardous waste such as paint residues and activated carbon is also properly disposed of by qualified third parties.

As a manufacturer of new energy engineering machinery, we do not possess in-house capabilities for battery production or recycling, which aligns with the standard practices of other key players in the industry. We do not reuse batteries, instead, we will collaborate with qualified third-party partners who specialize in end-of-life battery processing , to whom we will transfer batteries designated for decommissioning and responsible disposal. We will rigorously evaluate the credentials and technical expertise of our partners to ensure they can deliver responsible and effective battery recycling solutions. The selection criteria typically includes the possession of key qualifications such as a Hazardous Waste Operation License and a Renewable Resources Operation License, as well as the availability of qualified technical personnel.

We implemented energy-saving measures to reduce carbon emissions from resource consumption. In 2024, we plan to provide all employees with specialized ESG training at least twice. We proactively prevent major environmental incidents by developing emergency plans for environmental pollution, with a dedicated leadership team responsible for coordinating emergency actions. This plan clearly outlines the roles and responsibilities of key personnel in the event of an environmental emergency, covering areas such as environmental monitoring, information reporting, hazard mitigation, and traffic control. Additionally, we have implemented detailed regulations for the management of hazardous waste emissions, encompassing all stages of our operations, including office, production, transportation, and inventory management, ensuring proper waste classification and disposal.

To address potential safety risks during production, we have introduced stringent measures to safeguard both personnel and the environment. These include the installation of explosion-proof charging cabinets for lithium batteries, the use of leak-proof trays for oil barrel transportation, the implementation of fume purification systems during welding operations, and the provision of mini fire stations in battery storage areas. These proactive steps demonstrate our commitment to maintaining a safe and environmentally responsible production process.

Social

Employee Health and Safety

Our employees are pivotal to our business operations, and ensuring their health and safety is a cornerstone of our long-term success. We have developed robust health and safety protection systems, alongside a framework for occupational health and safety risk management. Regular labor protection education and safety facility maintenance are conducted under the leadership of specialized personnel. We operate a standardized safety inspection system, incorporating daily supervisory methods like spot checks and patrols for real-time operational monitoring. Routine safety environment inspections are conducted, with swift rectification of any non-compliance issues. We have obtained the ISO 45001:2018 occupational health and safety management system certificate, and ISO 9001:2015 quality management system certificate.

We have purchased employer liability insurance and accident insurance for employees, and provide pre-employment physical examinations for each employee. For special occupations, we provide additional occupational health examinations annually. During the Track Record Period, we organized two large-scale fire drills and crane injury drills to help employees enhance safety awareness, learn to respond correctly to emergencies, and ensure their safety. During the Track Record Period and up to the Latest Practicable Date, we did not engage in any form of child labor, forced labor, or coercion.

Employee Management and Professional Development

We maintain standardized employee management protocols, encompassing recruitment, transitions from probation to permanent status, resignation or termination processes, and job handovers, as detailed in our recruitment management system. Upholding fairness and equality, we are committed to ensuring that every candidate has an equal opportunity throughout the recruitment process. We ensure uniform salary, benefits, and advancement opportunities for all employees, irrespective of gender, and actively oppose discrimination. Generally, we determine each employee's compensation based on their qualifications, experience, position, and tenure. We are committed to providing competitive compensation packages to enhance our employees' sense of fulfillment, thereby attracting and retaining talents. We strive to create a diverse, equitable, open, inclusive, and collaborative work environment. Effective communication channels have been established, enabling employees to promptly report and express their opinions on various human resource policies to HR managers, helping us continuously optimize the workplace environment. We highly value the diversity of our team, which comprises members from various ethnic backgrounds, such as Han, Kazakh, Hui, and Yi. We engage in the recruitment of disabled employees for specific tasks that align with their capabilities, thus fulfilling our corporate social responsibility by empowering them to reach their full potential and improving their quality of life. During the Track Record Period and up to the Latest Practicable Date, no complaints related to employee equality and diversity were received. Additionally, for any dismissals that occur during our operations, we strictly adhere to the Labor Contract Law of the People's Republic of China and other relevant laws and regulations. We follow the principles of fairness and transparency to protect employees' legal rights, minimize negative impacts on employees, the team, and the company, and ensure fairness and respect throughout the dismissal process.

Our employee manual, detailing holidays, benefits, and rights is regularly updated. A labor union is in place to safeguard employees' rights. We also provide meal allowances, travel allowances, festival benefits, medical examinations and other employee benefits. We regularly organize team-building activities and distribute holiday benefits to employees in accordance with regulations, enhancing team cohesion and a sense of belonging. Additionally, we conduct regular training sessions to improve employees' overall skills and capabilities. Our core management team has maintained stability, with no senior management departures occurring from 2022 to 2024. Additionally, the educational qualifications and stability of our employees have maintained a consistent level. The following table illustrates the proportion of employees categorized by educational background during the Track Record Period:

	For the Year Ended December 31,		
	2022	2023	2024
Doctor degree	2%	2%	2%
Master degree	12%	12%	11%
Bachelor degree	36%	38%	37%
College degree	23%	21%	20%
Below-college degree	28%	28%	30%
Total	100%	100%	100%

The following table illustrates the proportion of employees categorized by years of service during the Track Record Period:

	For the Year Ended December 31,		
	2022	2023	2024
Below one year	47%	22%	29%
One to three years	41%	55%	38%
Three to five years	11%	21%	26%
Five to seven years	0	2%	7%
Total	100%	100%	100%

Anti-Corruption

Understanding the detrimental impact of corruption, we firmly oppose any corrupt activities. Our integrity in employment management system and an integrity committee embody this stance. We continually update and release our "Implementation Rules for Integrity Construction Management." Relevant personnel receive anti-corruption training, and a whistleblower mailbox, managed by our legal department, is available for reporting non-compliant behaviors. For both our suppliers and our partners, we require adherence to compliance standards and the signing of an agreement on professional integrity.

Social Responsibility

We actively pursue corporate social responsibility, aiming to forge a shared future among our Company, society, and the environment. We collaborate with third-party finance lease firms to introduce leasing solutions for new energy engineering machinery products, easing the investment burden for downstream enterprises. By eliminating the need for a substantial upfront capital expenditure, downstream enterprises can significantly reduce cash flow pressure while still gaining access to the equipment they need. This not only aids in achieving carbon neutrality but also fosters high-quality development.

Innovating in new energy, we are also developing intelligent technology for engineering machinery. Our products, equipped with self-developed remote and autonomous operation technology, improve safety and comfort for machinery operators.

During the Track Record Period, we took proactive measures to address public events. During the COVID-19 outbreak, we procured approximately 30,000 masks and other epidemic prevention materials worth RMB20,000 for employees. Additionally, we implemented a comprehensive and detailed health and safety plan, which included measures such as mask-wearing, social distancing, frequent hand washing, and regular disinfection. Temperature screening points were established at both factory and office locations, and routine nucleic acid testing was conducted. We also maintained health records for all employees to ensure proper management and ongoing monitoring of their well-being.

In response to national health directives, we adopted a work-from-home model and set up a dedicated emergency response team to provide essential supplies, such as daily necessities and medications, and to assist employees with medical appointments. We also offered psychological support and counseling services to help employees manage the stress and anxiety brought on by the pandemic, ensuring their mental well-being.

Furthermore, we actively follow the prescribed logistics reporting procedures, ensuring that equipment shipments adhered to safety standards. QR codes were implemented for workplace access control, and during the resumption of operations, we conducted thorough safety inspections and environmental disinfection, obtaining necessary approvals from relevant authorities. Through these efforts, we not only prioritized the health of our employees but also demonstrated our commitment to fulfilling our corporate social responsibility.

OUR CUSTOMERS

Our Major Customers

Our customers comprise direct sales customers and distributors of our products, primarily located in China. In 2022, 2023 and 2024, the revenue attributable to our five largest customers for each year of the Track Record Period amounted to RMB125.6 million, RMB201.4 million and RMB276.2 million, respectively, representing 34.9%, 43.4% and 43.5% of our total revenue for the corresponding years. We became acquainted with each of our five largest customers for each year during the Track Record Period through our standard business development process where our sales personnel in various regions identified and engaged with potential customers and then reported these business leads to us.

The following table sets forth details of our five largest customers in 2024:

Ranking	Customer	Customer Background	Products Provided	Business Relationship Since	Revenue	% of Total Revenue	Payment Method	Registered Capital	Customer Type
					(RMB in thousands)				
1	Customer A	A new energy technology company group headquartered in Hunan, focusing on sales and leases of new energy engineering machinery and components. We own 15% of the equity interests in this company. As of December 31, 2024, this company had assets of approximately RMB98.3 million.	Loaders, wide-body dump trucks and tractors	2024	86,936	13.7%	Bank transfer	RMB10.0 million	Associated distributor
2	Customer B	A new energy sales and service company headquartered in Hebei. We own 15% of the equity interests in this company. As of December 31, 2024, this company had assets of approximately RMB105.0 million.	Wide-body dump trucks	2024	70,899	11.2%	Bank transfer/ Commercial draft	RMB10.0 million	Associated distributor
3	Customer Group C	A new energy technology company group headquartered in Shanxi, focusing on management of new energy projects, and sales of new energy engineering machinery. We own 10.0% of the equity interests in the parent company of the group. The group recorded revenue of more than RMB46.8 million in 2024.	Loaders and tractors	2022	42,707	6.7%	Bank transfer/ Commercial draft	RMB30.0 million	Associated distributor
4	Customer Group D	A new energy technology company group headquartered in Jiangsu, focusing on sales and leases of new energy engineering machinery and components. We own 49% of the equity interests in the parent company of the group. The group recorded revenue of more than RMB31.8 million in 2024.	Loaders and wide-body dump trucks	2023	38,276	6.0%	Bank transfer/ Commercial draft	RMB33.0 million	Associated distributor
5	Customer Group E	A new energy technology company group headquartered in Xinjiang, focusing on sales and leases of new energy engineering machinery and components. The company has approximately 400 employees according to public information. The controlling shareholder of the group has registered capital of RMB110.0 million.	Wide-body dump trucks	2022	37,361	5.9%	Bank transfer/ Commercial draft	RMB10.0 million	Direct sales end customer
Total					**276,179**	**43.5**			

The following table sets forth details of our five largest customers in 2023:

Ranking	Customer	Customer Background	Products Provided	Business Relationship Since	Revenue	% of Total Revenue	Payment Method	Registered Capital	Customer Type
					(RMB in thousands)				
1	Customer Group E	A new energy technology company group headquartered in Xinjiang, focusing on sales and leases of new energy engineering machinery and components. The company has approximately 400 employees according to public information. The controlling shareholder of the group has registered capital of RMB110.0 million.	Wide-body dump trucks	2022	47,445	10.2	Bank transfer/ Commercial draft	RMB10.0 million	Direct sales end customer
2	Customer Group D	A new energy technology company group headquartered in Jiangsu, focusing on sales and leases of new energy engineering machinery and components. We own 49% of the equity interests in the parent company of the group. The group recorded revenue of more than RMB31.8 million in 2024.	Loaders and wide-body dump trucks	2023	45,457	9.8	Bank transfer/ Commercial draft	RMB100.0 million	Associated distributor
3	Customer Group C	A new energy technology company group headquartered in Shanxi, focusing on management of new energy projects, and sales of new energy engineering machinery. We own 10.0% of the equity interests in the parent company of the group. The group recorded revenue of more than RMB46.8 million in 2024.	Loaders	2022	36,637	7.9	Bank transfer/ Commercial draft	RMB30.0 million	Associated distributor
4	Customer Group F	A new energy technology company group headquartered in Shaanxi, focusing on sales and leases of new energy engineering machinery. We own 10% of the equity interests in the parent company of the group. The group recorded revenue of more than RMB2.7 million in 2024.	Loaders	2022	36,169	7.8	Bank transfer/ Commercial draft	RMB10.0 million	Associated distributor
5	Customer Group G	A new energy technology company group headquartered in Xinjiang, focusing on sales and leases of new energy engineering machinery. We owned 15% of the equity interests in the parent company of the group before we transferred our shares and exited from the company in October 2023. The group recorded revenue of more than RMB28.7 million in 2024.	Loaders	2022	35,739	7.7	Bank transfer/ Commercial draft	RMB5.0 million	Independent distributor
Total					**201,447**	**43.4**			

The following table sets forth details of our five largest customers in 2022:

Ranking	Customer	Customer Background	Products Provided	Business Relationship Since	Revenue	% of Total Revenue	Payment Method	Registered Capital	Customer Type
					(RMB in thousands)				
1	Customer Group E	A new energy technology company group headquartered in Xinjiang, focusing on sales and leases of new energy engineering machinery and components. The company has approximately 400 employees according to public information. The controlling shareholder of the group has registered capital of RMB110.0 million.	Wide-body dump trucks	2022	27,248	7.6	Bank transfer/ Commercial draft	RMB10.0 million	Direct sales end customer
2	Customer Group H	An engineering machinery company group headquartered in Fujian, focusing on sales of engineering machinery. The group recorded annual revenue of approximately RMB500.0 million in recent years according to its official website source.	Loaders and wide-body dump trucks	2021	26,476	7.4	Bank transfer/ Commercial draft	RMB10.0 million	Independent distributor
3	Customer I	An automobile sales and services company established in Jiangsu, focusing on sales of vehicles, engineering machinery and their accessories. The company has approximately 150 employees according to its official website.	Tractor trucks	2021	24,779	6.9	Bank transfer	RMB10.0 million	Independent distributor
4	Customer Group J	A new energy technology company group headquartered in Guangzhou, focusing on sales of new energy vehicles, engineering machinery and their accessories. The group has approximately 70 employees according to public information.	Loaders	2022	23,947	6.6	Bank transfer	RMB5.0 million	Direct sales end customer
5	Customer Group K	An automobile sales and services company group headquartered in Hebei, focusing on sales and maintenance of vehicles and their accessories. The company has registered capital of RMB1.0 million.	Tractor trucks	2022	23,177	6.4	Bank transfer	RMB1.0 million	Direct sales end customer
Total					**125,627**	**34.9**			

None of our five largest customers for each year during the Track Record Period were connected persons. None of our Directors or their associates or, to the knowledge of our Directors, any Shareholder with over 5% of the share capital of our Company had any interest in any of our five largest customers for each year during the Track Record Period.

Among our five largest customers for each year during the Track Record Period, Customer A, Customer B, Customer Group C, Customer Group D, and Customer Group F are our associated distributors in which we hold minority equity interests as of the Latest Practicable Date. See "Sales and Service Network — Distribution Channels — Our Distribution Network." We also hold minority equity interest in a new energy technology company whose majority shareholder is Customer I, one of our five largest customers in 2022. Our Directors confirm that our sales to our five largest customers for each year during the Track Record Period were conducted on standard commercial terms and negotiated on an arm's length basis.

Salient Terms of Our Sales Agreements

We generally enter into standard sales agreements with both our direct sales customers and distributors. There is no material difference among below salient terms of our sales agreements with our direct sales customers, independent distributors or associated distributors. The salient terms of such sales agreement are set forth as follows:

- ***Credit period.*** We generally offer a credit period ranging from one to six months to our customers.

- ***Installment payment.*** We may allow certain customers to make monthly installment payments, with the installment period typically ranging from six months to 60 months.

- ***Deposit.*** Upon signing the agreement, customers are required to pay a specified deposit amount, which is non-refundable if the sales agreement is terminated due to the customer's actions or if the customer unilaterally terminates the agreement.

- ***Product acceptance.*** Acceptance inspections should be carried out on the day the product is delivered to the agreed-upon location. Customers are required to inspect both the exterior and interior of the product. Failure to report any discrepancies immediately will be deemed as acceptance of the product in its delivered condition.

- ***Warranty.*** Our warranties are provided according to our quality warranty manual and product specifications. See "— Warranty and Post-sale Services."

- ***Modification of the product.*** Customers are prohibited from modifying the product in any way. Any damage resulting from modifications will be the responsibility of the customer.

- ***Termination.*** We have the right to terminate the agreement if the customer's payment is overdue by more than 45 days.

Salient Terms of Our Distribution Agreements

We generally enter into standard distribution agreements with our distributors. There is no material difference between the salient terms of our distribution agreements with our independent or associated distributors. The salient terms of such distribution agreements are set forth as follows:

- ***Authorized distribution.*** Distributors are authorized to sell our products to end users within a specified region. Distribution outside this designated area requires our explicit consent.

- ***Exclusivity.*** Distributors are prohibited from selling new energy loaders, wide-body dump trucks or tractor trucks from other manufacturers without our written consent. However, there is no restriction on distributors selling other products from other manufacturers.

- ***Sales target.*** We set sales targets for our distributors. These targets are intended as a metric for evaluating the distributor's performance and are meant to encourage the distributor to actively engage in distribution activities. We do not require distributors to make mandatory minimum purchases. We assess distributor's performance based on a comprehensive set of metrics including sales targets and reserve the right to terminate the distribution agreements if the distributors fail to meet these sales targets.

- ***Sales and payment.*** The distributors are required to upload their sales agreements with end users to our system for record-keeping immediately upon signing.

- ***Recovery of accounts payable***. In the event of late payment, in addition to the overdue amount, distributors are required to pay a default penalty based on a percentage of the overdue accounts receivable amount. In cases of material default, we have the right to terminate the agreement and seek compensation for any losses incurred.

- ***Duration***. The duration of the distribution agreement is typically one year and can be renewed upon mutual agreement of both parties.

- ***Termination.*** We have the right to terminate the distribution agreement if a distributor commits a material breach of the agreement terms. We may also negotiate termination of the agreement upon the distributor's request, provided all outstanding payments are settled.

OUR SUPPLIERS

Our Major Suppliers

Our suppliers consist primarily of manufacturers who provide the raw materials and components essential for our products, including motors, batteries, controllers, gearboxes, thermal management parts, chassis and cabins. We purchase all of our raw materials and components from suppliers in China. Aside from these manufacturers, we also purchase software and IT services from technology companies.

In 2022, 2023 and 2024, the aggregate purchases attributable to our five largest suppliers for each year of the Track Record Period amounted to RMB336.7 million, RMB318.7 million and RMB347.4 million, respectively, representing 68.5%, 66.3% and 56.7% of our total purchases for the corresponding years. Purchases attributable to our single largest supplier amounted to RMB174.1 million, RMB189.0 million and RMB153 million for the same years, accounting for 35.4%, 39.4% and 24.9% of our total purchases for the corresponding years. We believe that we maintain strong and stable relationships with our major suppliers. The high concentration of our suppliers exposes us to supply chain risks. See "Risk Factors — Risks Relating to Our Business and Industry — Our supplier concentration exposes us to supply chain risks, particularly concerning components of our products."

The following table sets forth details of our five largest suppliers in 2024:

Ranking	Supplier	Supplier Background	Products Purchased	Business Relationship Since	Purchase Amount	% of Total Purchase	Payment Method
					(RMB in thousands)		
1	Supplier Group A	A leading new energy technology company group headquartered in Fujian and listed on Shenzhen Stock Exchange, focusing on the development and manufacturing of batteries for electric vehicles and energy storage systems	Power batteries	2018	152,914	24.9	Primarily bank transfer and bills
2	Supplier Group B	An off-highway vehicles and engineering machinery manufacturer headquartered in Shaanxi and listed on Beijing Stock Exchange	Chassis	2019	140,024	22.8	Primarily bank transfer and bills
3	Supplier C	A technology company headquartered in Jiangsu and listed on the National Equities Exchange and Quotations, focusing on development and manufacturing of motors	Motor and MCU	2020	20,745	3.4	Primarily bank transfer and bills
4	Supplier D	A new energy technology company headquartered in Henan, focusing on development and manufacturing of lithium-ion power batteries and battery management systems	Power batteries	2022	19,393	3.2	Primarily bank transfer and bills
5	Supplier E	An engineering machinery structural components manufacturer headquartered in Shandong	Frame structural parts and accessories	2022	14,355	2.3	Primarily bank transfer and bills
Subtotal					**347,432**	**56.7**	

The following table sets forth details of our five largest suppliers in 2023:

Ranking	Supplier	Supplier Background	Products Purchased	Business Relationship Since	Purchase Amount	% of Total Purchase	Payment Method
					(RMB in thousands)		
1	Supplier Group A	A leading new energy technology company group headquartered in Fujian and listed on Shenzhen Stock Exchange, focusing on the development and manufacturing of batteries for electric vehicles and energy storage systems	Power batteries	2018	188,995	39.4	Primarily bank transfer and bills
2	Supplier Group B	An off-highway vehicles and engineering machinery manufacturer headquartered in Shaanxi and listed on Beijing Stock Exchange	Chassis	2019	91,413	19.0	Primarily bank transfer and bills
3	Supplier F	An engineering machinery components manufacturer headquartered in Fujian	Frame structural components and accessories	2020	15,586	3.2	Bank transfer
4	Supplier C	A technology company headquartered in Jiangsu and listed on the National Equities Exchange and Quotations, focusing on development and manufacturing of motors	Motors and micro control units	2020	13,489	2.8	Primarily bank transfer and bills
5	Supplier D	A new energy technology company headquartered in Henan, focusing on development and manufacturing of lithium-ion power batteries and battery management systems	Power batteries	2022	9,206	1.9	Primarily bank transfer and bills
Subtotal					**318,688**	**66.3**	

The following table sets forth details of our five largest suppliers in 2022:

Ranking	Supplier	Supplier Background	Products Purchased	Business Relationship Since	Purchase Amount	% of Total Purchase	Payment Method
					(RMB in thousands)		
1	Supplier Group A	A leading new energy technology company group headquartered in Fujian and listed on Shenzhen Stock Exchange, focusing on the development and manufacturing of batteries for electric vehicles and energy storage systems	Power batteries	2018	174,062	35.4	Primarily bank transfer and bills
2	Supplier G	A branch office of a vehicle manufacturer headquartered in Hubei	Chassis	2019	70,501	14.3	Primarily bank transfer and bills
3	Supplier Group B	An off-highway vehicles and engineering machinery manufacturer headquartered in Shaanxi and listed on Beijing Stock Exchange	Chassis	2019	44,565	9.1	Primarily bank transfer and bills
4	Supplier F	An engineering machinery components manufacturer headquartered in Fujian	Frame structural components and accessories	2020	32,487	6.6	Bank transfer
5	Supplier H	A subsidiary of a lithium battery manufacturing company listed on Shenzhen Stock Exchange	Power batteries	2019	15,054	3.1	Primarily bank transfer and bills
Subtotal					**336,668**	**68.5**	

During the Track Record Period, none of our five largest suppliers for each year of the Track Record Period were our connected persons. None of our Directors or their associates or, to the knowledge of our Directors, any Shareholder with over 5% of the share capital of our Company had any interest in any of our five largest suppliers for each year during the Track Record Period.

Salient Terms of Our Supply Agreements

For critical raw materials and components used in our manufacturing process, we typically enter into a one-year supply agreement with selected suppliers. The salient terms of our supply agreement are set forth below:

- ***Credit period.*** We typically receive a credit period ranging from 30 to 60 days from our suppliers.

- ***Product quality.*** Our suppliers are required to possess the requisite license and certifications and are responsible for ensuring that their products meet the standards set out in the agreements.

- ***Specification changes and outsourcing.*** Suppliers are prohibited from altering any specifications stipulated in the supply agreement, such as raw materials, processing technologies, and quality inspections, without our prior approval. In addition, outsourcing work to third parties without our consent is not permitted.

- ***Pricing***. The pricing for raw materials and components is negotiated annually with our suppliers. The agreed-upon prices typically cover all associated costs, including packaging and logistics.

- ***Warranty.*** Suppliers are required to provide a warranty for the products sold to us, guaranteeing free repair, replacement, or return of all raw materials, parts, and components within the warranty period.

- ***Termination.*** We have the right to terminate the supply agreement under specific circumstances, such as force majeure, a breach of material terms by the supplier, or sustained difficulties in delivery.

OVERLAPPING OF OUR CUSTOMERS AND SUPPLIERS

In 2022, 2023 and 2024, we sold to and purchased from 38, 74 and 78 business partners, respectively. These business partners were both our customers and suppliers ("**Overlapping Business Partners**"). Among them, 20, 29 and 29 were primarily our customers, which means our sales to these customers exceeded our purchases from them during the corresponding years. Conversely, 18, 45 and 49 of them were primarily our suppliers, which means our purchases from these suppliers exceeded our sales to them during the same years. During the Track Record Period, four major scenarios contributed to the overlap between our customers and suppliers, with the majority of cases arising from the first two scenarios.

- ***Repair and maintenance services procured from Overlapping Business Partners.*** During the Track Record Period, we procured repair and maintenance services from Overlapping Business Partners who were primarily our customers. These partners have the necessary technical skills to repair or maintain engineering machinery. Given our ongoing efforts to expand our sales and service network and our limited reach in some geographic areas where our products are used, we leverage the technical capabilities of these Overlapping Business Partners to service our products sold to others nearby.

- ***Sales of parts and accessories to Overlapping Business Partners.*** During the Track Record Period, we sold parts and accessories of our products to Overlapping Business Partners, who were primarily our suppliers and provided post-sale services to end users in relation to our products.

- ***Customer referrals.*** During the Track Record Period, we paid referral fees to Overlapping Business Partners, who were primarily our customers, for introducing new customers to us. As a result, they acted as our suppliers of customer referral services. Specifically, in 2022, two of our five largest customers in that year, Customer Group C and Customer Group J, referred new customers to us, for which we paid them referral fees. Customer Group C, a new energy technology company group headquartered in Shanxi, referred two leading coke enterprises in the region to us. From these referrals, we sold two and five loaders to these two new customers, generating revenue of RMB1.4 million and RMB3.5 million, respectively. Customer Group J, a new energy technology company headquartered in Guangdong, referred a logistics company headquartered in Shanghai and a steel company headquartered in Xinjiang. We sold two loaders to the logistics company and 11 loaders to the steel company, recording revenue of RMB1.4 million and RMB4.5 million, respectively. The referral fee was determined based on the difference between the final selling prices of our products and our target selling prices, adjusted for any value-added tax differences, which is in line with industry practice, according to CIC. In total, we paid RMB0.5 million in referral fees to Customer Groups C and J in 2022. These referrals were one-time arrangements.

- ***Sales of e-powertrain to one of the Overlapping Business Partners.*** During the Track Record Period, we collaborated with Supplier G, a catalog company primarily acting as our supplier, in the manufacturing and distribution of battery-electric tractor trucks. See "— Our Products — E-powertrain Kits for Battery-electric Tractor Trucks." In 2022, Supplier G purchased six e-powertrain kits from us which they then assembled into tractor trucks that they later sold to other companies. This was a one-off transaction based on Supplier G's occasional business needs.

According to CIC, it is common in the new energy engineering machinery and tractor truck industries for all participants along the supply chain, such as manufacturers, distributors, end users, and component suppliers, to utilize each other's engineering and post-sale service capabilities within their respective regions, which facilitates to provide timely and efficient repair and maintenance services for products or components as needed. Additionally, it is typical for existing customers to introduce new ones to manufacturers in exchange for referral fees, and for suppliers of raw materials and components to purchase finished products from their downstream manufacturers for their own use.

In 2022, 2023 and 2024, our sales to Overlapping Business Partners who were primarily our suppliers amounted to RMB2.8 million, RMB0.9 million and RMB1.1 million, respectively, accounting for 0.8%, 0.2%, and 0.2% of our total revenue for the corresponding years, and our purchases from them amounted to RMB71.4 million, RMB13.6 million and RMB47.3 million, respectively, accounting for 14.5%, 2.8% and 7.7% of our total purchases during the corresponding years.

In 2022, 2023 and 2024, our purchases from Overlapping Business Partners who were primarily our customers amounted to RMB2.2 million, RMB5.0 million and RMB5.5 million, respectively, accounting for 0.4%, 1.0% and 0.9% of our total purchase for the corresponding years, and our sales to them amounted to RMB107.1 million, RMB183.8 million and RMB331.9 million, respectively, accounting for 29.7%, 39.6% and 52.2% of our total revenue for the corresponding years.

To the best knowledge of our Directors, during the Track Record Period, there were no other overlaps between our customers and suppliers. Our Directors confirm that all transactions with these customers and suppliers were conducted in the ordinary course of business and were based on normal commercial terms and at arm's length, and the sales to and purchases from these entities were neither interconnected nor conditional upon each other.

THIRD-PARTY PAYMENT ARRANGEMENT

During the Track Record Period, we accepted payments made by third parties to settle the amounts that several customers and distributors owed to us in connection with their purchases of our products. In 2022, 2023 and 2024, the aggregate amount settled through such third-party payments was RMB7.5 million, RMB6.6 million and RMB6.2 million, respectively, representing 2.1%, 1.4% and 1.0% of our total revenue for the corresponding years. The number of customers and distributors who settled payments through third-party channels, referred to as "Third-Party Settled Customers," was nine in 2022, eight in 2023, and 15 in 2024. We have ceased to accept any third-party payment starting from November 1, 2024.

We accept the above-mentioned third-party payments primarily to facilitate our collection of the trade receivables. The third parties who made the payments to us under these third-party payment arrangements during the Track Record Period, referred to as "Third-Party Payers," were primarily (i) the entities within the same corporate group or under common control with the Third-Party Settled Customers who initially purchased the products from us, or individuals who are the controlling shareholders of such Third-Party Settled Customers or their family members, (ii) the third parties that subsequently acquired our products from the Third-Party Settled Customers, and (iii) the entities that had other existing business relationship with the Third-Party Settled Customers.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not encountered any disputes with, nor received any refund request from, any Third-Party Settled Customer or Third-Party Payer, (ii) we had not been subject to any administrative penalties by any PRC government authorities with respect to the third-party payment arrangements, and (iii) the pricing, payment and other salient terms of the agreements we entered into with the Third-Party Settled Customers were in line with our other customers not involved in the Third-Party Payment Arrangement.

During the Track Record Period and up to the Latest Practicable Date, (i) the third-party payments we accepted were not intended to circumvent any applicable PRC tax laws and regulations or other applicable PRC laws and regulations, (ii) all payments we received from the Third-Party Payers had been duly recorded according to the accounting procedures and policies, (iii) we had fully paid all taxes applicable to the payments we received from the Third-Party Payers according to applicable PRC tax laws and regulations, and (iv) we had not been subject to any inquiry, investigation or administrative penalties by the competent government authorities concerning the PRC tax laws and regulation as a result of the third-party payments we received. Based on the foregoing, as advised by our PRC Legal Advisor, the third-party payments we accepted during the Track Record Period were in compliance with imperative provisions of applicable PRC laws or regulations.

As advised by our PRC Legal Advisor and to the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, (i) our third-party payments are backed by legitimate transaction and commercially reasonable arrangements, and there is no concealment or misrepresentation of the origin or nature of any criminal proceeds or income derived from such proceeds, which means these payments do not constitute money laundering, nor do they involve any situation that would lead to criminal liability under applicable PRC laws and regulations; (ii) we have established internal control systems to verify the authenticity, legality and compliance of business activities involving third-party payments, such as sales and collections; as a result, we have not used, and will not use, third-party payment arrangements to circumvent PRC laws and regulations, and (iii) we have not engaged in any activities that would violate Article 191 of the Criminal Law of the PRC, which pertains to the concealment or misrepresentation of the origin and nature of criminal proceeds.

To manage the potential risks associated with third-party payments, we have implemented an accounts receivable management policy with clear guidelines to manage third-party payments, such as prohibiting unauthorized third-party payments, requiring the use of entrusted payment agreements, and establishing evaluation and monitoring procedures for third-party transactions. We require all parties involved in third-party payment arrangements, including Third-Party Payers and Third-Party Settled Customers, to sign an entrusted payment agreement with us. Under this agreement, (i) the Third-Party Payer, acting on behalf of the Third-Party Settled Customer, will pay us the amounts owed by the Third-Party Settled Customer, and (ii) any financial obligations or claims that arise between the Third-Party Payer and the Third-Party Settled Customer due to this payment arrangement are solely between those two parties and do not involve us. Our risk management and finance departments are responsible for evaluating the reasonableness and necessity of any third-party payments, examining whether the payment amounts to be paid accurately reflect the outstanding amounts owed to us, verifying the authenticity of the payments, and deciding on the authorization of the third-party payment arrangement. They promptly report any unauthorized or unusual payments made by Third-Party Payers on behalf of Third-Party Settled Customers to the sales department and senior management.

See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to the risks associated with third-party payments."

COMPETITION

The new energy engineering machinery industry in China is large in size yet highly competitive, and we have strategically focused on offering new energy solutions in substitution for traditional fuel-powered engineering machinery.

We compete with both traditional engineering machinery companies expanding to the new energy sector and pure-play new energy engineering machinery companies. The former generally leverage their existing production lines and technological capabilities of traditional engineering machinery to manufacture new energy engineering machinery. On the contrary, the latter develop new energy engineering machinery through the forward engineering model with greater flexibility. See "Industry Overview — China's New Energy Engineering Machinery Industry." To remain competitive in the market, we are committed to advancing our technological innovations, expanding offerings of products and services, expanding our presence in international and regional markets, strengthening manufacturing capabilities, and pursuing strategic alliances and investments. See "— Our Strategies."

INTELLECTUAL PROPERTY

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We implement protective measures to protect our intellectual property, in addition to making trademark and patent registration applications. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We also enter into confidentiality and invention assignment agreements with all of our employees, and we rigorously control access to our proprietary technology and information. We will actively monitor and pursue claims against any unauthorized use of our intellectual property. We have developed proprietary technology, including patented technology, in a range of areas, including remote and autonomous operation systems, electrical and electronic architecture, VCU, thermal management, e-powertrain and battery systems.

As of December 31, 2024, our significant investment in incorporating advanced technology into engineering machinery has yielded 131 issued patents and 82 pending patent applications. As of December 31, 2024, we held 110 trademarks and 20 software copyrights in China. As of the Latest Practicable Date, we were not involved in any litigation or arbitral proceedings in respect of misappropriation or other violations of third-party intellectual property that could have a material adverse effect on our business, results of operations or financial condition.

DATA PRIVACY AND PROTECTION

We have implemented a stringent data security management system to ensure compliance with applicable laws and regulations and prevailing industry practices in the collection, usage, storage, transmission and dissemination of data. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with applicable data security laws or regulations. To the best of our knowledge, we were not aware of any material data leakage or security breaches during the Track Record Period and up to the Latest Practicable Date.

Data Collection

We collect data in compliance with applicable laws and regulations. For personal data, we gather and retain essential contact information when potential customers interact with us, such as by completing a machine or vehicle reservation form on our website, entering into sales or distribution agreements, or purchasing products.

Operational data for our products, comprising equipment-related information such as product status and location, is collected through the VCU and the telematics box. Data collected by the VCU is processed locally, and data from the telematics box is transmitted to us via telematics. The transmitted data enables us to monitor product performance, detect current or potential faults, and support our after-sales services. We inform our customers about these data collection functions and services through the product manual and provide them with access to the data through our platform. Such operational data does not include any personal identifiers, biometric data, financial information, or government-issued identification.

Our PRC legal advisor for cybersecurity and data privacy is of the view that our data collection and processing activities comply with applicable PRC cybersecurity and data privacy laws and regulations in all material respects, based on the following grounds: (i) the operational data we collect does not allow for the identification of individuals and, therefore, does not qualify as personal data under applicable laws and regulations, meaning the explicit consent requirements for personal information protection do not apply; (ii) in accordance with applicable regulations and national standards for electric vehicles, manufacturers like us are required to establish platforms to monitor and manage key vehicle information, such as battery health and product status, and report this information to government authorities; and (iii) our method of informing customers about the relevant data collection functions and services, as well as providing access to the data through our platform, does not contravene any applicable PRC cybersecurity and data privacy laws and regulations.

Our privacy policy details our data handling practices, including collection, processing, sharing, storage and protection, and provides information on user rights, data retention periods, and other legally required disclosures. Our dedicated information security task force oversees the maintenance of our systems and infrastructure, ensuring that data handling complies with legal standards and our internal policies.

Data Storage and Management

All data processing activities are conducted within China, and data is stored either on our local servers or on cloud-storage platforms operated by third-party service providers within China, in accordance with the applicable laws and regulations. We have established policies for data storage and deletion that comply with legal limitations on data retention periods. We also monitor and inspect the operation of our facilities and servers on a regular basis, reporting and resolving possible problems in a timely manner.

Data Protection Technology

We use a variety of technologies to protect the data we collect from our customers, which includes contracting third-party security services to enhance network and data security, configuring network firewalls, installing antivirus software, and regularly conducting virus scans. We monitor our network and system operations continuously to detect and resolve vulnerabilities and security incidents promptly. Furthermore, we utilize encryption technologies for storing and transmitting customer data to ensure its confidentiality. As of the Latest Practicable Date, we did not experience any material network or data security events that result in severe disruption of our system and business.

EMPLOYEES

As of December 31, 2024, we had a total of 372 full-time employees. Substantially all of our employees are based in China. The following table sets forth a detailed breakdown of our employee composition categorized by function as of December 31, 2024:

Function	Number of Employees	% of Total
Research and development	103	27.3%
Sales and marketing	83	22.3%
Manufacturing	97	26.1%
General and administration	89	23.9%
Total	**372**	**100.0%**

We utilize a variety of recruiting channels to sustain our robust talent pool and support our continued growth. Our primary recruitment methods include online platforms, employment agencies and referrals. We provide a series of training for new employees, covering technological knowledge, skills development, corporate culture, leadership and communication to prepare them as future leaders of our Company.

To remain competitive and expand our talent pool, we offer attractive compensation packages and a dynamic working environment. We believe that our commitment to fostering a distinctive working culture will continue to attract more talent.

In compliance with applicable PRC laws and regulations, we participate in a variety of government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds. We make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees as required by applicable PRC laws and regulations, up to an upper limit stipulated by the local government regulations. Additionally, we provide employer's liability insurance and supplementary commercial accident insurance to enhance our employees' coverage.

We enter into standard labor contracts with all employees and require confidentiality and non-compete agreements from our research and development staff as well as middle to senior management. The non-compete agreements typically last for two years post-employment, with compensation calculated based on a certain percentage of pre-departure salary during the restricted period and paid monthly.

During the Track Record Period and up to the Latest Practicable Date, we had not witnessed any major labor disputes with our existing or departing employees, which demonstrate our efforts on maintaining good relationships with our employees.

Social Insurance and Housing Provident Funds

During the Track Record Period and up to the Latest Practicable Date, we did not make contributions to social insurance and housing provident fund in full or at all for some of employees in accordance with the applicable PRC laws and regulations. We started to make full contribution to social insurance and housing provident fund for all but one of our employees in July 2022, and for all of our employees in July 2024. The under-contribution and non-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to the applicable PRC laws and regulations, if there is any failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

The amount of shortfall of our social insurance contribution was RMB1.7 million, RMB13 thousand and RMB21 thousand, in 2022, 2023 and 2024, respectively. As advised by our PRC Legal Advisor, failure to make full and timely social insurance payments may result in a daily late payment fee of 0.05% of the overdue amount from the date of delay and may also lead to a fine ranging from one to three times the overdue amount. The amount of shortfall of our housing provident fund contribution was RMB0.5 million, RMB4 thousand and RMB10 thousand, in 2022, 2023 and 2024, respectively.

As advised by our PRC Legal Advisor, the likelihood that we are subject to claims for historical arrears or penalties related to our failure to make full social insurance and housing provident fund contributions for our employees is low, considering that (i) the Ministry of Human Resources and Social Security and the State Administration of Taxation have strictly prohibited the centralized collection of historical shortfalls for social insurance and housing provident fund contributions, (ii) during the Track Record Period and up to the Latest Practicable Date, we were not subject to any administrative penalties for violating labor protection, social insurance or housing provident fund laws and regulations, (iii) during the Track Record Period and up to the Latest Practicable Date, we were generally in compliance with the relevant laws and regulations regarding social insurance and housing provident funds, and (iv) we have not received any notice of required back payments or employee complaints. During the Track Record Period, we did not make provision for the shortfall for our contributions to social insurance and housing provident fund.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed on us by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any complaint filed by our employees regarding our social security insurance and housing provident fund policy.

We have enhanced our internal control measures, including designating our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis, and have taken actions to make full contributions for all of our employees. We will consult our PRC legal counsel on a regular basis for advice on applicable PRC laws and regulations to keep us abreast of relevant regulatory developments.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties for the social insurance non-compliances and therefore did not incur any penalties. Our Directors believe that the above-mentioned failures to fully comply with applicable PRC laws and regulations would not have a material adverse effect on our business and results of operations, considering that: (i) to our knowledge, we had not been subject to any administrative penalties during the Track Record Period and up to the Latest Practicable Date; and (ii) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing provident funds. See "Risk Factors — Risks Relating to Our Business and Industry — Non-compliance with relevant regulations regarding social insurance and the housing provident fund may result in penalties and have an adverse impact on our business, financial condition, results of operations and prospects."

INSURANCE

During the Track Record Period and up to the Latest Practicable Date, we maintained insurance policies relating to our business operations to safeguard against risks and unforeseen events. We have secured a suite of commercial insurance policies to mitigate operational risks and support both economic and social benefits. Our coverage includes accident insurance, employer's liability insurance, equipment insurance, and transportation insurance. We believe that the scope of coverage provided by these policies is adequate for our current operations and aligns with standard commercial practices in our industry. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage strategy may not be adequate to protect us from all business risks and cover all of our potential losses." During the Track Record Period and up to the Latest Practicable Date, we had not made, nor been the subject of, any material insurance claim.

PROPERTIES

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding-Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of our properties had a carrying amount of 15% or more of our consolidated total assets.

Owned Property

As of the Latest Practicable Date, we obtained land use right certificates for three parcels of land, located in Wuhan, Hubei, Lanxi, Zhejiang, and Xiangtan, Hunan, with site area of approximately 66,642 square meters, 94,125 square meters, and 82,061 square meters, respectively. We constructed our second loader manufacturing plant on our land located in Wuhan, Hubei which commenced operations in August 2024 and are currently constructing another loader manufacturing plant on our land located in Lanxi, Zhejiang. We intend to establish a wide-body dump truck manufacturing and assembly plant in Xiangtan, Hunan. See "— Manufacturing — Our Manufacturing Plants." Our PRC Legal Advisor has confirmed that the use of our land does not contravene the use specified in the land use right certificates.

Leased Property

As of the Latest Practicable Date, we leased four properties from third parties in the PRC, with an aggregate gross floor area of approximately 20,641 square meters. These properties are primarily used as manufacturing plants and warehouses. We will evaluate the possibility of renewing these leases upon their expiry. The following table sets forth the details of our leased properties:

Location	Usage	Approximate Gross Floor Area (Square Meters)	Lease Expiry Date
Zaozhuang, Shandong	Manufacturing plant	4,755	July 31, 2026
Minhang, Shanghai	Office premise	2,900	December 9, 2027
Yuyao, Zhejiang	Manufacturing plant	12,986	April 30, 2028

Pursuant to the applicable PRC laws and regulations, both lessors and lessees must register lease agreements with the relevant authorities and obtain property leasing filing certificates. As of the Latest Practicable Date, our leases had not been registered with the governmental authorities. The failure to register and obtain the required certificates for these leases could result in fines ranging from RMB1,000 to RMB10,000 per unfiled agreement. If such fines are imposed, the maximum penalty we may be required to pay would be approximately RMB40,000 for the above three leased properties. See "Risk Factors — Risks Relating to Our Business and

Industry — Any unanticipated lease terminations, as well as challenges in renewing existing premises at favorable terms, could have a material adverse effect on our business. Non-registration of lease agreements may subject us to fines."

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreements, nor had we faced any disputes related to our leased properties. As advised by our PRC Legal Advisor, the non-registration of our lease agreements does not affect the validity of these lease agreements. We believe that such non-compliance is unlikely to have a material adverse effect on our business operations or financial performance.

LITIGATIONS

We may be subject to various legal and administrative proceedings and claims and investigations arising in the ordinary course of our business from time to time. See "Risk Factors — Risks Relating to Our Business and Industry — We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business."

During the Track Record Period, we had been subject to a product liability lawsuit as the defendant, in which we refunded the customer the full purchase price of RMB2.9 million and provided compensation of RMB180,000 to the customer for property damages caused to a third party. This litigation has not had a material impact on our business, results of operations or financial condition. See "Risk Factors — Risks Relating to Our Business and Industry — We have been and may become subject to product liability claims, which could harm our financial condition if we are not able to successfully defend against such claims."

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation, arbitration proceedings or other legal proceedings pending, or to the best knowledge of our Directors, threatened against us that could have a material adverse effect on our business, results of operations or financial condition.

COMPLIANCE WITH LAWS AND REGULATIONS

We are subject to a wide range of PRC laws and regulations in the ordinary course of 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 that have led to fines, enforcement actions, or other penalties which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable PRC laws and regulations in all material respects.

LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals that are material to our operations and such licenses, permits and approvals were valid and remain in effect with no material risk of being unable to be renewed upon expiration. The table below sets forth the relevant details about the material licenses required for our operation in the PRC:

License/Permit	Holder	Issuing Authority	Validity Period
Registration for Pollutant Discharge from Fixed Pollution Sources (固定污染源排污登記)	Breton (Shandong) New Energy Vehicle Co., Ltd. (博雷頓(山東)新能源汽車有限公司), one of our subsidiaries	—	May 19, 2022 to May 18, 2027
Road Transport Operation License (道路運輸經營許可證)	Breton (Shandong) New Energy Vehicle Co., Ltd. (博雷頓(山東)新能源汽車有限公司), one of our subsidiaries	Administrative Approval Service Bureau of Shanting District of Zaozhuang (棗莊市山亭區行政審批服務局)	March 19, 2025 to March 18, 2029

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to establishing and maintaining a robust risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure compliance with our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and adequacy. We are committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including those related to the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and related policies. We have adopted and implemented risk management policies in various aspects of our business operations to address potential risks related to operations, information security, intellectual property, and anti-corruption.

Business Operational Risk Management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal procedures to manage such risks. We take a comprehensive approach to operational risk management and implement a mechanism with detailed and decentralized responsibilities, along with clear rewards and punishment systems. Our sales department, research center, production and operations department, procurement department, human resources department, public relations department, legal department, risk management department, finance department, customer service department, quality department, secretary to the Board's office, administrative department, IT department, and internal audit department are collectively responsible for ensuring that our business operations comply with internal procedures. In the event of a major adverse occurrence, the matter will be escalated to our senior management, and the Board may need to take appropriate measures.

Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring, and containing operational risks to reduce potential losses.

Anti-Corruption Risk Management

Anti-corruption risk refers to the risk associated with the use of cheating, bribery, or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our economic interests and (ii) the pursuit of improper interests of our Company. We have established anti-corruption risk management policies that prohibit any corrupt activities by employees, whether for personal gain or improper interests. Our internal audit department is directly responsible for anti-corruption risk management and has established an anti-corruption committee comprising designated personnel from our human resources, internal audit, and legal departments. We maintain a whistleblower mechanism to encourage the internal reporting of suspicious activities. We have a zero-tolerance policy for corruption and do not accept the employment or promotion of individuals responsible for corruption incidents. We conduct routine internal training and require all suppliers to sign anti-corruption commitments before engagement.

Confidentiality Risk Management

Confidentiality risk arises when an employee breaches their confidentiality obligations by disclosing our or our business partners' trade secrets to third parties. Such actions could harm our commercial interests and expose us to legal actions and reputational damage. To address this, we have implemented a stringent confidentiality agreement template that employees must sign along with their employment contract before starting their roles. This agreement clearly outlines their responsibilities to protect confidential information. We also provide training to raise employee awareness of confidentiality, including regular security drills and simulated leak scenarios to enhance vigilance. Furthermore, we have enacted a "Confidentiality Management Policy" that defines the roles and responsibilities of our confidentiality team, establishes procedures for managing trade secrets and personnel handling sensitive information, and sets forth disciplinary actions and rewards to reinforce compliance.

Business Partner Contract Fraud Risk Management

Contract fraud risk arises when business partners engage in fraudulent activities, such as forging contracts, providing false information, or concealing critical facts, which could mislead us into signing unfavorable agreements and harm our interests. To mitigate this risk, we have established a "Contract Management Policy" that defines procedures for drafting, reviewing, and managing contracts. This policy includes a robust review process with multiple approval checkpoints to prevent and control contract risks effectively.

Business Partner Product Quality Risk Management

Product quality risk arises when products or services provided by business partners have defects or quality issues, leading to customer dissatisfaction, harm to our brand image, and a loss of competitive edge. To manage this risk, we have implemented the "Procurement Management Policy" and the "Supplier Management Procedure" that specify supplier management processes and the responsibilities of our relevant departments. Additionally, our quality department annually maintains and updates our quality management system documents, including inspection standards and quality control procedures, to ensure prompt responses to quality issues. We have also introduced the "Quality Issue Accountability Policy" to define responsibilities for quality problems and ensure accountability in addressing them.

Audit Committee and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Jiang Bailing, Mr. YIM, Chi Hung Henry and Dr. Li Xiaofu, with Dr. Jiang Bailing currently serving as the chairman. Dr. Jiang Bailing and Mr. YIM, Chi Hung Henry have the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. See "Directors, Supervisors and Senior Management — Board Committees — Audit Committee."

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

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Forward-looking Statement," "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a China-based provider of electric-powered engineering machinery. We design, develop and commercialize battery-electric engineering machinery with autonomous capabilities and provide intelligent operation services. According to CIC, we ranked third and seventh among all manufacturers of new energy wide-body dump trucks and loaders in China, with a market share of 18.3% and 3.8% in terms of shipments in 2024, respectively, being the only pure-play manufacturer among the top manufacturers of these two types of new energy engineering machinery. In 2024, we achieved a market share of 3.2% in the wide-body dump truck market and 1.3% in the loader market in China, including both new energy and fuel-powered machinery, in terms of revenue. We also design and develop e-powertrain kits for battery-electric tractor trucks and collaborate with manufacturers to bring these vehicles to market.

During the Track Record Period, we generated most of our revenue from (i) sales of our products, including battery-electric loaders, battery-electric wide-body dump trucks, and battery-electric tractor trucks, as well as spare parts and accessories, (ii) rendering of services, including repair, maintenance and trial-use services for our products, and (iii) other sources, primarily consisting of rental income from the leasing of our products.

We had revenue of RMB360.1 million, RMB463.7 million and RMB635.5 million in 2022, 2023 and 2024, respectively. We recorded gross profit was RMB8.2 million, RMB9.3 million and RMB36.8 million in 2022, 2023 and 2024, respectively, representing a gross profit margin of 2.3%, 2.0% and 5.8% in the same years, respectively. We had net loss of RMB178.1 million, RMB229.4 million and RMB274.5 million in 2022, 2023 and 2024, respectively. Our adjusted net loss (a non-IFRS measure), was RMB142.6 million, RMB189.8 million and RMB217.6 million in the same years, respectively. See "— Description of Major Components of Our Results of Operations — Non-IFRS Measures" for a reconciliation of our net loss to the adjusted net loss (a non-IFRS measure).

BASIS OF PREPARATION AND PRESENTATION

Our Company was established as a limited liability company in the PRC on November 28, 2016 and was converted into a joint stock company with a limited liability on November 23, 2022. Our consolidated financial statements for the Track Record Period have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our consolidated financial statements for the Track Record Period, we have adopted all applicable new and revised IFRSs to the Track Record Period. The accounting policies set out in Note 2 to the Accountants' Report included in Appendix I to this prospectus have been applied consistently throughout the Track Record Period, and we have not adopted any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 33 to the Accountants' Report in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the following significant factors.

General Factors

Our results of operations and financial condition are affected by general factors affecting the new energy engineering machinery industry, primarily including:

- global and China's macroeconomic conditions and the growth of engineering machinery market in China;
- governmental policies, initiatives and incentives affecting China's new energy engineering machinery market;
- market acceptance of new energy engineering machinery;
- the competition in China's new energy engineering machinery market; and
- technology developments for new energy engineering machinery.

Specific Factors

While our business is influenced by the general factors set forth above, our results of operations are more directly affected by specific factors relating to our business, primarily including:

Our Ability to Generate Customer Demand and Grow Our Customer Base

Our results of operations depend significantly on our ability to increase sales volume of our battery-electric loaders and wide-body dump trucks to customers. We strive to enhance our brand recognition among target customers by consistently delivering upgradable and cost-efficient products as well as superior customer experiences. Our products have great performance with reduced energy consumption and maintenance expenses, leading to lower total costs during their entire lifecycle as compared to the traditional fuel-powered counterparts, making us well poised to capture market opportunities.

Furthermore, we intend to strategically expand and strengthen our international market presence, primarily focusing on overseas markets with higher new energy penetration. We believe we are well poised to expand our global reach to other countries and regions with rising demand. Our product development expertise and rich product portfolio will enable us to offer significant customization for diverse international markets. As we continue to develop and launch new models and expand our sales and service network, we anticipate rapid growth in our customer base and revenue.

Competitiveness and Continued Expansion of Our Offerings of Products and Services

We believe we have established our brand in the attractive customers and engineering machinery market segments. However, our ability to grow revenue and expand margins will also depend on our ability to develop and launch new offerings of products and services. We aspire to accelerate the advancement of our flagship offerings by introducing battery-electric wide-body dump trucks and loaders with greater payloads and battery capacities, especially those equipped with our remote and autonomous operation technologies. We plan to continuously introduce new models to expand our product portfolio and customer base to address the evolving and diversified customer demand.

Leveraging our extensive technological and engineering expertise across various products and platforms, we have successfully expanded and will continue to expand our offerings and services. For example, in 2022, we were commissioned by a trucking company based in North America to design and manufacture add-on e-powertrains, allowing conventional diesel tractors to operate as hybrids. In the second half of 2025, we plan to launch a 145-tonne range-extended wide-body dump truck with a 724-kWh battery. In addition, we plan to introduce a 135-tonne battery-electric wide-body dump truck with a battery exceeding 900 kWh in 2026. Both products will incorporate an upgraded electrical and electronic architecture. Alongside expanding our product range, we strive to offer a suite of scenario-specific products and services that incorporate intelligent technologies. In March 2023, we integrated our proprietary autonomous system onto our BRT105E model and introduced our first-generation autonomous wide-body dump trucks. We expect the continued expansion of our product portfolio to be a key factor to drive our revenue growth.

Our Ability to Manage Raw Material Costs Effectively

The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. Our results of operations are significantly affected by the cost of raw materials and components, which forms the majority of our cost of sales. In 2022, 2023 and 2024, our costs of raw materials and components were RMB307.1 million, RMB399.1 million and RMB536.5 million, respectively, representing 87.3%, 87.8% and 89.6% of the total cost of sales in the corresponding periods. We have experienced and may continue to experience cost fluctuations or disruptions in supply of input materials, which could impact our financial performance.

The prices of raw materials and components are susceptible to significant price fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, price controls, economic climate and other unforeseen circumstances. The principal raw materials and components that we use in the production of our products are batteries. The average price of LFP battery experienced a decrease from 2018 to 2021, an increase in 2022, and a decrease since 2023. These fluctuations reflected the market demands for LFP batteries. The average price of LFP battery is expected to maintain a decrease trend in the near future, according to CIC. We manage our raw material costs by seeking competitive procurement tenders, maintaining long-term relationships with key suppliers and selecting new suppliers that offer competitive prices. See "Business — Our Suppliers — Our Major Suppliers." We do not use financial instruments to hedge our raw material exposure. We expect the prices of raw materials and components to continue to fluctuate in the foreseeable future and our results of operations will continue to be materially affected by such movements. See "Industry Overview — Historical Trends of Prices on Major Raw Materials and Components for New Energy Engineering Machinery" and "Risk Factors — Risks Relating to Our Business and Industry — We may encounter cost increases or disruptions in the supply of raw materials or other components used in our products."

We have established long-term partnerships with many established suppliers. We expect our unit production costs to reduce as we scale up our production capacity and achieve economies of scale. We will continue to apply intelligent manufacturing technologies to optimize our production process and enhance operation efficiency. We believe that, as a result of our increased business scale, we can have a greater bargaining power with suppliers of raw materials and components and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability.

Our Ability to Enhance Technological Capabilities

We have been committed to in-house research and development of advanced technologies since our inception. These technologies mainly focus on autonomous operating systems, VCU, e-powertrain technologies, battery systems, electrical and electronic architecture, thermal management, and frame and chassis design. In 2022, 2023 and 2024, our research and development costs were RMB44.9 million, RMB68.6 million and RMB81.7 million, respectively, accounting for 12.5%, 14.8% and 12.9% of the total revenue, respectively. Our investment in incorporating advanced technologies into engineering machinery has yielded 131 issued patents and 82 pending patent applications as of December 31, 2024. We have dedicated significant resources towards research and development, and our research and development staff accounted for approximately 27.7% of our total employees as of December 31, 2024. Our business and competitive position depend on our ability to retain or hire technology talents. We will continue to recruit and retain talented software developers and engineers to escalate our continued innovation in the key technologies. We expect our strategic focus on innovations will further differentiate our products, further enhancing our competitiveness.

Our Ability to Execute Effective Sales, Marketing and Pricing Strategies

Effective sales and marketing are critical to our sales growth. We have established a network of direct sales and distribution channels to carry out our sales and marketing strategies. See "Business — Sales and Service Network." We also seek to acquire new customers through other channels, such as online and offline marketing activities. We plan to substantially raise our brand awareness by connecting with our customers through rich digital experiences, trade shows and exhibitions, and online marketing channels, such as engaging video content distributed across digital platforms. We expect these activities will attract more customers and generate new orders for us. See "Business — Marketing Strategy."

Our ability to price our products competitively and adjust our prices effectively is also essential for us in acquiring customer orders. We price our products from both demand and supply perspectives considering a variety of factors, including the budget of our target customers, the competitiveness of our products, our production costs, research and development costs, and the gross profit we plan to achieve. We also adjust the prices of our existing product models based on multiple factors, in particular the demand for our products and the prices of our competitive products.

Our Ability to Maintain and Improve Operating Efficiency

Our results of operations are further affected by our ability to maintain and improve our operating efficiency, as measured by our total operating expenses as a percentage of our revenues. During the Track Record Period, our selling expenses were RMB46.9 million, RMB58.0 million and RMB59.7 million in 2022, 2023 and 2024, respectively, which accounted for 13.0%, 12.5% and 9.4% of our total revenue, respectively. Our administrative expenses were RMB59.4 million, RMB88.4 million and RMB109.3 million in 2022, 2023 and 2024, respectively, representing 16.5%, 19.1% and 17.2% of our total revenue, respectively.

To improve our profitability, we aim to improve operating efficiency in key aspects of our business, such as product development, supply chain, manufacturing, sales and marketing, and post-sale services. We expect our selling expenses and administrative expenses to increase for the foreseeable future as our business continues to scale up. At the same time, we expect our selling expenses and administrative expenses as percentage of revenue to decrease over time due to economies of scale and improved operational efficiency.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the 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 recognized 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.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. See Note 2 to the Accountants' Report in Appendix I to this prospectus for a description of other material accounting policy information.

Revenue Recognition

During the Track Record Period, we generated most of our revenue from (i) sales of our products, including battery-electric loaders, battery-electric wide-body dump trucks, and battery-electric tractor trucks, as well as spare parts and accessories, (ii) rental income from the leasing of these products, and to a lesser extent, and (iii) providing maintenance and trial-use services for our products.

We recognize revenue when control over a product or service is transferred to the customer, or when the lessee has the right to use the asset, at the amount of promised consideration we are expected to be entitled to, excluding those amounts collected on behalf of third parties. We recognize revenue after deducting any value added tax ("VAT"), other sales taxes and trade rebates.

Where the contract contains a financing component that provides a significant financing benefit to the customer for more than 12 months, we measure revenue at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and accrue interest income separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, we recognize the interest expense accreted on the contract liability under the effective interest method as revenue under that contract. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and do not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Sale of Products

We recognize revenue when products are delivered to the customers' premises which is taken to be the point in time when the customer has accepted and taken possession of the goods at the amount of promised consideration to which we are expected to be entitled. We recognize revenue after deducting any VAT, other sales taxes, and trade rebates.

We do not recognize revenue that we will be entitled to when we satisfy the remaining performance obligations for those we have a right to consideration from customers in an amount that corresponds directly with the value to the customer of our performance completed to date. We recognize revenue in the amount to which the Group has a right to invoice.

Rendering of Services

We recognize revenue from rendering of services, including maintenance service, trial-use services, etc. over the period of the service.

Rental Income

We recognize rental income from operating leases in profit or loss on a straight-line basis over the term of the lease. We recognize lease incentives granted as an integral part of the total rental income, over the term of the lease. We recognize variable lease payments that do not depend on an index or a rate as income in the accounting period in which they are earned.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. We carry inventories at the lower of cost and net realizable value.

We calculate cost using the weighted average cost formula, which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable 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.

When inventories are sold, we recognize the carrying amount of those inventories as an expense in the period in which the related revenue is recognized. We recognize the amount of any write-down of inventories to net realizable value and all losses of inventories as the cost of sales in the period the write-down or loss occurs. We recognize the amount of any reversal of any write-down of inventories as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. We recognize a right to recover returned goods for the right to recover products from customers sold with a right of return.

Trade and Other Receivables

We recognize a receivable when we have an unconditional right to receive consideration, and only the passage of time is required before payment of that consideration is due. If revenue has been recognized before we have an unconditional right to receive consideration, we present the amount as a contract asset.

We initially measure trade receivables that do not contain a significant financing component at their transaction price. We initially measure trade receivables that contain a significant financing component and other receivables at fair value plus transaction costs.

We subsequently state all receivables at amortized cost, using the effective interest method and including an allowance for credit losses.

Property, Plant and Equipment

We state property, plant and equipment at cost less accumulated depreciation and impairment losses.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognized at cost. Cost comprises cost of materials, cost of labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs. We transfer the construction in progress to property, plant and equipment when the asset is substantially ready for its intended use.

We recognize any gain or loss on disposal of an item of property, plant and equipment in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

We calculate depreciation 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 we generally recognize depreciation in profit or loss, as follows:

Categories	Estimated useful life
Machinery and equipment	3–10 years
Office and other equipment	3–5 years
Lease vehicles	5 years
Leasehold improvement	2–6 years

Where parts of an item of property, plant and equipment have different useful lives, we allocate the cost of the item on a reasonable basis between the parts and each part is depreciated separately. We review depreciation methods, useful lives and residual values at each reporting date and adjust if appropriate.

Credit Losses and Impairment of Assets

Credit Losses from Financial Instruments, Contract Assets and Lease Receivables

We recognize a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortized cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables, including loans to other investments in equity, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

- contract assets as defined in IFRS 15; and

- lease receivables.

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. We measure credit losses as the present value of all expected cash shortfalls between the contractual and expected amounts.

We discount the expected cash shortfalls using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate; and

- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

In measuring ECLs, we take 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.

We measure ECLs on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

We always measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. We estimate ECLs on these financial assets using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, we recognize a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case we measure the loss allowance at an amount equal to lifetime ECLs.

Significant Increases in Credit Risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, we compare the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, we consider that a default event occurs when the borrower is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realizing security (if any is held). We consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to us.

Depending on the nature of the financial instruments, we perform the assessment of a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, we group the financial instruments based on shared credit risk characteristics, such as past due status and credit risk ratings.

We remeasure ECLs at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. We recognize any change in the ECL amount as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, we assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off Policy

We write off (either partially or in full) the gross carrying amount of a financial asset, contract asset or lease receivable to the extent that there is no realistic prospect of recovery. This is generally the case when we determine 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.

We recognize subsequent recoveries of an asset that was previously written off as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Credit Losses from Financial Guarantees Issued

Financial guarantees are contracts that require the issuer (the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

We initially recognize financial guarantees issued at fair value. The amount initially recognized as deferred income is subsequently amortized in profit or loss over the term of the guarantee as income.

We monitor the risk that the specified debtor will default on the contract and remeasure the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

We measure a 12-month ECL unless the risk that the specified debtor will default has increased significantly since the guarantee was issued, in which case we measure a lifetime ECL.

As we are required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, we estimate an ECL based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that we expect to receive from the holder of the guarantee, the specified debtor or any other party. We then discount the amount using the current risk-free rate adjusted for risks specific to the cash flows.

Impairment of Other Non-current Assets

At each reporting date, we review the carrying amounts of our non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. We estimate the asset's recoverable amount if any such indication exists. We test goodwill annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU(s)"). We allocate goodwill arising from a business combination to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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, which are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

We recognize an impairment loss if the carrying amount of an asset or CGU exceeds its recoverable amount. We recognize impairment losses in profit or loss. We allocate impairment losses 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.

We do not reverse an impairment loss in respect of goodwill. For other assets, we reverse an impairment loss only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

During the Track Record Period, our Directors considered that the Group as a whole constitutes a single cash-generating unit and assessed the impairment indication of the property, plant and equipment, right-of-use assets and intangible assets at the end of reporting period by reviewing internal and external sources of information. If any such indication exists, the asset's recoverable amount is estimated by using the value in use model. Value in use was calculated by preparing discounted cash flows and any shortfall of the recoverable amount against the carrying amounts would be recognized as impairment. Upon review of the aforesaid period-end balance and assessment of the impairment indication for each respective period, the Group did not make any impairment for the property, plant and equipment, right-of-use assets and intangible assets in 2022, 2023 and 2024.

Associates

An associate is an entity in which we have significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

We account for an investment in an associate in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, we initially record the investment at cost, which is adjusted for any excess of our share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of our equity investment. Thereafter, we adjust the investment for the post-acquisition change in our share of the investee's net assets and any impairment loss relating to the investment. See Note 2(i)(iii) to the Accountants' Report in Appendix I to this prospectus for details. At each reporting date, we assess whether there is any objective evidence that the investment is impaired. Any acquisition-date consideration excess over cost, we recognize our share of the post-acquisition, post-tax results of the investees and any impairment losses for the period in the consolidated statements of profit or loss and other comprehensive income, whereas we recognize our share of the post-acquisition post-tax items of the investees' other comprehensive income in the consolidated statements of profit or loss and other comprehensive income.

When our share of losses exceeds our interest in the associate, we reduce our interest to nil and discontinue recognition of further loss except to the extent we have incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, our interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of our net investment in the associate (after applying the ECL model to such other long-term interests where applicable).

We eliminate unrealized gains arising from transactions with equity-accounted investees against the investment to the extent of our interest in the investee. We eliminate unrealized losses in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

We account for investments in associates using the equity method.

Other Investments in Equity Securities

We recognize or derecognize investments in equity securities on the date we commit to purchase or sell the investment. We initially state the investments at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how we determine fair value of financial instruments, see Note 29(d) to the Accountants' Report in Appendix I to this prospectus for details.

We subsequently account for investments as follows, depending on their classification:

We classify an investment in equity securities as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, we make an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. We make such elections on an instrument-by-instrument basis but may only make if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings, which is not recycled through profit or loss. We recognize dividends from an investment in equity securities, irrespective of whether they are classified as FVPL or FVOCI, in profit or loss as other income in accordance with the policy with respect to the recognition of revenue and other income.

Critical Accounting Estimates and Judgments

The preparation of our historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying our accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Depreciation and Amortization

Right-of-use assets, property, plant and equipment and intangible assets, are depreciated or amortized on a straight-line basis over the estimated useful lives of the assets. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization expenses to be recorded during any reporting period. The useful lives are based on our historical experience with similar assets. The depreciation and amortization expenses for future periods are adjusted if there are material changes from previous estimates.

Impairment of Contract Assets, Trade and Other Receivables

Our 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. Our management reassesses the loss allowance at each reporting period end.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. Net realizable value of inventories could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect our profit or loss and net asset value.

Warranty Provisions

We make provisions under the warranties we give on sale of our products taking into account our recent claim experience. As we continually upgrade our product designs and launch new models, it is possible that the recent claim experience is not indicative of future claims that we may receive in respect of past sales. Any increase or decrease in the provision would affect our profit or loss in future years.

Financial Guarantee

We measure the financial guarantee contract at the higher of the initial recognized amount and the expected credit loss allowance. As the initial fair value of the financial guarantees is measured based on the future net cash outflow, these estimates are based on the information about past events, current conditions and forecasts of future economic conditions.

IMPACT OF COVID-19 ON OUR OPERATIONS

The COVID-19 pandemic affected the global economy, new energy engineering machinery industry and our business operations. The outbreak resulted in nationwide restrictions on travel and using public transport, and implementation of social distancing measures. While we faced challenges, we had been able to manage these disruptions effectively due to strategic planning and cooperation.

The outbreak led to restrictions that affected various aspects of business operations. The operations of our Zaozhuang plant were halted for 16 days in October and November 2022. Due to our adequate inventory reserves, this temporary shutdown did not significantly disrupt our overall sales and delivery processes. During the pandemic, we also shifted to a work-from-home model for two months in 2022. The remote work setup posed temporary challenges, particularly impacting cross-regional communications and sales visit activities. With the help of the government initiatives such as dedicated routes, the COVID-19 pandemic had little impact on our logistics operations. The outbreak also had a suppressive effect on customer demand for our products, however, the overall new energy engineering machinery market had continued to show a growth trend during the COVID-19 pandemic. While the COVID-19 pandemic presented substantial challenges, our strategic preparations helped mitigate its impacts on our operations. Despite the temporary disruption caused by the COVID-19 pandemic, we were able to achieve significant growth. Our revenue increased by 28.8% from RMB360.1 million in 2022 to RMB463.7 million in 2023, and further increased by 37.0% to RMB635.5 million in 2024.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except for percentages)					
Revenue	**360,106**	**100.0**	**463,738**	**100.0**	**635,457**	**100.0**
Cost of sales	(351,934)	(97.7)	(454,459)	(98.0)	(598,618)	(94.2)
Gross profit	**8,172**	**2.3**	**9,279**	**2.0**	**36,839**	**5.8**
Other net gain	121	0.1	4,500	1.0	24,617	3.9
Selling expenses	(46,925)	(13.0)	(58,016)	(12.5)	(59,720)	(9.4)
Administrative expenses	(59,447)	(16.5)	(88,444)	(19.1)	(109,263)	(17.2)
Research and development costs	(44,855)	(12.5)	(68,562)	(14.8)	(81,707)	(12.9)
Impairment loss on trade and other receivables, contract assets and financial guarantee issued[(1)]	(26,863)	(7.5)	(38,176)	(8.2)	(83,098)	(13.1)
Loss from operations	**(169,797)**	**(47.1)**	**(239,419)**	**(51.6)**	**(272,332)**	**(42.9)**
Finance income	6,447	1.8	16,335	3.5	10,547	1.7
Finance costs	(13,733)	(3.8)	(6,919)	(1.5)	(9,187)	(1.4)
Share of results of associates	(388)	(0.1)	590	0.1	(3,485)	(0.5)
Loss before taxation	**(177,471)**	**(49.2)**	**(229,413)**	**(49.5)**	**(274,457)**	**(43.2)**
Income tax	(630)	(0.2)	(1)	(0.0)	(90)	(0.0)
Loss for the year	**(178,101)**	**(49.4)**	**(229,414)**	**(49.5)**	**(274,547)**	**(43.2)**

Note:

(1) Represents the loss in the estimated amounts owing from trade and other receivables, contract assets and financial guarantee issued.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net loss (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for the analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (a non-IFRS measure) as loss for the year adjusted for (i) equity-settled share-based payment expenses, (ii) listing expenses, and (iii) interest expenses on financial instruments issued to investors. Equity-settled share-based payment expenses consist of non-cash expenses arising from granting restricted shares to eligible individuals under employee restricted share plans. See Note 27 to the Accountants' Report in Appendix I to this prospectus for details. Listing expenses mainly include professional fees incurred in relation to the Listing and the Global Offering. Interest expenses on financial instruments issued to investors relate to the interest expenses incurred after the issuance of our financial instruments through which we granted preferred rights to certain investors to redeem their paid-in capital for cash upon specified events. All our financial instruments had been converted into equity or terminated during the Track Record Period as disclosed in Note 25 to the Accountants' Report in Appendix I to this prospectus.

The following table sets forth a reconciliation of our loss for the year to adjusted net loss (a non-IFRS measure) for the years indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Loss for the year	**(178,101)**	**(229,414)**	**(274,547)**
Adjusted for:			
Equity-settled share-based payment expenses	29,054	29,659	33,478
Listing expense	—	9,686	23,463
Interest expenses on financial instruments issued to investors	6,464	272	—
Non-IFRS measure:			
Adjusted net loss for the year	**(142,583)**	**(189,797)**	**(217,606)**

Revenue

During the Track Record Period, we generated revenue from (i) sales of our products, including battery-electric wide-body dump trucks, battery-electric loaders, battery-electric tractor trucks, and spare parts and accessories, (ii) rendering of services, mainly including repair, maintenance and trial-use services for our products as well as autonomy solutions, and (iii) other sources, primarily consisting of rental income from the leasing of our products.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Sales of products:						
Battery-electric wide-body dump trucks	76,290	21.2	126,456	27.3	364,588	57.4
Battery-electric loaders	183,730	51.0	281,154	60.6	224,197	35.3
Battery-electric tractor trucks	77,940	21.6	28,551	6.1	7,035	1.1
Spare parts and accessories	15,311	4.3	19,372	4.2	25,687	4.0
Subtotal	**353,271**	**98.1**	**455,533**	**98.2**	**621,507**	**97.8**
Rendering of services	**485**	**0.1**	**2,794**	**0.6**	**3,187**	**0.5**
Rental income	**6,350**	**1.8**	**5,411**	**1.2**	**10,763**	**1.7**
Total revenue	**360,106**	**100.0**	**463,738**	**100.0**	**635,457**	**100.0**

During the Track Record Period, we generated almost all of our revenue in China which was RMB360.1 million, RMB454.9 million and RMB635.5 million in 2022, 2023 and 2024, respectively, accounting for 100.0%, 98.1% and 100.0% of our total revenue, respectively. In 2023, we also generated revenue from exporting business of RMB8.9 million, accounting for 1.9% of our total revenue for the same year.

Revenue from Sales of Products

Revenue from Sales of Products by Product Type

Battery-electric wide-body dump trucks

In 2022, 2023 and 2024, our revenue from sales of battery-electric wide-body dump trucks amounted to RMB76.3 million, RMB126.5 million and RMB364.6 million, respectively, accounting for 21.2%, 27.3% and 57.4% of our total revenue, respectively.

The increase in revenue and revenue contribution of our battery-electric wide-body dump trucks during the Track Record Period was primarily driven by the increase in the sales volume of our dump trucks, attributable to (i) our intensified sales efforts, (ii) the introduction of new products with improved functions, and (iii) our increased research and development efforts to continually improve the performance, adaptability and reliability of our dump trucks. In August 2022, we launched the 105-tonne model BRT105E, which enabled heavy-load uphill operations. In the second half of 2024, we launched the 120-tonne model BRT120E with a greater payload and the 135-tonne range-extended model BRT135EZ. The introduction of these products catered to the unmet needs of a broader market. The total sales volume of our battery-electric dump trucks increased from 59 units in 2022 to 88 units in 2023, and further to 281 units in 2024. The average selling price of our dump trucks increased from RMB1.3 million in 2022 to RMB1.4 million in 2023, primarily due to the higher proportion of sales from new models in 2023, which commanded higher prices due to their larger payload and battery capacities. These new models became the major choice among our customers during the corresponding years. The average selling price of our battery-electric dump trucks slightly decreased from RMB1.4 million in 2023 to RMB1.3 million in 2024, primarily due to the decrease of average cost of sales of our dump trucks, which allowed us to strategically adjust the selling prices to offer greater value to our customers.

Battery-electric loaders

The sales of loaders are one of our major sources of revenue during the Track Record Period. In 2022, 2023 and 2024, our revenue from sales of battery-electric loaders amounted to RMB183.7 million, RMB281.2 million and RMB224.2 million, respectively, accounting for 51.0%, 60.6% and 35.3% of our total revenue, respectively.

The increase in revenue from battery-electric loaders from 2022 to 2023 was primarily driven by the increase in the sales volume of our loaders from 295 units in 2022 to 484 units in 2023, attributable to (i) our intensified sales efforts, (ii) increased customer acceptance of battery-electric loaders, and (iii) our increased research and development efforts that contributed to the improvements in the performance, adaptability and reliability of our loaders. The increase in revenue was negatively affected by a decrease in the average selling price of our loaders, which decreased from RMB623 thousand in 2022 to RMB581 thousand in 2023. The decrease in the average selling price from 2022 to 2023 resulted primarily from our strategic decision to lower loader prices to capture early-stage opportunities in the new energy engineering machinery market, along with fluctuations in raw material costs, while also reflecting our ability to leverage technological advancements and enhanced production efficiency to reduce production costs for electric loaders, thus allowing for more competitive pricing. The revenue from battery-electric loaders decreased from 2023 to 2024, primarily due to the decrease in the sales volume and the reduced average selling price of our loaders. The sales volume of our loaders decreased from 484 units in 2023 to 401 units in 2024, and the selling price of our loaders decreased from RMB581 thousand in 2023 to RMB559 thousand in 2024, primarily due to the intense market competition, especially from market players with established positions in the traditional fuel-powered loader industry.

Battery-electric tractor trucks

We design, engineer, and manufacture the e-powertrain kits for battery-electric tractor trucks, supplying them to a catalog company with requisite vehicle manufacturing qualifications. The catalog company then integrates our e-powertrain kits into its chassis to complete the assembly of tractor trucks. After the assembly, we acquire these fully assembled tractor trucks from the catalog company and subsequently distribute them to our customers. In 2022, 2023 and 2024, our revenue from sales of battery-electric tractor trucks amounted to RMB77.9 million, RMB28.6 million and RMB7.0 million, respectively, accounting for 21.6%, 6.1% and 1.1% of our total revenue, respectively.

The decrease in revenue and revenue contribution of our tractor trucks was primarily due to (i) our strategic shift in focus toward battery-electric loaders and wide-body dump trucks, which redirected most of our sales and research and development resources to these product lines and consequently lowered tractor truck sales, and (ii) a reduction in selling prices of our battery-electric tractor trucks to accelerate inventory turnover. This strategic shift was guided by industry insights identifying growth opportunities and unmet demand in emerging engineering machinery segments. Additionally, battery-electric loaders and wide-body dump trucks have gained market acceptance due to their significant economic advantages, robust performance and stability on demanding jobsites, and fast recharging capabilities. The total sales volume of our tractor trucks was 148 units, 66 units and 27 units in 2022, 2023 and 2024, respectively, and the average selling price of our tractor trucks was RMB527 thousand, RMB433 thousand and RMB261 thousand in the corresponding years. Considering the significant decrease in revenue of our tractor trucks, we had a gross loss margin for our sales of tractor trucks in 2023 and 2024. See "Industry Overview — China's New Energy Engineering Machinery Industry — Key sectors of China's new energy engineering machinery industry."

Spare parts and accessories

We sell spare parts and accessories, mainly including e-powertrains and charging piles, to our customers. We also export add-on e-powertrains to North America. In 2022, 2023 and 2024, our revenue from sales of spare parts and accessories amounted to RMB15.3 million, RMB19.4 million and RMB25.7 million, respectively, accounting for 4.3%, 4.2% and 4.0% of our total revenue, respectively. The increase in our revenue generated from sales of spare parts and accessories from RMB15.3 million in 2022 to RMB19.4 million in 2023 was primarily due to our exports of add-on e-powertrains to a North America customer and the increased sales of charging piles. The increase in our revenue generated from sales of spare parts and accessories from RMB19.4 million in 2023 to RMB25.7 million in 2024 was primarily due to the increased sales of charging piles in 2024.

Revenue from Sales of Products by Sales Channel

We employ direct sales and distribution channels to market our products and engage with customers. This approach is designed to streamline the management and coordination of sales and services, thereby ensuring the consistent provision of high-quality services and enhanced customer satisfaction. We mainly rely on distribution channels for sales of our loaders and sell wide-body dump trucks directly to our customers. See "Business — Sales and Service Network" for details on our sales strategy.

The following table sets forth a breakdown of our revenue generated from sales of products by sales channels for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Direct sales						
End customers	127,611	35.4	140,220	30.2	227,287	35.8
Distributors						
Associated distributors	5,214	1.4	101,918	22.0	108,336	17.0
Independent distributors	23,884	6.6	29,621	6.4	51,607	8.1
Subtotal	156,709	43.4	271,759	58.6	387,230	60.9
Sales through distributors						
Associated distributors	30,191	8.4	76,112	16.4	179,854	28.3
Independent distributors	166,371	46.2	107,662	23.2	54,423	8.6
Subtotal	196,562	54.6	183,774	39.6	234,277	36.9
Revenue from sales of products	**353,271**	**98.0**	**455,533**	**98.2**	**621,507**	**97.8**

Direct sales

When a customer purchases our products either for their own use or for leasing to others, we treat the revenue from such transactions as revenue from direct sales. We had revenue from direct sales of RMB156.7 million, RMB271.8 million and RMB387.2 million in 2022, 2023 and 2024.

We generate revenue from direct sales from two types of customers: (i) end customers who use our products in their operations, such as power generation, mining, and infrastructure construction, and (ii) distributors who use our products themselves or lease them to others. Some distributors initially purchased our products as end customers and later started distributing our products, leveraging their local market connections upon recognizing the economic potential of our battery-electric engineering machinery. In 2022, 2023 and 2024, our revenue from direct sales to end customers was RMB127.6 million, RMB140.2 million and RMB227.3 million, respectively.

During the Track Record Period, some associated distributors purchased our products to lease to their clients or to provide machinery operation services. Distributors acquire our products for leasing because it provides a steady and predictable income stream, which helps stabilize their cash flows and sustain ongoing revenue. Leasing also deepens client relationships, increasing their reliance on the distributors for future needs. Retaining ownership of the products gives distributors greater control over the asset, allowing them to upgrade, maintain or repurpose it as needed. Additionally, they can benefit from the machines' residual value at the end of the lease term. Some of the end customers also seek to lease engineering machinery rather than purchase it, primarily due to commercial considerations and the desire to evaluate the performance of new energy products. In 2024, approximately 37.6% of our revenue from products sold to associated distributors was used for their leasing operations. In 2022, 2023 and 2024, our revenue from direct sales to associated distributors was RMB5.2 million, RMB101.9 million and RMB108.3 million, respectively.

Sales through distributors

When a distributor purchases our products as they are under contractual obligations to resell or are reasonably expected to resell our products, the revenue derived from such transactions is recorded as revenue from sales through distributors. The revenue from sales through distributors decreased from RMB196.6 million in 2022 to RMB183.8 million in 2023, primarily because certain of our distributors chose to purchase our products and lease them to their clients or to provide machinery operation services, and the revenue generated from sales of products to them was accounted for revenue from direct sales. The revenue from sales through distributors increased from RMB183.8 million in 2023 to RMB234.3 million in 2024, primarily due to the growth of sales through associated distributors in line with our expansion of distribution channels. The revenue generated from our sales through our associated distributors was RMB30.2 million, RMB76.1 million and RMB179.9 million in 2022, 2023 and 2024, respectively, and the revenue generated from our sales through other independent distributors was RMB166.4 million, RMB107.7 million and RMB54.4 million in the corresponding years. The significant increase in revenue generated from our sales through our associated distributors from 2023 to 2024 was primarily driven by the addition of a key associated distributor, which mainly operates in the mining and quarrying sector and contributed a significant portion of our wide-body dump truck sales in 2024.

Our revenue from sales through independent distributors decreased from RMB166.4 million in 2022 to RMB107.7 million in 2023, primarily due to (i) a significant reduction in revenue from tractor trucks, many of which were previously sold through independent distributors, as we strategically shifted our primary focus to loaders and wide-body dump trucks; and (ii) a higher percentage of wide-body dump trucks were sold directly by us rather than through independent distributors in 2023. This revenue further decreased to RMB54.4 million in 2024, primarily because fewer large orders were made through independent distributors in 2024 compared to 2023.

Revenue from Sales of Products by Region

The following table sets forth a breakdown of our revenue from sales of products by region of our customers' registered office, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Domestic Sales:						
Northwestern China(1)	59,069	16.4	174,302	37.6	166,544	26.2
Northern China(2)	85,722	23.8	88,694	19.1	164,773	25.9
Central China(3)	25,874	7.2	30,698	6.6	136,718	21.5
Eastern China(4)	110,706	30.7	99,516	21.5	97,866	15.4
Southern China(5)	26,175	7.3	20,865	4.5	32,345	5.1
Southwestern China(6)	45,723	12.7	32,586	7.0	22,748	3.6
Northeastern China(7)	1	0.0	—	—	513	0.1
Overseas Sales:						
U.S.	—	—	8,872	1.9	—	—
Revenue from sales of products	**353,271**	**98.1**	**455,533**	**98.2**	**621,507**	**97.8**

Note:

(1) Northwestern China consists of Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region and Xinjiang Uygur Autonomous Region.

(2) Northern China consists of Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia Autonomous Region.

(3) Central China consists of Henan Province, Hubei Province and Hunan Province.

(4) Eastern China consists of Shandong Province, Jiangsu Province, Anhui Province, Zhejiang Province, Fujian Province, Jiangxi Province and Shanghai.

(5) Southern China consists of Guangdong Province, Guangxi Zhuang Autonomous Region, Hainan Province, Hong Kong, Macau Special Administrative Region and Taiwan Region.

(6) Southwestern China consists of Sichuan Province, Chongqing, Guizhou Province, Yunnan Province and Tibet Autonomous Region.

(7) Northeastern China consists of Liaoning Province, Jilin Province and Heilongjiang Province.

Revenue from Rendering of Services

We record revenue from various services to our customers, including repair, maintenance and trial-use services for our products as well as autonomy solutions. Our maintenance and repair services are part of our post-sale services facilitated by our seasoned post-sale service engineers. We also provide trial-use services of our loaders, wide-body dump trucks and tractor trucks to new customers with an aim to help them accept and get familiar with our innovative products, with no or a low fee for marketing purposes. We generate revenue if we charge any fees for such trial-use services. We also generate service fees from providing autonomy solutions as we began commercializing our remote and autonomous operation technologies in 2023. In 2022, 2023 and 2024, our revenue from rendering of services amounted to RMB0.5 million, RMB2.8 million and RMB3.2 million, respectively, accounting for 0.1%, 0.6% and 0.5% of our total revenue, respectively.

Revenue from Other Sources

We lease our loaders, wide-body dump trucks and tractor trucks and charging piles to our customers and record rental income on a straight-line basis over the lease term accordingly. In 2022, 2023 and 2024, our rental income amounted to RMB6.4 million, RMB5.4 million and RMB10.8 million, respectively, accounting for 1.8%, 1.2% and 1.7% of our total revenue, respectively.

Cost of Sales

Our cost of sales consists primarily of (i) costs of raw materials and components procured for the manufacturing of our products, (ii) impairment loss on inventory, (iii) warranty expenses we accrue for potential claims to repair or replace our products under the warranties we provide to our customers, (iv) staff costs consisting primarily of salaries, bonuses, social insurances, housing provident funds and welfares for our manufacturing workforce, and (v) other costs incurred during the manufacturing process.

Cost of Sales by Nature

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Costs of raw materials and components	307,084	85.3	399,097	86.1	536,495	84.4
Staff costs	3,093	0.8	6,644	1.4	9,087	1.4
Warranty expenses	10,304	2.9	13,449	2.9	18,609	2.9
Impairment loss on inventory	25,650	7.1	20,879	4.5	17,432	2.7
Others[(1)]	5,803	1.6	14,390	3.1	16,996	2.7
Total cost of sales	**351,934**	**97.7**	**454,459**	**98.0**	**598,618**	**94.2**

Note:

(1) Consists primarily of rental fees of facilities, depreciation of machinery and equipment, water and electricity costs, and travel expenses.

Costs of Raw Materials and Components

Our principal raw material and components procured for the manufacturing of our products are LFP batteries, structural components, motors, and controllers. We purchase all of our raw materials and components from suppliers in China.

In 2022, 2023 and 2024, our costs of raw materials and components amounted to RMB307.1 million, RMB399.1 million and RMB536.5 million, respectively, accounting for 85.3%, 86.1% and 84.4% of our total revenue, respectively. The following table sets forth a breakdown of our cost of raw materials and components by type, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
LFP batteries	141,308	39.2	163,192	35.2	229,777	36.2
Structural components	101,479	28.2	149,532	32.2	239,654	37.7
Motors	20,221	5.6	24,607	5.3	28,231	4.4
Controllers	18,020	5.0	21,344	4.6	13,166	2.1
Others	26,056	7.2	40,422	8.7	25,667	4.0
Cost of raw materials and components	**307,084**	**85.3**	**399,097**	**86.1**	**536,495**	**84.4**

The following table sets forth the sensitivity analysis on the impact on our loss before taxation for the changes in cost of raw materials. Actual changes in our loss before taxation resulting from an increase or decrease in the cost of raw materials may differ from the results of the following sensitivity analysis.

	Impact on Loss before Taxation		
	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Hypothetical fluctuations in cost of raw materials			
Increase of 5%	(15,354)	(19,955)	(26,825)
Decrease of 5%	15,354	19,955	26,825
Increase of 10%	(30,708)	(39,910)	(53,650)
Decrease of 10%	30,708	39,910	53,650
Increase of 20%	(61,417)	(79,819)	(107,299)
Decrease of 20%	61,417	79,819	107,299

Impairment Loss on Inventory

We recognize the amount of any write-down of inventories to net realizable value and all losses of inventories as an expense in the period the write-down or loss occurs. The net realizable value of inventories is the estimated selling price of inventories in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the market condition and historical experience of selling products of similar nature.

During the Track Record Period, we recorded impairment losses on inventories as a result of the decline in the net realizable value of our inventories, primarily due to (i) prolonged inventory holding periods, as we increased our production in anticipation of the rising demand, which resulted in a higher possibility that such aged inventory would become obsolete or its value would diminish over time, and (ii) the decrease in selling prices of related products, attributed to discounts provided during the trial use of our products that we offered to attract new customers, primarily including companies in industries such as tunnel construction, coal mining, and cement production. We expect to maintain our trial-use services to increase our brand recognition and familiarize our customers with our new energy engineering machinery.

In 2022, 2023 and 2024, our impairment loss on inventory amounted to RMB25.7 million, RMB20.9 million and RMB17.4 million, respectively, accounting for 7.1%, 4.5% and 2.7% of our total revenue, respectively. Due to our efforts to boost sales and manage inventory level, our impairment loss on inventory decreased from RMB 25.7 million in 2022 to RMB20.9 million in 2023, and further to RMB17.4 million in 2024.

The table below sets forth a breakdown of impairment loss on inventory by types of our products for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Battery-electric loaders	18,194	5.0	9,434	2.0	12,497	2.0
Battery-electric wide-body dump trucks	2,922	0.8	9,039	2.0	3,308	0.5
Battery-electric tractor trucks	4,534	1.3	2,406	0.5	1,627	0.2
Impairment loss on inventory	**25,650**	**7.1**	**20,879**	**4.5**	**17,432**	**2.7**

Warranty Expenses

We provide warranties to our customers based on the sales agreements with them at the time of sale of machinery. Under the terms of our sales agreements, we rectify certain product defects arising within predominantly six to 60 months from the date of sale. See "Business — Warranty and Post-Sale Services — Warranty."

We accrue warranty expenses for potential claims in connection with repair and replacement of our products under the product warranties we provide to our customers. We make provision for warranty taking into account our experience of recent claims, historical warranty data and weighting of all possible outcomes against their associated probabilities. Warranty expenses are recorded as a component of cost of sales in our consolidated statements of profit or loss. We re-evaluate the adequacy of warranty accrual on a regular basis. The basis for estimating warranty expenses is disclosed in Note 3(iv) and Note 26 to the Accountants' Report in Appendix I to this prospectus.

In 2022, 2023 and 2024, our warranty expenses amounted to RMB10.3 million, RMB13.4 million and RMB18.6 million, respectively, accounting for 2.9%, 2.9% and 2.9% of our total revenue, respectively.

Cost of Sales by Product Type

The following table sets forth a breakdown of our cost of sales of products by product type, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Battery-electric loaders	195,722	54.4	292,936	63.2	240,033	37.8
Battery-electric wide-body dump trucks	65,768	18.3	110,783	23.9	314,566	49.5
Battery-electric tractor trucks	75,527	21.0	33,227	7.2	8,663	1.4
Spare parts and accessories[(1)]	13,622	3.8	16,308	3.5	24,904	3.9
Total	**350,639**	**97.4**	**453,254**	**97.7**	**588,166**	**92.6**

Note:

(1) Consists primarily of e-powertrains and charging piles.

Gross Profit and Gross Profit Margin

Our gross profit represents our total revenue less our total cost of sales, and our gross profit margin represents gross profit divided by our total revenue, expressed as a percentage. While we had experienced significant growth in our revenue during the Track Record Period, we also recorded significant cost of sales as we are still in the early stage of production and development to achieve economies of scale. As such, we had gross profit of RMB8.2 million, RMB9.3 million and RMB36.8 million in 2022, 2023 and 2024, respectively, representing gross profit margin of 2.3%, 2.0% and 5.8%, respectively. The following table sets forth our gross profit and gross profit margin for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Gross profit (RMB in thousands)	8,173	9,279	36,839
Gross profit margin (%)	2.3	2.0	5.8

Gross Profit/(Loss) and Gross Profit/(Loss) Margin by Product Type

In 2022, 2023 and 2024, we recorded gross profit margin for sales of products was 0.7%, 0.5% and 5.4%, respectively.

The table below sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin for sales of products by product type for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin (%)	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin (%)	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin (%)
	(RMB in thousands, except for percentages)					
Battery-electric wide-body dump trucks	10,522	13.8	15,673	12.4	50,022	13.7
Battery-electric loaders	(11,992)	(6.5)	(11,783)	(4.2)	(15,836)	(7.1)
Battery-electric tractor trucks	2,413	3.1	(4,676)	(16.4)	(1,628)	(23.1)
Spare parts and accessories[(1)]	1,689	11.0	3,065	15.8	783	3.1
Total	**2,632**	**0.7**	**2,280**	**0.5**	**33,341**	**5.4**

Note:

(1) Spare parts and accessories primarily consist of e-powertrains and charging piles.

The gross profit margin of battery-electric wide-body dump trucks slightly decreased from 13.8% in 2022 to 12.4% in 2023, mainly due to the increased impairment loss on battery-electric wide-body dump truck inventory in 2023 associated with increased inventory balance by the end of 2023. In addition, we recorded impairment loss that was associated with certain dump trucks previously used for trials, which had been remained in our inventory for an extended period following the conclusion of the trial use. The gross profit margin for battery-electric wide-body dump trucks remained relatively stable at 13.7% in 2024.

Our gross loss margin of our loaders slightly decreased from 6.5% in 2022 to 4.2% in 2023, primarily due to the decrease in impairment loss on battery-electric loaders during the same years, attributable to our efforts to boost sales and manage inventory level. Our gross loss margin of loaders increased from 4.2% in 2023 to 7.1% in 2024, primarily due to the reduced average selling price of our loaders. For details, see" — Description of Major Components of Our Results of Operations — Revenue — Revenue from Sales of Products — Revenue from Sales of Products by Product Type — Battery-electric loaders."

For battery-electric tractor trucks, we had gross profit margin of 3.1% in 2022, and gross loss margin of 16.4% and 23.1% in 2023 and 2024, respectively. Such decrease in the profitability of battery-electric tractor trucks was primarily because we reduced the selling prices of our battery-electric tractor trucks to boost the sales of the inventory, which was RMB527 thousand, RMB433 thousand and RMB261 thousand in 2022, 2023 and 2024, respectively, as we strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks since 2021.

The gross profit margin of spare parts and accessories was 11.0%, 15.8% and 3.1% in 2022, 2023 and 2024, respectively. The significant decrease in the gross profit margin of spare parts and accessories from 2023 to 2024 was primarily due to the export of add-on e-powertrains to a trucking company based in North America in 2023, which recorded relatively higher profit margin as compared to charging piles.

Impairment loss on inventory is directly tied to our business plans and influenced by market fluctuations. We evaluate market demand and sales trends for each product to identify potential declines in value. Such process includes reviewing historical sales data, current market conditions and anticipated shifts in demand. Additionally, we incorporate market forecasts and inventory levels to estimate potential impairment loss for individual products, considering factors such as obsolescence, excess inventory and declining sales prices.

Gross Profit and Gross Profit Margin by Sales Channel

The following table sets forth a breakdown of our gross profit by sales channels, in absolute amounts and as percentages of revenue, or gross profit margin, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB in thousands, except for percentages)					
Sale of products						
Direct sales(1)	12,138	7.7	19,471	7.2	42,660	11.0
Sales through distributors(2)	16,144	8.2	3,688	2.0	8,113	3.5
Subtotal	**28,282**	**8.0**	**23,159**	**5.1**	**50,773**	**8.2**
Impairment loss on inventory	(25,650)		(20,879)		(17,432)	
Total	**2,632**	**0.7**	**2,280**	**0.5**	**33,341**	**5.4**

Notes:

(1) Represents the revenue from sales of products that are purchased by (i) end customers who use our products in their operations, such as power generation, mining, and infrastructure construction, and (ii) distributors who purchased our products to lease them to others or to provide machinery operation services.

(2) Represents the revenue from sales of products that are purchased by distributors who contractually resell, or are reasonably expected to resell, our products.

The gross profit margin of products sold through direct sales was 7.7%, 7.2% and 11.0% in 2022, 2023 and 2024, respectively. The gross profit margin through direct sales remained relatively stable at 7.2% in 2023, compared to 7.7% in 2022. The increase of the gross profit margin through direct sales from 7.2% to 11.0% from 2023 to 2024 was primarily because (i) we recorded gross profit margin of 1.7% for direct sales of loaders to our associated distributors purchasing our products to lease to their clients or to provide machinery operation services in 2024, compared to the gross loss margin of 4.5% in 2023, and (ii) the increase in gross profit margin of direct sales of dump trucks to our associated distributors for lease or its own use from 15.9% in 2023 to 22.1% in 2024.

The gross profit margin of products sold through our distributors was 8.2%, 2.0% and 3.5% in 2022, 2023 and 2024, respectively. The decrease of the gross profit margin of products sold through our distributors during the Track Record Period was primarily attributable to the gross loss margin of tractor trucks sold to our associated distributors we recorded during the Track Record Period, mainly resulting from their sales strategy to clear tractor truck inventory.

Key Sales Metrics by Customer Type

The table below sets forth the key metrics of our products by customer type for the years indicated.

	For the Year Ended December 31,											
	2022				2023				2024			
	Revenue	Sales Volume	Average Selling Price	Gross Profit/Loss Margin (%)	Revenue	Sales Volume	Average Selling Price	Gross Profit/Loss Margin (%)	Revenue	Sales Volume	Average Selling Price	Gross Profit/Loss Margin (%)
	(RMB in thousands, except for percentages and units for sales volume)											
Battery-electric wide-body dump trucks												
Distributors												
Associated distributors	—	—	—	—	19,115	16	1,195	15.5	197,089	156	1,263	14.8
Independent distributors	30,488	24	1,270	23.1	10,221	9	1,136	14.8	26,189	19	1,378	5.4
Third-party direct customers	45,802	35	1,309	14.0	97,120	63	1,542	20.8	141,311	106	1,333	16.1
Total	**76,290**	**59**		**17.6**	**126,456**	**88**		**19.5**	**364,589**	**281**		**14.6**
Battery-electric loaders												
Distributors												
Associated distributors	34,394	58	593	(0.6)	152,410	279	546	(2.6)	83,801	135	621	1.2
Independent distributors	90,454	142	637	4.2	108,590	175	621	0.7	76,810	148	519	(6.2)
Third-party direct customers	58,882	95	620	4.4	20,154	30	672	4.1	63,586	118	539	0.7
Total	**183,730**	**295**		**3.4**	**281,154**	**484**		**(0.8)**	**224,197**	**401**		**(1.5)**
Battery-electric tractor trucks												
Distributors												
Associated distributors	—	—	—	—	3,657	10	366	(7.7)	4,325	17	254	(2.8)
Independent distributors	67,415	122	553	9.0	16,947	34	499	0.9	—	—	—	—
Third-party direct customers	10,525	26	405	8.5	7,927	22	360	(27.0)	2,710	10	271	4.5
Total	**77,940**	**148**		**8.9**	**28,551**	**66**		**(7.9)**	**7,035**	**27**		**(0.0)**

The decrease in gross profit margin of wide-body dump trucks sold through independent distributors from 14.8% in 2023 to 5.4% in 2024 was primarily attributable to the relatively lower selling price of the 105E700 model offered to a major customer, in light of its large order size.

We recorded gross profit margin of battery-electric loaders sold through independent distributors of 0.7% in 2023, which turned into gross loss margin of 6.2% in 2024, primarily due to a decrease in the average selling price of our loaders, driven by the intensified market competition. The difference in the gross profit margins between battery-electric loaders sold through independent distributors and those sold through associated distributors was mainly attributable the variation in product mix. We primarily sell our five-tonne battery-electric loader model to independent distributors, which carry a thinner gross profit margin as compared to the six-tonne battery electric loader model mainly sold to our associated distributors.

We expanded our scope of independent distributors to cover all three types of battery-electric products in 2022. Additionally, we began partnering with associated distributors for loader sales in 2022, subsequently extending their coverage to include battery-electric wide-body dump trucks and tractor trucks in 2023 and 2024.

The revenue generated from our third-party direct customers remained stable, which was RMB127.6 million, RMB140.2 million in 2022 and 2023. The revenue generated from our third-party direct customers significantly increased from RMB140.2 million in 2023 to RMB227.3 million in 2024, primarily due to an increase in the revenue from sales of our battery-electric dump trucks and loaders to third-party direct customers.

During the Track Record Period, the revenue generated from our sales to other independent distributors was RMB190.3 million, RMB137.3 million and RMB106.0 million in 2022, 2023 and 2024, respectively. The revenue from independent distributors decreased from 2022 to 2023 mainly because our strategic transition significantly reduced sales of tractor trucks, the revenue of which was primarily generated through independent distributors in 2022. The revenue from independent distributors decreased from 2023 to 2024, mainly due to the decreased sales of loaders in the face of the intense market competition.

During the Track Record Period, the revenue generated from sales to our associated distributors, including revenue recorded as direct sales and sales through distributors, was RMB35.4 million, RMB178.0 million and RMB288.2 million in 2022, 2023 and 2024, respectively. We strategically initiated transactions with associated distributors in 2022, which aimed to strengthen partnerships with these associated distributors for enhanced commitment, maintain high service standards and offer continuous support to strengthen the distributors' credibility, and ultimately boost sales performance and expand market share. As our business relationships with associated distributors matured and expanded over time, the revenue from sales to our associated distributors significantly increased from RMB35.4 million in 2022 to RMB178.0 million in 2023, and further to RMB288.2 million in 2024. We plan to continuously leverage the expertise and networks of associated distributors and expect an increase in our revenue generated from sales to associated distributors in the near future.

All sales transactions with our associated distributors are conducted on standard commercial terms and at arm's length. Variations in the average selling prices for the same type of products sold to associated distributors, independent distributors and third-party direct customers can be attributed to factors such as regional market conditions, negotiated volume discounts and tailored pricing strategies. For instance, as part of our strategic shift toward battery-electric engineering machinery, we implemented price reductions to clear inventory of battery-electric tractor trucks. Over the course of the year, we applied progressively larger discounts, especially for bulk sales of tractor trucks. Additionally, in 2023, we sold tractor trucks originally used for trials to customers prioritizing affordability in battery-electric products, which further lowered the average selling price of tractor trucks in those transactions.

As the average selling price is calculated by dividing revenue from product sales by the number of sold units, it may also be influenced by the applicable accounting standards, such as that for the downstream transactions with the equity-accounted investees. As set out in Note 2(d) to the Accountants' Report in Appendix I to this prospectus, when the inventory of our associated distributors has not been sold to a third party as of each reporting period end, the unrealized sales and cost of sales arising from the transactions with the associated distributors will be eliminated to the extent of our equity interest in such associated distributors. When the associated distributors sell the inventory to a third party, the elimination adjustments will be reversed. Consequently, the revenue recorded from sales to associated distributors may differ from the selling price agreed in sales agreements of the related products. Taking downstream transactions into account, the selling prices offered to associated distributors are generally aligned with those offered to other customers with no material discrepancies. In 2024, we sold battery-electric loaders to associated distributors at a higher average selling price, because our associated distributors purchased a larger proportion of models with higher value.

Other Net Gain

Our other net gain consists primarily of (i) government grants, mainly including governmental subsidies and tax rebates, (ii) net gain on modification and termination of some of our leases in Zhejiang, Hunan, and Shanghai, (iii) net gain or loss on disposal of a manufacturing plant in Shanghai, and other facilities and equipment, (iv) loss on disposal of our minority investment in Shanghai Huansheng New Technology Co., Ltd. in August 2022, (v) dividends received from other investments and (vi) loss or gain on disposal or loss of significant influence of associates. We recorded other net gain of RMB121 thousand, RMB4.5 million and RMB24.6 million in 2022, 2023 and 2024, respectively.

Selling Expenses

Our selling expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurances, housing provident funds, welfares and equity-settled share-based payment for our sales and marketing personnel and post-sale service staff, (ii) travel expenses of sales staff, (iii) business development expenses in relation to our customer acquisition activities, and (iv) shipping and logistical costs incurred to deliver our products to customers for trial-use services.

The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total revenue for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except for percentages)					
Staff costs	31,734	8.8	41,433	8.9	38,510	6.1
Business development expenses	6,132	1.7	5,459	1.2	6,586	1.0
Travel expenses	4,812	1.3	6,516	1.4	6,517	1.0
Shipping and logistical costs	2,104	0.6	2,972	0.6	2,312	0.4
Others(1)	2,143	0.6	1,636	0.4	5,795	0.9
Total	**46,925**	**13.0**	**58,016**	**12.5**	**59,720**	**9.4**

Note:

(1) Consists primarily of advertising and marketing expenses, rental expenses, service fees and other miscellaneous items.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurances, housing provident funds, disability insurance, welfares and equity-settled share-based payment for our administrative and management personnel, (ii) legal, consulting and other professional service fees incurred in relation to the Listing and the Global Offering, (iii) rental expenses for office premises, and depreciation and amortization expenses in connection with office supplies, and (iv) travel expenses of our management personnel.

The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total revenue for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except for percentages)					
Staff costs	43,405	12.1	54,899	11.8	57,827	9.1
Legal, consulting, and other professional service fees	6,318	1.8	17,791	3.8	31,042	4.9
Rental, depreciation and amortization expenses	2,978	0.8	4,734	1.0	6,738	1.1
Travel expenses	1,231	0.3	2,807	0.6	2,968	0.5
Others(1)	5,515	1.5	8,213	1.9	10,688	1.6
Total	**59,447**	**16.5**	**88,444**	**19.1**	**109,263**	**17.2**

Note:

(1) Consists primarily of office expenses, tax and surcharges, and other miscellaneous items.

Research and Development Costs

Our research and development costs consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurances, housing provident funds, welfares and equity-settled share-based payment for our research and development personnel, (ii) costs of raw materials and consumables used in product designs during research and development process, and (iii) outsourcing costs representing service fees primarily for outsourced research and development services in relation to digitalization for our business and products.

The following table sets forth a breakdown of our research and development costs in absolute amount and as a percentage of our total revenue for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except for percentages)					
Staff costs	29,423	8.2	38,900	8.4	45,760	7.2
Costs of raw materials and consumables	11,209	3.1	16,096	3.5	23,597	3.7
Outsourcing costs	474	0.1	9,553	2.1	5,746	0.9
Others[1]	3,749	1.1	4,013	0.8	6,604	1.0
Total	**44,855**	**12.5**	**68,562**	**14.8**	**81,707**	**12.8**

Note:

(1) Consists primarily of office supply expenses and travel expenses.

Impairment Loss on Trade and Other Receivables, Contract Assets and Financial Guarantee Issued

Our impairment loss on trade and other receivables, contract assets and financial guarantee issued mainly represents the loss in the estimated amounts owing from trade and other receivables, contract assets and financial guarantee issued that might be uncollectible. We recorded impairment loss on trade and other receivables, contract assets and financial guarantee issued of RMB26.9 million, RMB38.2 million and RMB83.1 million, in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of our impairment losses recognized on trade and other receivables, contract assets and financial guarantee issued, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	(in thousands, except percentages)					
Impairment losses recognized on:						
Trade and other receivables	26,793	7.4	37,776	8.1	80,496	12.7
Financial guarantee issued	69	0.0	400	0.1	2,565	0.4
Contract assets	—	—	—	—	36	0.0
Total	**26,862**	**7.5**	**38,176**	**8.2**	**83,097**	**13.1**

Finance Income

Our finance income consists primarily of (i) interest income on financial assets measured at amortized cost, (ii) interest income on loans to third parties we collaborate with to develop autonomous operation technologies, and (iii) interest income on sales under instalment payment.

The following table sets forth a breakdown of our finance income for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Finance income:			
Interest income on financial assets measured at amortized cost	141	8,205	3,011
Interest income on loans to third parties	150	8	—
Interest income on sales under instalment payment	6,156	8,122	7,536
Total	**6,447**	**16,335**	**10,547**

Finance Costs

Our finance costs consist primarily of (i) interest expenses on loans and borrowings including our bank loans and other borrowings from shareholders and investors, (ii) interest on other borrowings, (iii) interest expenses on financial instruments issued to investors, (iv) interest on obligations arising from leaseback transactions, and (v) interest expenses on lease liabilities. Interest expenses on financial instruments issued to investors relate to the interest expenses incurred after the issuance of our financial instruments through which we granted preferred rights to certain investors to redeem their paid-in capital for cash upon specified events. For more details, see "— Indebtedness" and Note 25 to the Accountants' Report in Appendix I to this prospectus.

The following table sets forth a breakdown of our finance costs for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Finance costs:			
Interest expenses on loans and borrowings	5,819	5,312	9,336
Interest expenses on other borrowings	984	—	—
Interest expenses on financial instruments issued to investors	6,464	272	—
Interest expenses on obligations arising from leaseback	28	453	95
Interest expenses on lease liabilities	438	882	674
Less: interest expense capitalized into property, plant and equipment	—	—	(918)
Total	**13,733**	**6,919**	**9,187**

Share of Results of Associates

We collaborate with third-party partners to establish companies to engage in distributing our products and hold a minority equity interest in each of such entities. We recognize net loss or profit of these associated distributors in our consolidated statements of profit or loss based on our respective equity interest in each entity. As a result, we recorded share of losses of associates of RMB0.4 million and RMB3.5 million in 2022 and 2024, respectively, and we recorded share of profits of associates of RMB0.6 million in 2023.

Income Tax Expenses

Our income tax expenses consist primarily of income tax payable by our subsidiaries in the PRC and overseas. We recorded income tax of RMB0.6 million, RMB1,381 and RMB90 thousand in 2022, 2023 and 2024, respectively.

PRC

Our Company obtained the High and New Technology Enterprises status in 2019 and had this status renewed in December 2022, and hence is entitled to a preferential enterprise income tax rate of 15%. This preferential treatment could be extended for another three years upon expiry. In addition, our Company was entitled to the benefit of being able to deduct research and development costs at a rate of 175% during the year from January 1, 2021 to September 30, 2022 and at a rate of 200% since October 1, 2022. Certain subsidiaries within our Group in the PRC were entitled to a preferential PRC corporate income tax rate of 5% as they were accredited as small and micro business.

Under the PRC Enterprise Income Tax Law and tax-related regulations, except for the preferential treatments available to us as mentioned above, subsidiaries within our Group were subject to the statutory enterprise income tax rate of 25% during the Track Record Period.

Hong Kong

We have not made any provision for Hong Kong profits tax as we did not generate any assessable profits in Hong Kong during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with relevant tax authorities.

BUSINESS SUSTAINABILITY

Background

With the rapid development of the new energy engineering machinery industry, we experienced solid revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our products and services. Our revenue increased from RMB360.1 million in 2022 to RMB463.7 million in 2023, and further to RMB635.5 million in 2024, representing a CAGR of 32.8% from 2022 to 2024.

Despite our rapid growth, our net loss widened during the Track Record Period. In 2022, 2023 and 2024, we recorded net loss of RMB178.1 million, RMB229.4 million and RMB274.5 million, respectively, primarily attributable to the following factors:

- *Substantial upfront investments*. We are still in the early stage of product development and commercialization, requiring continued substantial investments in these areas. In addition, due to our limited commercialized product portfolio and the initial phase of scaling operations, our revenue has not yet reached a level sufficient to offset high costs and expenses associated with the upfront investments, particularly research and development expenses.

- *Increased expenses during the Track Record Period*. Despite the growth in revenue and gross profit, our relatively thin gross profit margin is insufficient to fully offset rising expenses. As we are proactively expanding our business operation, we incurred higher administrative expenses and selling expenses. In addition, impairment loss on trade and other receivables, contract assets and financial guarantee issued continued to increase from 2022 to 2024, in line with our business expansion.

- *Early-stage market dynamics*. The new energy engineering machinery remains in its early stage of development and faces relatively low customer acceptance, as reflected in the combined market size of new energy loaders and wide-body dump trucks being RMB1.0 billion in terms of revenue in 2021. Competition in the new energy engineering machinery market is intense. Existing industry players widely recognize this market's vast potential and rapid growth trajectory, driving aggressive efforts to gain early market share, establish brand recognition and build competitive advantages. To increase market penetration and capitalize on early-stage opportunities, we implemented a penetration pricing strategy with lower competitive price to boost sales and build a stronger market presence.

- *Rising raw material costs*. The principal raw materials and components that we use in the production of our products are batteries. The average price of LFP battery increased from RMB0.6 per watt-hour in 2021 to RMB0.9 per watt-hour in 2022, and then decreased to RMB0.8 per watt-hour and RMB0.5 per watt-hour in 2023 and 2024, according to CIC. We pre-stocked LFP batteries as their price surged in 2022, resulting in a relatively higher average procurement cost of LFP batteries during the Track Record Period. Our cost of LFP batteries increased from RMB141.3 million in 2022 to RMB163.2 million in 2023 and RMB229.8 million in 2024. As most of the pre-stocked LFP batteries were utilized in 2022 and 2023, their impact on our cost of sales and gross profit was mitigated in 2024. However, we cannot assure that there will be no material fluctuations in the procurement prices of LFP batteries and other raw materials and components in the future, which might further widen our net loss margin.

- *Strategic product focus*. We strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks, to which we allocated most of our sales and research and development resources. To accelerate inventory clearance of battery electric tractor trucks and respond to the intensified competition, we reduced their average selling price, which adversely impacted our financial performance during the Track Record Period.

Going forward, we will strive to achieve profitability and improve our operating cash flows by (i) improving our sales performance; (ii) improving gross profit margin; (iii) enhancing operational efficiency; and (iv) improving the management of trade receivables. We expect to record net profit and net operating cash inflow in the near future.

Strategies to Improve Our Sales Performance

Industry Growth and Market Opportunity

Due to the advancements of new energy engineering machinery, coupled with the development of electrification technologies and implementation of environmental policies, China's new energy engineering machinery industry has been evolving and is expected to grow rapidly in the next few years. According to CIC, the market size of major new energy engineering machinery categories in China in terms of revenue increased from RMB23.5 billion in 2020 to RMB54.0 billion in 2024, representing a CAGR of 23.2%, and is expected to increase to RMB124.2 billion in 2029, representing a CAGR of 18.1%. The new energy penetration rate of engineering machinery industry is currently modest, especially that of loaders and wide-body dump trucks, but is expected to rise in the future. According to CIC, the additional procurement cost of battery-electric loaders and wide-body dump trucks compared to fuel-powered products can typically be recovered within approximately two years, thanks to the energy savings. The economic advantages of new energy engineering machinery are anticipated to drive a substantial increase in the penetration rate, which would be further accelerated by the entry of additional industry players. According to CIC, the new energy penetration rate of loader and wide-body dump trucks in China was 21.7% and 9.0% in 2024, respectively, and is expected to increase significantly and reach 57.6% and 37.2% in 2029, respectively. As the new energy engineering machinery products have been commercialized for several years, their economic viability and advanced performance in different environments have been tested and recognized by customers, which will facilitate a quicker acceptance of these products in the market in near future. Therefore, we believe that new energy machinery presents a compelling value proposition compared to traditional fuel-powered counterparts, generating substantial market demand.

As a player in the new energy engineering machinery industry, our performance is closely aligned with our industry's upward trend and we believe we are well-positioned to capture the opportunities in the rapid development of our industry. With a strong base of customer orders and strategic cooperations with select key customers, we are assured of a stable customer base in the short term, which enables us to expand reach and deliver products and services to a broader range of customers across diverse applications, achieve a continual increase in product sales and an increased market share.

Increasing Downstream Demands

As new energy technology advances and customer acceptance grows, downstream demands for new energy engineering machinery are expected to grow in the future. Purchasers of our battery-electric loaders and battery-electric wide-body dump trucks concentrated in the mining, logistics and ports, industrial and manufacturing and construction industries. According to CIC, the market size of major new energy engineering machinery categories in China's mining, logistics and ports, industrial and manufacturing, and construction industries reached RMB5.6 billion, RMB13.0 billion, RMB15.7 billion, and RMB4.7 billion in 2024, respectively, expected to reach RMB25.5 billion, RMB23.8 billion, RMB27.6 billion, and RMB18.2 billion in 2029, at a CAGR of 35.5%, 12.8%, 11.9%, and 31.3%, respectively.

Buoyed up by downstream demands, China's new energy loader market and new energy wide-body dump truck market, grew at a CAGR of 129.7% and 127.6% from 2020 to 2024, respectively. As one of the leading players in these markets, we will leverage our leading position to capture newly emerged demands, ensuring we remain a preferred choice in the increasing new energy engineering machinery market.

Our Sales Strategies

Our sales strategies focus on retaining existing customers and maximizing the value of existing customer relationships. We are dedicated to driving existing customers to repurchase our products from us or our distributors. Recurring customers accounted for approximately 37.4% of our total customers during the Track Record Period. The average spend per recurring customer increased from RMB8.6 million in 2022 to RMB9.5 million in 2023, and further to RMB10.1 million in 2024. Collectively, these recurring customers contributed an aggregate amount of RMB1,196.8 million in our revenue, accounting for 87.4% of our total revenue from sales of new energy engineering machinery during the Track Record Period. The focus on repeat purchases ensures that we effectively deepen customer relationships while driving incremental revenue growth.

During the Track Record Period, we strategically employed a targeted market expansion initiative to facilitate broader market coverage across China. From 2018 to 2020, we began by engaging with select mining and industrial customers in Inner Mongolia, followed by market expansion into Shanxi and Shaanxi.

Our Sales Channels

Our sales model combines direct sales and distribution channels, which allows us not only to establish high-touch customer interactions with customers across major industry verticals, but also to penetrate both nationwide and regional markets swiftly. In 2022, 2023 and 2024, the number of our direct sales customers was 65, 83 and 92, respectively, representing a CAGR of 19.0%. As of December 31, 2022, 2023 and 2024, the number of our distributors was 36, 44 and 38, respectively. As of December 31, 2024, our footprint spanned across 30 provinces and municipalities in China, supported by a network of 38 distributors as of December 31, 2024, and we will continue to expand our network in China and internationally.

We plan to grow and expand our customer base, covering both our distributors and end customers, by (i) establishing regional service hubs in first-tier cities across China to support product displays, business development, sales, training and warehousing, (ii) strengthening regional marketing and expanding direct customer reach by participating in industry conferences and exhibitions, (iii) expanding our distributor network to between 70 and 80 distributors, including approximately 20 associated distributors, and (iv) enhancing our sales, marketing and customer service teams by recruiting additional personnel and providing them with comprehensive trainings.

These sales efforts will enhance our sales performance and drive sustainable growth by improving customer access, increasing market penetration and fostering stronger customer relationships.

Strategies to Improve Our Gross Profit Margin

Broaden and Refine Our Product Lineup

During the Track Record Period, we expanded our product lineup by introducing battery-electric loaders and wide-body dump trucks that feature increased payload and battery capacities or extended operational times. Additionally, we introduced engineering machinery equipped with remote and autonomous operation capabilities, which can navigate and perform its tasks with reduced manual intervention. To further optimize our product portfolio we plan to focus on developing, manufacturing and selling premium, technologically advanced products with strong profit margin potential, which we believe will raise both the average selling price and gross profit margin across our portfolio.

- *Targeted sales for large-payload, high-capacity battery models with premium prices*. We will strategically focus on increasing sales of our large-payload, high-capacity battery models to increase our market penetration and capitalize on rising demand. We expect these large-payload, high-capacity battery models to comprise an increasing share of our total sales.

    - *Battery-electric wide-body dump trucks:* As the product line with higher gross profit margins within our portfolio, revenue from the sales of battery-electric wide-body dump trucks increased from RMB76.3 million in 2022 to RMB126.5 million in 2023 and further to RMB364.6 million in 2024, representing 21.2%, 27.3% and 57.4% of total revenue for the corresponding years.

In the second half of 2024, we expanded our wide-body dump truck lineup with the introduction of the 120-tonne model BRT120E, featuring a 724-kWh battery, and the 135-tonne range-extended model BRT135EZ. Both models offer greater payload capacities than the BRT105E, which remains the dominant model in our lineup. These new models are priced around 15% higher than the BRT105E to reflect their higher gross profit margins and enhanced capabilities.

- o *Battery-electric loaders:* In our loader lineup, the seven-tonne battery-electric loaders are priced over 40% higher than the five-tonne models, while the six-tonne battery-electric loaders are priced approximately 30% higher than the five-tonne models. Since the launch of the six-tonne battery-electric loader in 2022, sales volumes for this model were 12 units in 2022, 75 units in 2023, and 125 units in 2024, representing 4%, 15% and 31% of total loader sales volumes for the respective years. We will intensify our sales efforts for these new products, and we believe these efforts will drive revenue growth and improve gross profit margins.

- *New product introduction*. We aim to launch battery-electric wide-body dump trucks with higher-capacity batteries and loaders with increased payloads. We believe we will have a stronger pricing power due to the enhanced market competitiveness of our products. In the second half of 2025, we plan to launch a 145-tonne range-extended wide-body dump truck with a 724-kWh battery. In addition, we plan to introduce a 135-tonne battery-electric wide-body dump truck with a battery exceeding 900 kWh in 2026. Both products will incorporate an upgraded electrical and electronic architecture.

- *Product enhancement*. We plan to continuously upgrade our products and services to better meet our customers' evolving needs and achieve greater satisfaction. Our strong technological foundation enables a rapid research, development and commercialization cycle for new products and services. For example, the research and development cycle for our battery-electric loaders typically ranges from six to ten months. To advance our product roadmap, we will refine our cross-platform architecture to streamline our product development process and improve the overall research and development efficiency. We plan to strengthen our development of next-generation electrical and electronic architecture, modularized chassis and a 1000V high-voltage electrical system, which will help ensure easy assembly and optimization of products to meet the dynamic and evolving needs of our customers.

Advance Technology Development and Diversify Service Offerings

During the Track Record Period and up to the Latest Practicable Date, we have made advancements in the research, development and commercialization of remote and autonomous operation technologies, including:

- ***Remote-control systems***. We have developed and delivered first-generation remote-control battery-electric loaders, equipped with remote-operated cockpits in July 2023, and second-generation cabinless loaders, equipped with long-range remote control and advanced safety features such as obstacle detection, automatic avoidance, and active braking in April 2024. As of the Latest Practicable Date, both models had been put into use at our customers' jobsites, where the working conditions are challenging due to the enclosed production environment for biofertilizers, which can emit odors and high temperatures that may adversely affect human health.

- ***Autonomy solutions***. We have developed and delivered our proprietary autonomous operation system, which integrates an electric drive-by-wire chassis, a multi-sensor fusion perception system and a path planning and control system in January 2023. In addition, we have first developed a safety warning and assistance control system specifically for engineering machinery, featuring precise obstacle detection and emergency stopping capabilities. As of the Latest Practicable Date, we provided autonomy solutions to a customer by upgrading our existing wide-body dump truck models.

- ***Collaborative operation solutions***. We have developed an autonomous scheduling software that facilitates intelligent coordination and scheduling of multiple unmanned machines, and tested at a mining site in Xinjiang. Additionally, we have entered into an agreement with a customer with respect to the research and development of collaborative operation solutions in 2024. In addition, we have developed an intelligent collaborative shipping operation technology, which enables one operator to seamlessly and remotely operate multiple machines.

Building on these achievements, we plan to increase our investment in remote-control systems, autonomy solutions, as well as autonomous scheduling and collaborative operation technologies. We are exploring an increasing number of applications for remote-control and autonomous operating technologies, focusing primarily on harsh work environments that present risks to operators' physical and mental well-being, such as mining sites with high dust exposure and extreme noise levels.

Manage Costs of Raw Materials and Components Effectively

The major raw materials and components for manufacturing of our engineering machinery include LFP batteries, structural components, motors, and controllers. The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. During the Track Record Period, we had witnessed fluctuations in raw material and component prices, especially for the LFP batteries, which had influenced our cost of sales.

The principal raw materials and components that we use in the production of our products are batteries. The average price of LFP battery experienced a decrease from 2018 to 2021, and an increase in 2022, and a decrease since 2023. These fluctuations reflected the market demands for LFP batteries. The average price of LFP battery is expected to maintain a decrease trend in the near future, according to CIC. See "Industry Overview — Historical Trends of Prices on Major Raw Materials and Components for New Energy Engineering Machinery." In 2022, we pre-stocked LFP batteries as their price surged, leading to a relatively higher cost of raw materials recorded in 2022 and 2023. The average procurement price of LFP batteries in 2024 declined by 41% compared to that in 2022, reflecting our improvement in cost efficiency.

To secure stable supply and competitive prices, we usually have major suppliers and secondary suppliers for our key raw materials and components, including LFP battery, motor and gearbox. We are also proactively expanding our supplier network and broadening our sourcing channels for certain key components to reduce reliance on certain suppliers. Due to our increased business scale, we can have a greater bargaining power with suppliers of raw materials and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability. For example, we may enjoy favorable pricing terms offered by our suppliers if we reach procurement threshold, which can lower our raw material procurement costs. During the Track Record Period, we successfully obtained a more advantageous pricing arrangement from our largest LFP battery supplier, which allows us to enjoy favorable pricing twice a year instead of annually. Furthermore, we are qualified for a three-tiered pricing policy with major suppliers based on our purchase quantities of chassis, lifting systems, transmissions and motors, enabling us to receive progressively better pricing as our purchase volumes increase.

We anticipate that the prices of materials related to our products, including lithium carbonate used in batteries, structural materials, and other core components such as gearboxes and electric motor controls, will remain stable over the next year. For the next five years, according to CIC, lithium carbonate prices are expected to gradually decline and steel prices to remain stable, while costs for key components such as gearboxes and electric motor controls are projected to decrease, provided that supply-demand dynamics and logistic costs remain steady.

We continue to actively monitor the cost fluctuations of our raw materials. To effectively manage any potential cost fluctuations, we have established a tiered supplier system that comprises secondary and tertiary suppliers. This system aims to ensure that we can swiftly adjust our procurement strategies in response to changes in raw material prices or supply, thereby stabilizing product costs and minimizing adverse fluctuations. Furthermore, we have entered into framework strategic cooperation agreements with more than 60% of our major suppliers, including suppliers of LFP battery and other key raw materials, ensuring long-term commitments and a reliable flow of raw materials and components and facilitating us to manage our cost of sales and a reasonable level of inventory of raw materials. These framework strategic cooperation agreements generally have a duration ranging from two to five years and specify the range of supply prices, with accurate procurement volumes determined through separate procurement orders attached to each framework agreement. In particular, we will actively diversify our network of suppliers as part of a strategic effort to reduce costs without compromising the quality of our products.

Improve Manufacturing Efficiency

We plan to improve our manufacturing efficiency by increasing our in-house production capacities and employing digital and automation technologies. We employ a hybrid manufacturing method, which combines the benefits of both in-house production and external collaboration to balance our core manufacturing competencies with economic efficiency. In August 2020, we began to operate our Zaozhuang plant to produce battery-electric loaders. We also previously undertook the manufacturing of e-powertrain kits for battery-electric wide-body dump trucks and tractor trucks at our manufacturing plant in Shanghai until September 2022 and relocated the manufacturing of these e-powertrain kits to our Yuyao plant since October 2022. In 2022, 2023 and 2024, the capacity utilization rate of our Zaozhuang plant was 68.8%, 56.0%, and 64.3%, respectively, and the capacity utilization rate of the Shanghai plant and Yuyao plant was 94.5%, 79.5%, and 123.0%, respectively. We established a new loader manufacturing plant in Wuhan, Hubei, which commenced operation in August 2024, and intend to establish another loader manufacturing plant in Lanxi, Zhejiang and a wide-body dump truck manufacturing and assembly plant in Xiangtan, Hunan. See "Business — Manufacturing — Our Manufacturing Plants."

In addition, we plan to fully adopt automation systems in our new manufacturing plants and deploy collaborative robots to improve our plants' operational automation efficiency. As a result, we expect to save approximately RMB3.0 million of labor costs each year in our manufacturing plants when reaching designed production capacities. We believe these endeavors will further improve our manufacturing efficiency, and consequently improve our profitability.

Enhance Inventory Management

We record impairment losses on inventories as a result of the decline in the net realizable value of our inventories. In 2022, 2023 and 2024, our impairment loss on inventory amounted to RMB25.7 million, RMB20.9 million and RMB17.4 million, respectively, accounting for 7.1%, 4.5% and 2.7% of our total revenue for the corresponding years. Our inventories turnover days achieved continuous decrease during the Track Record Period, which were 266 days, 226 days and 161 days in 2022, 2023 and 2024.

To effectively manage our inventory levels, we employ strict control policies and an inventory management system that allows for timely monitoring so that we can adjust our inventory level based on existing orders and projected sales. In addition, our management, procurement, sales, and financial departments will collaborate closely to enhance our inventory management system. We have established a specialized team dedicated to overseeing inventory control, which will be a key performance indicator for us. CEO will lead monthly meetings with our management to evaluate the status of inventory control and offer effective solutions for long-term inventory. We will adopt a cautious approach towards raw material procurement, focusing on small and frequent purchases to maintain optimal inventory levels. We disseminate the latest inventory updates to the sales and marketing team on a monthly basis, ensuring alignment with market demands to mitigate inventory obsolescence, prevent production surpluses, and optimize inventory turnover days. Additionally, we will closely monitor the level of finished goods inventory and seek the suitable strategies from sales and marketing team for products with extended turnover periods. We conduct monthly follow-ups with sales personnel to evaluate the sales performance of aged inventory items and apply flexible sales strategies to manage and reduce these inventories. We also hold regular interdepartmental discussions to review sales orders alongside procurement activities, promoting a coordinated approach to inventory management that highlights our commitment to operational efficiency. We had achieved continuous improvement in the management of our inventory during the Track Record Period.

Reduce Warranty Expenses

We accrue warranty expenses for potential claims in connection with repair and replacement of our products under the product warranties we provide to our customers. We make provision for warranty taking into account our experience of recent claims, historical warranty data and weighting of all possible outcomes against their associated probabilities.

In 2022, 2023 and 2024, we accrued warranty expenses of RMB10.3 million, RMB13.4 million and RMB18.6 million, respectively, accounting for 2.9%, 2.9% and 2.9% of our total revenue, respectively. The actual warranty expenses incurred during the same years were RMB7.5 million, RMB9.1 million and RMB17.8 million, respectively, accounting for 2.1%, 2.0% and 2.8% of our total revenue, respectively. With our accumulated experience, advanced technologies, established relationship with our customers, prolonged operation history and scale economies, we believe the accrual percentage of warranty expenses will decrease, which will lead to an improved gross profit and ultimately improve our financial performance.

Improve Our Operation Efficiency

Due to our relatively smaller scale compared to other players in the new energy engineering machinery industry, our growth has remained in a steady progression phase, and the full realization of economies of scale is yet to be achieved. As our business continues to grow, however, we expect that we would enjoy cost advantages from economies of scale.

As we expanded our customer base and market presence, we incurred a significant amount of selling expenses and built a well-staffed sales and marketing team during the Track Record Period. Going forward, we will regularly evaluate the performance and efficiency of our sales and marketing personnel to ensure we meet our cost control targets. We will also maintain a competitive yet reasonable commission structure for our sales and marketing team to drive growth cost-effectively. With our established distribution network, expanding customer base, and enhanced brand recognition, we anticipate a reduction in selling expenses as a percentage of revenue in the future.

In addition, with the rapid growth of our business, we incurred significant administrative expenses and established a well-staffed management team during the Track Record Period. We believe that we can control our administrative expenses through effective management and a streamlined corporate structure. By maintaining an efficient team size, we aim to achieve a cost-effective per capita output. As our business expands, we expect that the absolute amount of administrative expenses will increase but the percentage of administrative expenses in our revenue will decrease as we benefit from economies of scale and improved operational efficiencies.

Improve the Management of Trade Receivables

We record impairment loss on trade and other receivables for the estimated amounts of trade and other receivables that might be uncollectible. We recorded impairment loss on trade and other receivables of RMB26.8 million, RMB37.8 million and RMB80.5 million, in 2022, 2023 and 2024, respectively. As of December 31, 2022, 2023 and 2024, we had trade and other receivables of RMB257.8 million, RMB435.1 million and RMB555.8 million, respectively.

Going forward, we will pay closer attention to the credit and payment progress of our customers and evaluate the level of trade receivables on a regular basis. For customers whose payments are overdue, our risk control department will follow up with the customers to accelerate the payment process. We believe these strategies will help us manage the trade receivables more efficiently.

The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. See "Risk Factors" for related risks.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 37.0% from RMB463.7 million in 2023 to RMB635.5 million in 2024, primarily attributable to an increase in our revenue generated from sales of wide-body dump trucks, partially offset by a decrease in our revenue generated from sales of battery-electric loaders and tractor trucks.

Sales of Products

Our revenue generated from sales of products increased by 36.4% from RMB455.5 million in 2023 to RMB621.5 million in 2024.

- *Battery-electric wide-body dump trucks*. Our revenue generated from sales of battery-electric wide-body dump trucks increased by 188.3% from RMB126.5 million in 2023 to RMB364.6 million in 2024, primarily due to an increase in the sales volume of our battery-electric wide-body dump trucks, which was partially offset by a decrease of the average selling price of our loaders. The sales volume of wide-body dump trucks rose from 88 units in 2023 to 281 units in 2024, primarily due to our enhanced sales efforts. The average selling price of our battery-electric wide-body dump trucks decreased from RMB1.4 million per unit in 2023 to RMB1.3 million per unit in 2024, primarily due to the decrease of average cost of sales, which allowed us to strategically adjust the selling prices to offer greater value to our customers.

- *Battery-electric loaders*. Our revenue generated from sales of battery-electric loaders decreased by 20.3% from RMB281.2 million in 2023 to RMB224.2 million in 2024, primarily due to the decrease in the sales volume and average selling price of our battery-electric loaders. The sales volume of our battery-electric loaders decreased from 484 units in 2023 to 401 units in 2024, primarily due to the intensified market competition. The average selling price of our loaders slightly decreased from RMB581 thousand per unit in 2023 to RMB559 thousand per unit in 2024, primarily due to the intense market competition, especially from market players with established positions in the traditional fuel-powered loader industry.

- *Battery-electric tractor trucks*. Our revenue generated from sales of battery-electric tractor trucks decreased by 75.4% from RMB28.6 million in 2023 to RMB7.0 million in 2024, primarily due to the decrease in both sales volume and the average selling prices. The sales volume of battery-electric tractor trucks decreased from 66 units in 2023 to 27 units in 2024, as we strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks and allocated most of our sales and research and development resources. The average selling price of battery-electric tractor trucks decreased from RMB433 thousand per unit in 2023 to RMB261 thousand per unit in 2024 to accelerate inventory sales and adjust our pricing strategy in response to the intensified competition.

- *Spare parts and accessories*. Our revenue generated from sales of spare parts and accessories decreased by 32.6% from RMB19.4 million in 2023 to RMB25.7 million in 2024, primarily due to the increased sales of charging piles in 2024.

Rendering of Services

Our revenue generated from the rendering of services increased by 14.1% from RMB2.8 million in 2023 to RMB3.2 million in 2024, in line with the increase of sales of products.

Revenue from Other Sources

Our revenue from other sources mainly comprised of rental income, which increased by 98.9% from RMB5.4 million in 2023 to RMB10.8 million in 2024, primarily because certain rental customers expanded its leasing of our battery-electric wide-body dump trucks.

Cost of Sales

Our cost of sales increased by 31.7% from RMB454.5 million in 2023 to RMB598.6 million in 2024, primarily due to (i) a rise in costs of raw materials and components as a result of a substantial increase in the sales volume of our battery-electric wide-body dump trucks, and (ii) an increase in warranty expenses in line with the increasing warranty obligations accompanying our increasing sales. The increase was partially offset by a decrease in impairment loss on inventory, primarily attributable to our efforts to optimize our inventory structure.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we had gross profit of RMB9.3 million and RMB36.8 million in 2023 and 2024, respectively, with our overall gross profit margin of 2.0% and 5.8%, respectively.

Other Net Gain

Our other net gain significantly increased from RMB4.5 million in 2023 to RMB24.6 million in 2024, primarily attributable to the recognition of gain on disposal or loss of significant influence of associates of RMB16.3 million in 2024, resulting from the reclassification of our interest in one associate to other investments based on the assessment that we no longer have significant influence on that associate following its recent equity financing and the resignation of our board representative. To a lesser extent, the increase is attributable to an increase in government grants from RMB5.3 million to RMB8.3 million for the subsidies we received.

Selling Expenses

Our selling expenses remained stable, which were RMB58.0 million and RMB59.7 million in 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses increased by 23.6% from RMB88.4 million in 2023 to RMB109.3 million in 2024, primarily due to (i) an increase in legal, consulting and other professional service fees in relation to the Listing and Global Offering, (ii) an increase in staff costs for our administrative and management personnel in relation to our share incentive plan, and (iii) an increase in depreciation expenses due to the operation of our subsidiary in Wuhan, Hubei Province.

Research and Development Costs

Our research and development costs increased by 19.2% from RMB68.6 million in 2023 to RMB81.7 million in 2024, primarily due to an increase in staff costs as a result of the expansion of our research and development team with the average headcounts from 93 to 102.

Impairment Loss on Trade and Other Receivables, Contract Assets and Financial Guarantee Issued

Our impairment loss on trade and other receivables, contract assets and financial guarantee issued increased from RMB38.2 million in 2023 to RMB83.1 million in 2024, primarily driven by the increase in impairment loss on trade and other receivables, mainly due to increases in trade receivables balances and the average aging of overdue trade receivables.

Finance Income

Our finance income decreased by 35.4% from RMB16.3 million in 2023 to RMB10.5 million in 2024, primarily due to a decrease in interest income on financial assets measured at amortized cost in line with the decrease of our cash and cash equivalents. See "— Discussion of Certain Key Items on Consolidated Statements of Financial Position — Assets — Cash and Cash Equivalents" for details.

Finance Costs

Our finance costs increased by 32.8% from RMB6.9 million in 2023 to RMB9.2 million in 2024, primarily due to an increase in the interest expenses on loans and borrowings in line with the increase of our bank loans. See "— Indebtedness — Loans and Borrowings" for details.

Share of Results of Associates

We recorded share of losses of associates of RMB3.5 million in 2024, compared to share of profits of associates of RMB0.6 million in 2023, reflecting the loss of some of our associated distributors.

Income Tax

We recorded an income tax expense of RMB1,381 and RMB90 thousand in 2023 and 2024, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB229.4 million and RMB274.5 million in 2023 and 2024, respectively.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 28.8% from RMB360.1 million in 2022 to RMB463.7 million in 2023, primarily attributable to an increase in our revenue generated from sales of battery-electric loaders and wide-body dump trucks, partially offset by a decrease in our revenue generated from sales of battery-electric tractor trucks.

Sales of Products

Our revenue generated from sales of products increased by 28.9% from RMB353.3 million in 2022 to RMB455.5 million in 2023.

- *Battery-electric loaders.* Our revenue generated from sales of battery-electric loaders increased by 53.0% from RMB183.7 million in 2022 to RMB281.2 million in 2023, primarily due to an increase in the sales volume of our battery-electric loaders, which was partially offset by a decrease of the average selling price of our loaders. The sales volume of our battery-electric loaders rose from 295 units in 2022 to 484 units in 2023, primarily due to (i) our enhanced sales efforts, (ii) increased customers' acceptance of battery-electric loaders, and (iii) the improvements in performance, adaptability and reliability of our battery-electric loaders which satisfy customers' demand. The average selling price of our loaders decreased from RMB623 thousand per unit in 2022 to RMB581 thousand per unit in 2023, resulted primarily from our strategic decision to lower loader prices to capture early-stage opportunities in the new energy engineering machinery market, along with fluctuations of raw material costs and adjustments to our product portfolio.

- *Battery-electric wide-body dump trucks.* Our revenue generated from sales of battery-electric wide-body dump trucks increased by 65.8% from RMB76.3 million in 2022 to RMB126.5 million in 2023, primarily due to increases in both sales volume and the average selling price. The sales volume of wide-body dump trucks increased from 59 units in 2022 to 88 units in 2023, primarily due to (i) our enhanced sales efforts, (ii) the increased sales volume of models with greater payloads and battery capacities, and (iii) the improvements in performance, adaptability and reliability of our battery-electric wide-body dump trucks which satisfy customers' demand. The average selling price of battery-electric wide-body dump trucks increased from RMB1,293 thousand per unit to RMB1,437 thousand per unit because the models with greater payloads and battery capacities generally have higher sales prices.

- *Battery-electric tractor trucks*. Our revenue generated from sales of battery-electric tractor trucks decreased by 63.4% from RMB77.9 million in 2022 to RMB28.6 million in 2023, primarily due to the decreases in both sales volume and the average selling prices. The sales volume of battery-electric tractor trucks decreased from 148 in 2022 to 66 in 2023, as we strategically shifted our primary focus to battery-electric loaders and wide-body dump trucks and allocated most of our sales and research and development resources to these products. The average selling price of battery-electric tractor trucks decreased from RMB527 thousand per unit in 2022 to RMB433 thousand per unit in 2023 because we reduced the selling prices of tractor trucks to boost the sales of the inventory and adjust our pricing strategy in response to the intensified competition in China's battery-electric tractor trucks market.

- *Spare parts and accessories*. Our revenue generated from sales of spare parts and accessories increased by 26.5% from RMB15.3 million in 2022 to RMB19.4 million in 2023, primarily due to our exports of add-on e-powertrains to a North America customer and the increased sales of charging piles.

Rendering of Services

Our revenue generated from the rendering of services significantly increased from RMB0.5 million in 2022 to RMB2.8 million 2023, primarily because we started offering intelligent mining solutions to customers in 2023.

Revenue from Other Sources

Our revenue generated from other sources, mainly comprised of rental income, decreased by 14.8% from RMB6.4 million in 2022 to RMB5.4 million in 2023, primarily as a result of our increased sales efforts to attract customers to purchase our products.

Cost of Sales

Our cost of sales increased by 29.1%, in line with the increase of our revenue, from RMB351.9 million in 2022 to RMB454.5 million in 2023, primarily due to (i) the relatively higher costs of LFP batteries, which were pre-stocked as their price surged, and (ii) our increased manufacturing activities, which resulted in an increase in costs of raw materials and components, which is in line with the growth of our sales. The increase was partially offset by a decrease in impairment loss on inventory, primarily attributable to our efforts to optimize our inventory structure.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit and gross profit margin remained stable in 2022 and 2023. Our gross profit was RMB8.2 million and RMB9.3 million in 2022 and 2023, respectively, with our overall gross profit margin being 2.3% and 2.0%, respectively.

Other Net Gain

Our other net gain significantly increased from RMB121 thousand in 2022 to RMB4.5 million in 2023, primarily attributable to (i) an increase in government grants from RMB2.1 million in 2022 to RMB5.3 million in 2023, reflecting the recognition and support we received from the government, and (ii) losses of RMB1.4 million in connection with our disposals of our equity interests in an associates and certain subsidiaries in 2022, while we did not have such disposal in 2023.

Selling Expenses

Our selling expenses increased by 23.6% from RMB46.9 million in 2022 to RMB58.0 million in 2023, primarily due to (i) an increase in staff costs, driven by both the expansion of our sales and marketing team with the average headcounts from 75 to 83, and larger performance-based bonuses as a reward for their enhanced sales achievements in 2023, and (ii) an increase in travel expenses attributable to our augmented marketing and promotional endeavors.

Administrative Expenses

Our administrative expenses increased by 48.8% from RMB59.4 million in 2022 to RMB88.4 million in 2023, primarily due to (i) an increase in staff costs for our administrative and management personnel due to the growing headcount with the average headcounts from 65 to 84, (ii) an increase in legal, consulting, and other professional service fees primarily in relation to the Listing and the Global Offering, and (iii) increased office expenses, business development expenses, other taxes and surcharges in line with our business growth.

Research and Development Costs

Our research and development costs increased by 52.9% from RMB44.9 million in 2022 to RMB68.6 million in 2023, primarily due to (i) an increase in staff costs as a result of the expansion of our research and development team with the average headcount from 73 in 2022 to 93 in 2023, (ii) an increase in outsourcing costs reflecting our strategy to leverage outside research and development resources to enhance digitalization for our business and products, and (iii) an increase in costs of raw materials and consumables used in the research and development of new models for our battery-electric loaders and wide-body dump trucks, and our intelligent engineering machinery technologies.

Impairment Loss on Trade and Other Receivables, Contract Assets and Financial Guarantee Issued

Our impairment loss on trade and other receivables, contract assets and financial guarantee issued increased by 42.1% from RMB26.9 million in 2022 to RMB38.2 million in 2023, primarily attributable to the increase of our trade and other receivables, contract assets and financial guarantee issued.

Finance Income

Our finance income increased by 153.4% from RMB6.4 million in 2022 to RMB16.3 million in 2023, primarily attributable to (i) an increase in interest on financial assets measured at amortized cost from RMB0.1 million to RMB8.2 million as a result of the increase of our bank deposits in relation to our financing activities and (ii) an increase in interest income on sales under instalment payment in line with our increased sales. See "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of Our Company" for details on our financing activities.

Finance Costs

Our finance costs decreased by 49.6% from RMB13.7 million in 2022 to RMB6.9 million in 2023, primarily due to a decrease in our interest expenses on financial instruments issued to investors from RMB6.5 million to RMB0.3 million as a result of the termination of these financial instruments in August 2022, following which we fully settled such interest expenses in March 2023.

Share of Results of Associates

We recorded share of profits of associates of RMB0.6 million in 2023, compared to share of losses of associates of RMB0.4 million in 2022, reflecting that certain of our associated distributors had improved their financial performance.

Income Tax

We had an income tax expense of RMB1,381 in 2023 as many of our subsidiaries were loss-making in 2023. We had an income tax expense of RMB0.6 million in 2022 because some interest expenses on financial instruments issued to investors of some subsidiaries were not recognized as income tax deductible expenses.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB178.1 million in 2022 to RMB229.4 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	17,562	97,301	165,303
Other investments	18,939	19,093	41,735
Right-of-use assets	11,479	86,096	106,559
Intangible assets	1,032	2,044	2,961
Interest in associates	3,716	23,259	28,482
Other non-current assets	46,908	62,565	73,660
Total non-current assets	**99,636**	**290,358**	**418,700**
Current assets			
Inventories	294,544	268,675	259,023
Contract assets	860	342	1,322
Trade and other receivables	257,817	435,089	555,833
Pledged bank deposits	4,700	5,278	4,208
Cash and cash equivalents	270,260	422,072	199,254
Total current assets	**828,181**	**1,131,456**	**1,019,640**
Total assets	**927,817**	**1,421,814**	**1,438,340**
LIABILITIES			
Current liabilities			
Loans and borrowings	94,727	99,233	267,197
Financial instruments issued to investors	28,870	—	—
Trade and other payables	156,975	294,908	374,539
Income tax payables	488	—	—
Provision	7,549	12,257	16,472
Contract liabilities	15,197	13,740	3,655
Lease liabilities	2,383	7,037	3,222
Total current liabilities	**306,189**	**427,175**	**665,085**
Non-current liabilities			
Loans and borrowings	56,648	53,994	85,116
Lease liabilities	8,300	15,444	2,606
Deferred tax liabilities	2,744	2,902	3,252
Total non-current liabilities	**67,692**	**72,340**	**90,974**
Total liabilities	**373,881**	**499,515**	**756,059**
Net assets	**553,936**	**922,299**	**682,281**

Our net assets increased from RMB553.9 million as of December 3l, 2022 to RMB992.3 million as of December 31, 2023, primarily due to the issuance of ordinary shares (net of transaction cost) of RMB567.6 million. Our net assets decreased from RMB992.3 million as of December 31, 2023 to RMB682.3 million as of December 31, 2024, primarily due to (i) a decrease in our cash and cash equivalents of RMB222.8 million, (ii) an increase in our current loans and borrowings of RMB168.0 million, and (iii) an increase in our trade and other payables of RMB79.6 million.

Assets

Inventories

Our inventories mainly represent raw materials, goods in transit, right to recover returned goods, and finished goods. The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Raw materials	70,099	101,890	97,001
Finished goods	223,861	166,281	161,583
Right to recover returned goods	584	503	439
Inventories	**294,544**	**268,675**	**259,023**

Raw materials consist primarily of batteries, frames, tires, and other related components used in our production. Finished goods represent our products that have been manufactured but not yet been sold to customers. Right to recover returned goods represents the right to recover products from customers sold with a right of return, which is recorded as inventory pursuant to IFRS 15. The right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods). For details, see Note 2(u)(i) and Note 18 to the Accountants' Report included in Appendix I to this prospectus. Provision for inventories was made to net realizable value and all losses of our inventories, mainly representing the shortfall between net realizable value and the book value of the inventories due to the changes of market conditions.

Our inventories decreased by 3.6% from RMB268.7 million as of December 31, 2023 to RMB259.0 million as of December 31, 2024, primarily due to (i) a decrease in raw materials, reflecting the effectiveness of our inventory reduction measures and the structure refinement of our raw material inventory, and (ii) a decrease in finished goods in line with our increased sales.

Our inventories decreased by 8.8% from RMB294.5 million as of December 31, 2022 to RMB268.7 million as of December 31, 2023, primarily due to a decrease in finished goods, which reflected the increased sales volume of our products.

The following table sets forth our inventories turnover days for the years indicated.

	As of December 31,		
	2022	2023	2024
Inventories turnover days[1]	266	226	161

Note:

(1) Average turnover days of inventories are equal to the average of the beginning and ending net inventory balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

Our inventories turnover days decreased from 266 days in 2022 to 226 days in 2023, primarily attributable to the growth of our sales and our efforts to optimize our inventory management. The relatively prolonged inventory turnover days were primarily due to (i) we pre-stocked key raw materials, particularly batteries, in response to the fluctuations of prices, and (ii) we had pre-stocked finished products in preparation for the rising demand for new energy engineering machinery. Our inventories turnover days decreased from 226 days in 2023 to 161 days in 2024, primarily attributable to our enhanced inventories management and increased sales.

As of December 31, 2024, all the batteries we pre-stocked with high prices in our raw materials had been consumed, and the majority of the engineering machinery assembled with high-priced pre-stocked batteries had been successfully sold. As of December 31, 2024, the carrying value of the inventory of finished goods with pre-stocked batteries amounted to RMB9.8 million. We have considered the risks of impairment and have recognized an impairment loss on these inventories of finished goods with pre-stocked batteries of RMB5.1 million as of December 31, 2024, resulting in the net realizable value of such inventory of RMB4.7 million as of the same date.

The following table sets forth an aging analysis of our inventories (net) as of the date indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	252,196	221,464	231,020
1 to 2 years	30,403	29,331	17,220
2 to 3 years	9,119	11,244	7,498
More than 3 years	2,827	6,635	3,286
Total	**294,544**	**268,675**	**259,023**

Particularly, the following table sets forth an aging analysis of our raw materials (net) as of the date indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
With 1 year	68,418	101,232	89,265
1 to 2 years	238	350	7,353
2 to 3 years	621	125	235
More than 3 years	822	183	149
Total	**70,099**	**101,890**	**97,001**

The following table sets forth an aging analysis of our finished goods (net) as of the date indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	183,193	119,730	141,316
1 to 2 years	30,165	28,981	9,867
2 to 3 years	8,498	11,119	7,262
More than 3 years	2,005	6,452	3,137
Total	**223,861**	**166,281**	**161,583**

To effectively manage our inventory, we pay particular attention to the models of vehicles in inventory for over two years. As of December 31, 2024, the carrying value of these long-aging inventories amounted to RMB29.3 million. We had made impairment loss on these long-aging inventories of RMB18.9 million as of December 31, 2024, resulting in the net realizable value of such inventory of RMB10.4 million as of the same date.

As of February 28, 2025, approximately RMB228.1 million, or 84.9% of our inventories outstanding as of December 31, 2023 and RMB32.8 million, or 12.6% of our inventories outstanding as of December 31, 2024, had been subsequently settled, respectively. In particular, as of February 28, 2025, approximately RMB96.0 million, or 94.2% of our raw materials outstanding as of December 31, 2023 and approximately RMB2.9 million, or 3.0% of our raw materials outstanding as of December 31, 2024, had been subsequently utilized. As of February 28, 2025, approximately RMB132.2 million, or 79.5% of our finished goods outstanding as of December 31, 2023 and approximately RMB29.8 million, or 18.5% of our finished goods outstanding as of December 31, 2024, had been subsequently sold. On the balances of inventories, we made provision of RMB38.6 million, RMB39.3 million and RMB30.1 million as of December 31, 2022, 2023 and 2024, respectively.

We believe there is no material recoverability issue for our inventories and sufficient provision has been made because (i) our procurement of inventory is aligned with our order backlogs and production plans, thereby minimizing the risk of low net realizable value, (ii) we continuously optimize our inventory management policies, including but not limited to procuring materials based on production schedules and regularly monitoring inventory levels to ensure appropriate stock conditions, and (iii) the impairment loss on inventory as of December 31, 2022, 2023, and 2024, accounted for 11.6%, 12.7%, and 10.4% of total inventory, respectively, indicating a relatively stable percentage over time.

Trade and Other Receivables

Our trade and other receivables consist primarily of (i) trade and bill receivables that represent amounts due from our customers in our ordinary course of business, (ii) prepayments for purchase of raw materials and listing expenses, as well as other prepayments, such as bid bonds, (iii) taxation recoverable, (iv) deposits we make for our leases, insurance and others, and (v) other receivables.

The following table sets forth our trade and other receivables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade receivables, net	233,417	374,089	446,327
Less: trade receivables due more than one year	(44,236)	(48,259)	(56,035)
	189,181	325,830	390,292
Bill receivables	9,617	47,043	56,572
Deposits	76	10,590	5,414
Prepayments for purchase of raw materials	43,823	26,811	69,909
Taxation recoverable	6,863	18,911	27,574
Others[(1)]	8,257	5,904	6,072
Total	**257,817**	**435,089**	**555,833**

Note:

(1) Consists primarily of prepaid expenses, prepayments for listing expenses, loans to third parties, interest receivables and other receivables.

Our trade and other receivables increased from RMB435.1 million as of December 31, 2023, to RMB555.8 million as of December 31, 2024, primarily due to (i) an increase in trade receivables from RMB374.1 million to RMB446.3 million in line with our increased sales, (ii) an increase in prepayments for purchase of raw materials from RMB26.8 million to RMB69.9 million in relation to the greater demand for chassis and LFP batteries required for the production of our wide-body dump trucks and (iii) an increase in bill receivables from RMB47.0 million to RMB56.6 million in line with our increased revenue in 2024. The amount was partially offset by a decrease in our deposits from RMB10.6 million to RMB5.4 million primarily due to the settlement of deposits for our land use right for a land parcel in Zhejiang.

Our trade and other receivables increased from RMB257.8 million as of December 31, 2022 to RMB435.1 million as of December 31, 2023, primarily due to (i) an increase in trade receivables from RMB189.2 million to RMB325.8 million and an increase in bill receivables from RMB9.6 million to RMB47.0 million in line with our increased sales, (ii) an increase in taxation recoverable from RMB6.9 million to RMB18.9 million, and (iii) an increase in deposits from RMB76 thousand to RMB10.6 million in relation to our land use right for a land parcel in Zhejiang. The amount was partially offset by a decrease in our prepayments for purchase of raw materials from RMB43.8 million to RMB26.8 million, primarily due to our greater bargaining power with suppliers of raw material and improved inventory procurement and management system.

As of December 31, 2022, 2023 and 2024, we had trade receivables due more than one year of RMB44.2 million, RMB48.3 million and RMB56.0 million, respectively.

The following table sets forth our trade receivables turnover days for the years indicated.

	As of December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days[(1)]	176	239	236

Note:

(1) Average turnover days of trade receivables are equal to the average of the beginning and ending net trade receivable balances of a year divided by revenue for that year and multiplied by the number of days in that year.

Our trade receivables turnover days increased from 176 days in 2022 to 239 days in 2023, primarily attributable to (i) an increase in sales volume in the second half of 2023 due to our sales efforts to leverage the development of new energy engineering machinery industry, (ii) an increase in sales to customers who used the finance lease services to make the payment, which we usually grant certain credit terms to the finance lease companies, and (iii) our favorable credit terms to secure customers. Our trade receivables turnover days remained relatively stable at 236 days in 2024, representing a slight decrease compared to 239 days in 2023.

The following table sets forth the aging analysis of trade receivables, based on the invoice date and net of loss allowance, as of the dates as indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	208,629	263,741	303,450
1 to 2 years	20,576	93,068	118,231
2 to 3 years	4,213	13,955	22,070
More than 3 years	—	3,326	2,576
Total	**233,418**	**374,090**	**446,327**

The following table sets forth an aging analysis of our trade receivables based on the due date and net of loss allowance, as of the date indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Current (not past due)	147,474	238,487	227,224
Overdue less than 1 year	82,492	121,184	173,706
Overdue 1–2 years	3,415	14,240	45,231
Overdue 2–3 years	37	179	166
Total	**233,418**	**374,090**	**446,327**

The following table sets forth the gross carrying amount, loss allowance and balance (net of loss allowance) of our trade receivables outstanding for our related party customers and independent customers as of the dates indicated.

	Gross Carrying Amount	Loss Allowance	Balance (net of loss allowance)
	(RMB in thousands)		
As of December 31, 2022			
Trade receivables for related party customers	15,069	(132)	14,937
Trade receivables for independent customers	262,553	(44,072)	218,481
Total	**277,622**	**(44,204)**	**233,418**
As of December 31, 2023			
Trade receivables for related party customers	129,307	(9,470)	119,837
Trade receivables for independent customers	321,762	(67,510)	254,252
Total	**451,069**	**(76,979)**	**374,089**
As of December 31, 2024			
Trade receivables for related party customers	220,164	(37,957)	182,207
Trade receivables for independent customers	382,988	(118,868)	264,120
Total	**603,152**	**(156,825)**	**446,327**

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses (ECL). ECLs on these financial assets are estimated using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. During the Track Record Period, since there were changes in the business scale and our expectations for the future economic conditions, the expected credit loss rates were adjusted in accordance with our accounting policy set out in Note 2(i) to the Accountants' Report. The expected credit loss rate for all types of our trade receivables during the Track Record Period remained relatively stable. For details, see Note 29(a) to the Accountants' Report included in the Appendix I to this prospectus.

The following table sets forth the settlement of our trade receivables, net of loss allowance, as of February 28, 2025, outstanding as of December 31, 2023 and 2024, respectively.

	Balance as of December 31, 2023	Settlement as of February 28, 2025	Balance as of December 31, 2024	Settlement as of February 28, 2025
	(RMB in thousands)			
Trade receivables for related party customers	119,837	63,033	182,207	37,685
Trade receivables for independent customers	254,252	117,445	264,120	25,794
Total	**374,089**	**180,478**	**446,327**	**63,479**

As of February 28, 2025, approximately RMB180.5 million, or 48.2% of our trade receivables (net of loss allowance) outstanding as of December 31, 2023 and approximately RMB63.5 million, or 14.2% of our trade receivables (net of loss allowance) outstanding as of December 31, 2024, had been subsequently settled. Particularly, as of February 28, 2025, RMB63.0 million, or 52.6% of our trade receivables (net of loss allowance) outstanding for related parties as of December 31, 2023 and RMB37.7 million, or 20.7% of our trade receivables (net of loss allowance) outstanding for our related party customers as of December 31, 2024 had been subsequently settled. Also, RMB117.4 million, or 46.2% of our trade receivables (net of loss allowance) outstanding for independent customers as of December 31, 2023 and RMB25.8 million, or 9.8% of our trade receivables (net of loss allowance) outstanding for independent customers as of December 31, 2024, had been subsequently settled.

The loss allowance on trade receivables amounted to RMB44.2 million, RMB77.0 million and RMB156.8 million as of December 31, 2022, 2023 and 2024, respectively. In particular, the loss allowance on trade receivables for our related party customers was RMB0.1 million, RMB9.5 million and RMB38.0 million as of December 31, 2022, 2023 and 2024, respectively, and loss allowance on trade receivables for independent customers of RMB44.1 million, RMB67.5 million and RMB118.9 million as of December 31, 2022, 2023 and 2024, respectively. We have established a comprehensive accounts receivable recovery process, with our risk management department actively monitoring and pursuing repayments from customers through various means. In the event of overdue payments, the department promptly analyzes the reasons for the delay. If deemed manageable, we engage with the customer to provide a grace period and reassess the repayment status upon its expiration. Should the customer still fail to settle the payment, appropriate collection measures are taken. If the customer is assessed as unable to repay, the recovery and asset disposal process is immediately initiated to mitigate potential losses. Our Directors are of the view that there is no material recoverability issue for trade receivables, and sufficient provision has been made, by taking into account our enhanced credit risk management measures and understanding of the financial position of the customers.

Pledged Bank Deposits

Our pledged bank deposits primarily represent the security deposits we provide to our battery suppliers for our payments to them. Our pledged bank deposits increased from RMB4.7 million as of December 31, 2022, to RMB5.3 million as of December 31, 2023 primarily due to the increased payment with bank draft to suppliers, which was in line with our increased purchase from battery suppliers. Our pledged bank deposits decreased from RMB5.3 million as of December 31, 2023 to RMB4.2 million as of December 31, 2024, primarily due to the release of the bill we issued in 2023.

Cash and Cash Equivalents

Our cash and cash equivalents increased significantly from RMB270.3 million as of December 31, 2022, to RMB422.1 million as of December 31, 2023, primarily attributable to proceeds we received from our equity financing as well as bank loans and borrowings. The increase was partially offset by our cash used in operating activities in 2023. Our cash and cash equivalents decreased from RMB422.1 million as of December 31, 2023, to RMB199.3 million as of December 31, 2024, due to (i) the increased receivables, and (ii) the increased investment in intangible assets, property, plant and equipment, and land use rights. See "— Liquidity and Capital Resources — Cash Flows."

Right-of-Use Assets

Our right-of-use assets primarily represent our leases of manufacturing bases, warehouses, and office premises. Our right-of-use assets significantly increased from RMB11.5 million as of December 31, 2022, to RMB86.1 million as of December 31, 2023, primarily attributable to our new leases in Zhejiang and Hunan, as well as our purchases of land use right in Zhejiang and Hubei, all of which are planned for manufacturing, research and development, and general office use. Our right-of-use assets further increased from RMB86.1 million as of December 31, 2023 to RMB106.6 million as of December 31, 2024, primarily due to an increased in land use rights associated with our Hunan plant.

Liabilities

Trade and Other Payables

Our trade and other payables include (i) trade payables due to third party suppliers in our ordinary course of business, (ii) bills payables due to bank acceptance notes issued to our suppliers with a maturity of six months, (iii) accrued payroll and other benefits for our employees, (iv) VAT and sundry taxes payable, (v) interest payable in connection with our loans and borrowings, financial instruments issued to investors, and lease liabilities, (vi) refund liabilities arising from the right of return and sales rebate and (vii) other miscellaneous payables.

The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade payables due to third party suppliers	94,377	185,980	270,526
Bills payable	—	11,000	10,000
Financial liabilities measured at amortised cost	94,377	196,980	280,526
Other payables(1)	37,969	61,115	64,483
Accrued payroll and other benefits	17,112	22,253	19,881
VAT and sundry taxes payable	2,713	8,765	4,939
Interest payable	—	—	—
Refund liabilities	4,804	5,795	4,710
Total	**156,975**	**294,908**	**374,539**

Note:

(1) Primarily consist of deposit for restricted shares, deposits, payables for purchase of property, plant and equipment, commission expenses payable, government grants payable, and other expense accruals.

Our trade and other payables increased by 27.0% from RMB294.9 million as of December 31, 2023, to RMB374.5 million as of December 31, 2024, primarily due to an increase in trade payables due to third party suppliers from RMB186.0 million to RMB270.5 million in line with our expansion of business scale.

Our trade and other payables increased by 87.9% from RMB157.0 million as of December 31, 2022 to RMB294.9 million as of December 31, 2023, primarily attributable to (i) an increase in trade payables due to third party suppliers from RMB94.4 million to RMB186.0 million in line with our expansion of business scale, (ii) an increase in other payables from RMB38.0 million to RMB61.1 million, mainly resulting from an increase in payables for purchase of property, plant and equipment in relation to the construction of our manufacturing plant in Hubei in 2023, and (iii) an increase in VAT and sundry taxes payable from RMB2.7 million to RMB8.8 million in relation to the increased sales of products.

The following table sets forth our trade payables turnover days for the years indicated.

	As of December 31,		
	2022	2023	2024
Trade payables turnover days [(1)]	91	113	139

Note:

(1) Average turnover days of trade payables are equal to the average of the beginning and ending trade payable balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

Our trade payables turnover days increased from 91 days in 2022 to 113 days in 2023, primarily attributable to (i) the extended credit terms offered by our suppliers, and (ii) the increased trade payables in line with our increased sales of products. Our trade payables turnover days increased from 113 days in 2023 to 139 days in 2024, primarily attributable to our increased procurement.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the date indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	93,403	179,562	265,049
1 year to 2 years	974	5,773	1,490
Over 2 years	—	645	3,987
Total	**94,377**	**185,980**	**270,526**

The substantial increase in our trade payables over two years from RMB0.6 million as of December 31, 2023 to RMB4.0 million as of December 31, 2024 was mainly associated with the unresolved warranty settlements with certain suppliers. As of February 28, 2025, approximately RMB180.3 million, or 96.9% of our trade payables outstanding as of December 31, 2023 and RMB151.7 million, or 56.1% of our trade payables outstanding as of December 31, 2024, had been subsequently settled, respectively.

Contract Liabilities

Our contract liabilities primarily represent the prepayments we received from certain customers for sales of our engineering machinery and spare parts and accessories. Our contract liabilities slightly decreased from RMB15.2 million as of December 31, 2022 to RMB13.7 million as of December 31, 2023. Our contract liabilities decreased from RMB13.7 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024 with our execution of certain contracts. As of February 28, 2025, approximately RMB0.7 million, or 20.2% of our contract liabilities outstanding as of December 31, 2024, had been subsequently recognized as revenue.

Loans and Borrowings

Our loans and borrowings consist of (i) loans from commercial banks in China, and (ii) obligations arising from sale and leaseback transactions. Our loans and borrowings slightly increased from RMB151.4 million as of December 31, 2022 to RMB153.2 million as of December 31, 2023, and further increased to RMB352.3 million as of December 31, 2024, primarily due to an increase in our long-term bank loans. See "— Indebtedness" for more details about our loans and borrowings.

Financial Instruments Issued to Investors

Our financial instruments issued to investors represent proceeds from issuing our registered capital to investors with certain preferred rights. Our financial instruments issued to investors decreased from RMB28.9 million as of December 31, 2022 to nil as of December 31, 2023 and remained nil as of December 31, 2024, as a result of the termination of the redemption rights of our investors in August 2022.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			*(Unaudited)*
Current assets				
Inventories	294,544	268,675	259,023	281,156
Contract assets	860	342	1,322	168
Trade and other receivables	257,817	435,089	555,833	492,526
Pledged bank deposits	4,700	5,278	4,208	4,030
Cash and cash equivalents	270,260	422,072	199,254	138,755
Total current assets	**828,181**	**1,131,456**	**1,019,640**	**916,634**
Current liabilities				
Loans and borrowings	94,727	99,233	267,197	288,843
Financial instruments issued to investors	28,870	—	—	—
Trade and other payables	156,975	294,908	374,539	282,054
Income tax payables	488	—	—	—
Provisions	7,549	12,257	16,472	16,472
Contract liabilities	15,197	13,740	3,655	12,515
Lease liabilities	2,383	7,037	3,222	3,244
Total current liabilities	**306,189**	**427,175**	**665,085**	**603,127**
Net current assets	**521,992**	**704,281**	**354,555**	**313,507**

Our net current assets decreased from RMB354.6 million as of December 31, 2024 to RMB313.5 million as of February 28, 2025, due to a decrease in our current assets. Our current assets decreased from RMB1,019.6 million as of December 31, 2024 to RMB916.6 million as of February 28, 2025, primarily due to (i) a decrease of RMB63.3 million in trade and other receivables and (ii) a decrease of RMB60.5 million in cash and cash equivalents, partially offset by an increase of RMB22.1 million in inventories.

Our net current assets decreased from RMB704.3 million as of December 31, 2023 to RMB354.6 million as of December 31, 2024, due to an increase in our current liabilities. Our current liabilities increased from RMB427.2 million as of December 31, 2023 to RMB665.1 million as of December 31, 2024, primarily due to (i) an increase of RMB168.0 million in current loans and borrowings, and (ii) an increase of RMB79.6 million in trade and other payables.

Our net current assets increased from RMB522.0 million as of December 31, 2022 to RMB704.3 million as of December 31, 2023, due to an increase in our current assets. Our current assets increased from RMB828.2 million as of December 31, 2022 to RMB1.1 billion as of December 31, 2023, primarily due to (i) an increase of RMB177.3 million in trade and other receivables, (ii) an increase of RMB151.8 million in cash and cash equivalents, and (iii) an increase of RMB578 thousand in pledged bank deposits.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity have been proceeds from issuance of financial instruments to investors, proceeds from issuance of ordinary shares, and proceeds from loans and borrowings, which have historically been sufficient to meet our working capital and capital expenditure requirements.

Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(290,421)	(193,686)	(269,951)
Net cash used in investing activities	(22,628)	(185,427)	(135,705)
Net cash generated from financing activities	522,011	530,925	182,838
Net increase/(decrease) in cash and cash equivalents	**208,962**	**151,812**	**(222,818)**
Cash and cash equivalents at the beginning of the year	61,298	270,260	422,072
Cash and cash equivalents at the end of the year	**270,260**	**422,072**	**199,254**

Operating Activities

During the Track Record Period, we generated cash inflow from our operating activities primarily through sales of products. Cash outflow from operating activities primarily comprises the costs incurred in operation of our business.

We had net cash used in operating activities of RMB270.0 million in 2024. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB274.5 million by adding back non-cash items, consisting primarily of (i) equity-settled share-based payment expenses of RMB33.5 million incurred in relation to our incentive platforms, and (ii) depreciation of our owned property, plant and equipment of RMB11.9 million, before the changes in working capital. The changes in working capital in 2024 primarily reflected an increase in trade and other receivables of RMB131.7 million in line with our increased sales, partially offset by an increase in trade and other payables of RMB91.2 million, primarily due to an increase in trade payables due to third party suppliers in line with our expansion of business scale.

We had net cash used in operating activities of RMB193.7 million in 2023. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB229.4 million by adding back non-cash items, consisting primarily of (i) equity-settled share-based payment expenses of RMB29.7 million incurred in relation to our incentive platforms, and (ii) finance costs of RMB6.9 million, primarily in relation to the interest expenses on loans and borrowings, before the changes in working capital. The changes in working capital in 2023 reflected primarily an increase in trade and other receivables of RMB161.6 million in line with our increased sales, partially offset by an increase in trade and other payables of RMB121.2 million, primarily due to an increase in trade payables due to third party suppliers in line with our expansion of business scale.

We had net cash used in operating activities of RMB290.4 million in 2022. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB177.5 million by adding back non-cash items, consisting primarily of (i) equity-settled share-based payment expenses of RMB29.1 million incurred in relation to our incentive platforms, and (ii) finance costs of RMB13.7 million, primarily in relation to the interest expenses on loans and borrowings, before the changes in working capital. The changes in working capital in 2022 reflected primarily (i) an increase in trade and other receivables of RMB124.0 million due to our increased sales, and (ii) an increase in inventories of RMB76.0 million, primarily because we increased our production based on our estimates of market demand for our products.

We expect to improve our net operating cash outflow positions by enhancing our profitability and effectively managing our working capital, through the following measures:

- Improve profitability, mainly through: (i) growing our customer base and enhancing our products and services to further boost the sales volume of our products and drive the growth of our revenue; (ii) enhancing our inventory management, reducing our warranty expenses, managing costs of raw materials and components and improving manufacturing efficiency to improve our gross profit margins; and (iii) enhancing our operational efficiency to achieve economies of scale. See "— Business Sustainability."

- Expedite the recovering cycle for receivables. Going forward, we will pay closer attention to the credit and payment progress of our customers and evaluate the level of trade receivables on a regular basis. For customers whose payments are overdue, our risk control department will follow up with the customers to accelerate the payment process. We will continue to implement more measures to closely monitor our receivables so that we can ensure timely payment by our customers.

- Liaise with our suppliers for better payment terms to minimize the risk of cashflow mismatch from making payments to our suppliers and receiving payments from our customers.

- Improve our operational efficiency and achieve scale effect as our business grows. See "— Business Sustainability."

Investing Activities

Our cash used in investing activities mainly relates to (i) payments for purchase of property, plant and equipment, construction in progress and intangible assets, (ii) payments for purchase of land use rights, (iii) payments for investments in associates, and (iv) payments for purchase of other investments.

Our net cash flows used in investing activities was RMB135.7 million in 2024, primarily due to (i) payments for purchase of property, plant and equipment, construction in progress and intangible assets of RMB80.9 million, (ii) payments for purchase of land use rights of RMB37.4 million and (iii) payment for investments in associates of RMB18.2 million.

Our net cash flows used in investing activities was RMB185.4 million in 2023, primarily due to (i) payments for purchase of property, plant and equipment, construction in progress and intangible assets of RMB94.9 million, (ii) payments for purchase of land use rights of RMB75.4 million, and (iii) payment for investments in six associates in an aggregate amount of RMB18.1 million, partially offset by proceeds from disposal of property, plant and equipment of RMB1.3 million.

Our net cash flows used in investing activities was RMB22.6 million in 2022, primarily due to (i) payments for purchase of property, plant and equipment, construction in progress and intangible assets of RMB15.1 million, (ii) payments for purchase of other investments of RMB7.1 million, and (iii) payments for our minority interest investments in six associates in an aggregate amount of RMB6.2 million. These cash outflows were partially offset by (i) net proceeds of RMB4.4 million from the repayment of a loan that we made to a business partner to facilitate our cooperation in the research and development of autonomous operation technologies, and (ii) proceeds of RMB1.3 million from the disposal of our minority equity interest in Huansheng, one of our associates.

Financing Activities

Our cash inflows from financing activities primarily comprise proceeds from issuing financial instruments and ordinary shares to investors, and proceeds from loans and borrowings. Our cash outflows used in financing activities mainly comprise repayments for loans and borrowings.

We had net cash generated from financing activities of RMB182.8 million in 2024, primarily due to proceeds from loans and borrowings of RMB275.9 million, which was partially offset by repayment of loans and borrowings of RMB77.0 million.

We had net cash generated from financing activities of RMB530.9 million in 2023, primarily due to (i) proceeds from the issuance of ordinary shares to a group of institutional investors in an aggregate amount of RMB567.6 million in 2023 and (ii) proceeds from loans and borrowings of RMB144.0 million. These cash inflows were partially offset by (i) repayment of loans and borrowings of RMB142.3 million, (ii) settlement for financial instruments to investors of RMB29.1 million, and (iii) interest paid for interest-bearing borrowings of RMB5.6 million.

We had net cash generated from financing activities of RMB522.0 million in 2022, primarily due to (i) proceeds from issuing ordinary shares to a group of institutional investors in an aggregate amount of RMB378.0 million in November 2022, (ii) proceeds from loans and borrowings of RMB210.3 million, and (iii) proceeds from issuing our registered capital to investors with certain preferred rights in an aggregate amount of RMB195.9 million. These cash inflows were partially offset by (i) repayment of loans and borrowings in an amount of RMB210.6 million, (ii) settlement for financial instruments to investors of RMB47.1 million and (iii) interest paid for interest-bearing borrowings of RMB16.0 million.

Working Capital

We had negative operating cash flows during the Track Record Period. We may continue to record negative cash flows from operating activities in the future, in which case our working capital may be limited and our business, financial condition, results of operations and prospects may be materially and adversely affected. See "Risk Factors — Risks Relating to Our Business and Industry — We had net loss and net cash used in operating activities during the Track Record Period, and may have net loss and net cash used in operating activities in the future."

Based on the cash and cash equivalents on hand, our operating cash flows, the available financing facilities, and the estimated net proceeds available to us from the Global Offering, our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Current				
Loans and borrowings	94,727	99,233	267,197	288,843
Financial instruments issued to investors	28,870	—	—	—
Lease liabilities	2,383	7,037	3,222	3,244
Subtotal	**125,980**	**106,270**	**270,419**	**292,086**
Non-current				
Loans and borrowings	56,648	53,994	85,116	84,887
Financial instruments issued to investors	—	—	—	—
Lease liabilities	8,300	15,444	2,606	2,624
Subtotal	**64,948**	**69,438**	**87,722**	**87,510**
Total	**190,928**	**175,708**	**358,141**	**379,597**

Loans and Borrowings

Our loans and borrowings consist of (i) loans from commercial banks in China, and (ii) obligations arising from sale and leaseback transactions. Our bank borrowing agreements generally include specific financial covenants. In accordance with such covenants, except for obtaining prior written consent from the bank, we may not engage in certain transactions, including providing guarantees for third-parties exceeding a specific percentage of our net assets or total assets, and entering into connected transactions valued above a defined percentage of our net assets. Our loans and borrowings amounted to RMB151.4 million, RMB153.2 million, RMB352.3 million and RMB373.7 million as of December 31, 2022, 2023 and 2024, and February 28, 2025, respectively, as a result of our demand for capital due to our business development and expansion.

As of the dates indicated below, our loans and borrowings were as follows:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Bank loans	142,375	153,227	345,093	366,725
Obligations arising from sale and leaseback transactions	9,000	—	7,220	7,004
Amounts due to related parties	—	—	—	—
Other borrowings	—	—	—	—
Total	**151,375**	**153,227**	**352,313**	**373,729**

As of the dates indicated below, our loans and borrowings were repayable as follows:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Within 1 year	94,727	99,233	267,197	288,843
After 1 year but within 2 years	56,648	23,150	44,610	44,624
After 2 years but within 5 years	—	30,844	40,506	40,263
Total	**151,375**	**153,227**	**352,313**	**373,729**

In 2023 and 2024, we did not fulfill certain non-financial covenants under our bank loan facility agreements, which were classified as current liabilities with total amount of RMB32.2 million and RMB149.0 million as of December 31, 2023 and 2024. The covenants require us to promptly notify the lending banks of any related party transactions whose total amount reaches or exceeds 10% of our or the borrowing entity's net assets. Such notifications should include the relationship between the involved parties, the nature and terms of the transactions, the transaction amount or corresponding ratio, pricing policies and other relevant details. We had not received any demand notice for early repayment of the relevant bank loans due to the aforementioned breach of certain non-financial covenants as of the Latest Practicable Date. Additionally, we have obtained written confirmation from each lending bank that such breach will not affect further performance of the respective loan agreements, trigger early payment, impact our credit record or future business relationships with the lending banks, and that we have not committed any other contractual violations. See Note 22 to the Accountants' Report in Appendix I to this prospectus for details.

As of the dates indicated below, the interest rates per annum of our loans and borrowings were as follows:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
Short-term loans	One-year LPR –0.65% – +1.00% or 3.00%–4.70%/6.20%	One-year LPR –0.65% – +0.75% or 3.00%–4.45%	One-year LPR –0.65% – +0.50% or 2.80%–5.98%	One-year LPR –0.65% – +0.60% or 2.45%–5.98%
Long-term loans	4.00%–6.20%	3.00%–4.35%	2.90%–5.98%	2.65%–5.98%

Note:

(1) LPR represents loan prime rate.

As of February 28, 2025, we had unutilized banking facilities of an aggregate of RMB270.0 million.

Financial Instruments Issued to Investors

Our financial instruments issued to investors represent preferred rights that we granted to certain investors in connection with the registered capital subscribed by them to receive a preference amount upon liquidation or require us to redeem their paid-in capital. Our financial instruments issued to investors decreased from RMB28.9 million as of December 31, 2022 to nil as of December 31, 2023, and remained nil as of December 31, 2024, as the above-mentioned preferred rights of our investors were terminated in August 2022 and these financial liabilities were derecognized and the carrying amount of these financial liabilities were reclassified to equity thereafter. Our financial instruments issued to investors were nil as of February 28, 2025.

Lease Liabilities

Our lease liabilities represent our obligation to make lease payments arising from our leases of manufacturing bases, warehouses, and office premises. Our lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. As of the dates indicated below, our lease liabilities were:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Within 1 year	2,383	7,037	3,222	3,244
After 1 year but within 2 years	2,507	5,674	1,466	1,476
After 2 years but within 5 years	5,793	9,770	1,140	1,148
Total	**10,683**	**22,481**	**5,828**	**5,868**

Our lease liabilities increased from RMB10.7 million as of December 31, 2022 to RMB22.5 million as of December 31, 2023, primarily attributable to our expanded leases of manufacturing bases, warehouses, and office premises as our business develops. Our lease liabilities decreased from RMB22.5 million as of December 31, 2023 to RMB5.8 million as of December 31, 2024, and remained relatively stable at RMB5.9 million as of February 28, 2025

Indebtedness Statement

Except as discussed above, as of February 28, 2025, being the indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not have any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that (i) we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date, and (ii) there has not been any material change in our indebtedness since February 28, 2025 and up to the date of this prospectus. As of February 28, 2025, we did not have plans for other material external debt financing.

CONTINGENT LIABILITIES

We collaborate with finance lease companies to offer finance lease services to our customers who are willing to purchase our products but require financing options and provide a repurchase guarantee to the finance lease companies under this arrangement. See "Business — Sales and Service Network — Finance Lease Arrangement." As of December 31, 2022, 2023 and 2024, our maximum exposure to such guarantees was RMB17.4 million, RMB121.1 million and RMB344.1 million, respectively and we did not incur any customer default during the Track Record Period.

Save as disclosed above, as of the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to purchase of rights of land use, purchase of property, plant, equipment, construction in progress, and intangible assets. Our capital expenditures were RMB15.1 million, RMB170.3 million and RMB118.3 million, respectively, in 2022, 2023 and 2024. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

Our capital commitments are mainly related to purchase of property, plant and equipment and intangible assets. As of December 31, 2022, we did not have any material capital commitment. As of December 31, 2023, we had RMB101.3 million of capital expenditures contracted for but not yet recognized, arising from construction contracts in relation to our planned manufacturing plants in Zhejiang and Hubei. As of December 31, 2024, we had RMB36.0 million of capital expenditures contracted for but not yet recognized, arising from a construction contract in relation to our manufacturing plant in Zhejiang.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Profitability indicators			
Gross profit margin(1)	2.3%	2.0%	5.8%
Liquidity indicators			
Current liquidity ratio(2)	270.5%	264.9%	153.3%
Gearing ratio(3)	67.5%	54.2%	110.8%
Inventories turnover days(4)	266	226	161
Trade receivables turnover days(5)	176	239	236
Trade payables turnover days(6)	91	113	139

Notes:

(1) Gross profit margin equals gross profit divided by revenue from continuing businesses for the year.

(2) Current liquidity ratio equals current assets as of the last day of the year divided by current liabilities as of the last day of the year.

(3) Gearing ratio equals total liabilities (including current and non-current liabilities) divided by total equity as of the last day of the year.

(4) Average turnover days of inventories is equal to the average of the beginning and ending net inventory balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

(5) Average turnover days of trade receivables is equal to the average of the beginning and ending net trade receivable balances of a year divided by revenue for that year and multiplied by the number of days in that period.

(6) Average turnover days of trade payables is equal to the average of the beginning and ending trade payable balances of a year divided by cost of sales for that year and multiplied by the number of days in that year.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 32 to the Accountants' Report included in Appendix I to this prospectus and "Relationship with our Controlling Shareholders."

Our Directors are of the view that each of the material related party transactions set out in Note 32 to the Accountants' Report included in Appendix I to this Prospectus was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, and currency risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Credit Risk

Our bank deposits are held with banks located in the PRC which management believes are of high credit quality. Accordingly, our credit risk is primarily attributable to trade and other receivables.

In respect of trade receivables, 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 under credit sales arrangement are normally due within one to six months from the date of billing. Sales under instalment payment method generally have payment periods ranging from six to 60 months. During the Track Record Period, only five customers were granted an installment payment period of up to 60 months. None of these customers were our associated distributors or related parties. We extended these longer installment periods to encourage acceptance of our products during their early development stages and to attract customers after evaluating and confirming their strong qualifications, primarily because their application settings align with our initial objective of establishing typical application scenarios, or to provide favorable terms to well-qualified customers. The aggregate sales to these five customers amounted to RMB7.4 million, RMB10.2 million, and RMB8.3 million in 2022, 2023 and 2024, respectively. The outstanding trade receivable balances from these customers were RMB4.2 million, RMB12.9 million, and RMB16.0 million as of December 31, 2022, 2023 and 2024, respectively.

We measure loss allowances for trade receivables and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. According to our past experience, the loss patterns of different customer groups are significantly different. We classify customers into groups based on a number of factors including their ownership background and financial strength, and the industries in which they operate, etc. We estimate loss allowance for trade receivables for each of the customer groups with similar loss patterns.

Further quantitative data in respect of our exposure to credit risk are disclosed in Note 29 to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. Further quantitative data in respect of our exposure to liquidity risk arising are disclosed in Note 29 to the Accountants' Report included in Appendix I to this prospectus.

Interest Rate Risk

Our interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively. As of December 31, 2022, 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased our loss after tax by approximately RMB1.9 million, RMB1.8 million and RMB3.6 million, respectively.

The sensitivity analysis above indicates the instantaneous change in our profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by us which expose us to fair value interest rate risk at the end of the reporting period.

Currency Risk

The functional currency of our subsidiaries in mainland China is RMB. Almost all of our operating activities are carried out in the mainland China, with most of the transactions denominated in RMB. We consider the risk of movements in exchange rates to be insignificant.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. The estimated total listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB80.1 million (equivalent to approximately HK$86.2 million), accounting for approximately 36.8% of our gross proceeds. The estimated total listing expenses consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately RMB33.9 million (approximately HK$36.5 million), and (ii) non-underwriting related expenses of approximately RMB46.2 million (approximately HK$49.7 million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB26.2 million (approximately HK$28.2 million), and other fees and expenses of approximately RMB20.0 million (approximately HK$21.5 million). During the Track Record Period, RMB33.1 million (equivalent to HK$35.6 million) of the incurred listing expenses were charged to the consolidated statements of profit or loss and other comprehensive income and RMB1.8 million (equivalent to HK$1.9 million) of the incurred expenses were recognized to our consolidated statements of financial position. We expect to incur additional listing expenses of approximately RMB10.8 million (equivalent to approximately HK$11.7 million) which is expected to be charged in profit or loss subsequent to the Track Record Period. Approximately RMB34.4 million (equivalent to HK$37.0 million) of the estimated listing expenses is directly attributable to the issue of Offer Shares and will be recognized as a deduction in equity directly upon the Listing. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below for the purpose to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to Shareholders of our Company as of December 31, 2024 as if it had taken place on December 31, 2024.

The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of December 31, 2024 or at any future date.

	Consolidated net tangible assets attributable to Shareholders of the Company as of December 31, 2024[(1)]	Estimated net proceeds from the Global Offering[(2)]	Unaudited pro forma adjusted net tangible assets attributable to Shareholders of the Company	Unaudited pro forma adjusted net tangible assets attributable to Shareholders of our Company per Share[(3)]	
	RMB	*RMB*[(4)]	*RMB*	*RMB*[(4)]	*HK$*[(4)]
Based on an Offer Price of HK$18.00 per H Share	679,320,057	170,449,982	849,770,039	2.33	2.51

Notes:

(1) Our consolidated net tangible assets attributable to Shareholders as of December 31, 2024 is arrived at after deducting intangible assets of RMB2,960,937 from the total equity attributable to Shareholders of RMB682,280,994 as of December 31, 2024, as shown in the Accountants' Report in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offerings are based on the indicative Offer Price of HK$18.00 per H Share and 13,000,000 H Shares expected to be issued under the Global Offering, after deduction of the underwriting commissions and other listing related expenses paid or payable by our Company (excluding the listing expenses of RMB33,149,491 charged to profit or loss prior to December 31, 2024), and takes no account of any shares that may be issued upon issued upon exercise of the Over-allotment Option or pursuant to the restricted shares scheme.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to Shareholders of our Company by 364,709,265 Shares, being the number of shares expected following the completion of the Global Offering (excluding 14,942,497 shares held for restricted shares scheme as shown in Note 28(f)(iv) to the Accountants' Report set out in Appendix I to this prospectus), and does not take into any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the restricted shares scheme.

(4) For illustrative purpose, the estimated net proceeds from the Global Offering are converted from Hong Kong dollar into Renminbi and the unaudited pro forma adjusted net tangible assets attributable to Shareholders of our Company per Share is converted from Renminbi into Hong Kong dollar at the exchange rate of HK$1.00 to RMB0.9289, the exchange rate set by PBOC prevailing on the Latest Practicable Date. No representation is made that Renminbi amount has been, could have been or may be converted to Hong Kong dollars, or vice versa, at the rate or at any other date.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets attributable to equity shareholder of our Company to reflect any trading results or other transactions entered into subsequent to December 31, 2024.

See "Appendix II — Unaudited Pro Forma Financial Information."

NO MATERIAL ADVERSE CHANGE

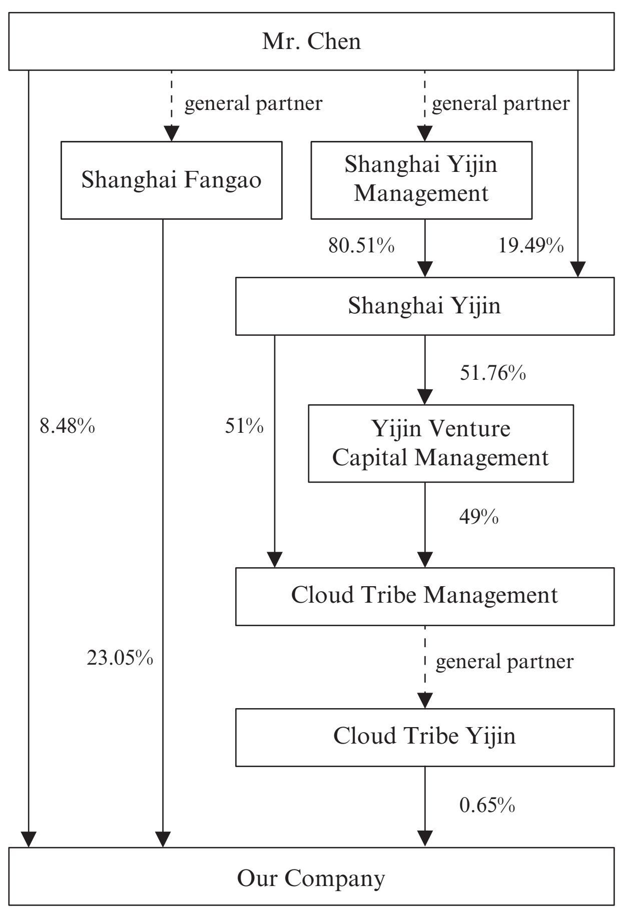
Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix I to this prospectus, and up to the date of this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Chen, our founder, chairman of our Board, executive Director and general manager, was entitled to exercise approximately 32.18% of the voting rights in our Company through: (i) 31,101,004 Shares (representing approximately 8.48% of the voting rights in our Company) directly held by him, (ii) 84,502,397 Shares (representing approximately 23.05% of the voting rights in our Company) held by Shanghai Fangao, our incentive platform controlled by Mr. Chen as its general partner, and (iii) 2,370,189 Shares (representing approximately 0.65% of the voting rights in our Company) held by Cloud Tribe Yijin. As of the Latest Practicable Date, the general partner of Cloud Tribe Yijin was Cloud Tribe Management, which was held as to 51% by Shanghai Yijin and 49% by Yijin Venture Capital Management. Yijin Venture Capital Management was held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin was held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Management, whose general partner was Mr. Chen. A simplified illustration of the aforementioned ultimate beneficial and voting structure immediately before the Global Offering is set out below:



Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Chen will, by himself and through Shanghai Fangao and Cloud Tribe Yijin, will control approximately 31.07% of the aggregate voting power of our enlarged share capital. Therefore, upon completion of the Global Offering, Mr. Chen, Shanghai Fangao, Cloud Tribe Yijin, Cloud Tribe Management, Shanghai Yijin, Yijin Venture Capital Management, and Shanghai Yijin Management will constitute a group of our Controlling Shareholders.

COMPETITION

Each member of our Controlling Shareholders has confirmed that he/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises of four executive Directors, two non-executive Directors and four independent non-executive Directors. See "Directors, Supervisors and Senior Management" for more details of our Directors and senior management.

Our Directors consider that our Board and senior management will function independently from our Controlling Shareholders and their respective close associates because:

(a) each of our Directors is aware of fiduciary duties of a director which require, among other things, that he/she must act for the benefit and in the best interest of our Group and must not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum;

(c) our Board comprises of ten Directors and four of them are independent non-executive Directors, which represents more than one-third of the members of our Board. This is in line with the requirements as set out in the Listing Rules; and

(d) our daily management and operations are carried out by the senior management team (comprising two executive Directors), all of whom have substantial experience in the industry which our Company is engaged in, and will therefore be able to make business decisions that are in the best interests of our Group.

Based on the above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independent from our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

Operational Independence

We are able to make all decisions on, and to carry out, our own business operations independently. Our Company holds the relevant licenses and qualifications and owns the relevant intellectual properties necessary to carry out our current business, and has sufficient capital, facilities, equipment, technology and employees to operate our business independently from our Controlling Shareholders and their respective close associates. See "Business — Licenses and Permits" and "Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights" in Appendix VI to this prospectus for details. We have access to third parties independently from our Controlling Shareholders and their respective close associates for sources of suppliers and customers.

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

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders and their respective close associates. We are able to make financial decisions independently and our Controlling Shareholders and their respective close associates do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from third parties at reasonable costs without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. For example, we completed Series C+ Financing in March 2023, and raised RMB954.0 million. See "History Development and Corporate Structure — Pre-IPO Investments" for details. 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 our Controlling Shareholders or their respective associates, and we do not intend to rely on any member of our Controlling Shareholders in the future.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to promote good corporate governance and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders and their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders and their respective associates, our Company will comply with the applicable Listing Rules;

(c) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to enable our Board to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our minority Shareholders. For details of our independent non-executive Directors, see "Directors, Supervisors and Senior Management — Directors — Independent non-executive Directors" in this prospectus;

(d) 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

(e) we have appointed Gram Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests that may arise between our Group and our Controlling Shareholders and their respective close associates, and to protect our minority Shareholders' interests after the Listing.

OVERVIEW

The Board currently consists of ten Directors, including four executive Directors, two non-executive Directors and four independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The Supervisory Committee currently consists of three Supervisors, including one employee representative Supervisor elected by our employees and two shareholder representative Supervisors elected by our shareholders. The Supervisory Committee is responsible for supervising the performance of duty of the Board and the senior management of the Company and overseeing the financial, internal control and risk conditions of the Company.

The senior management currently consists of two members who are responsible for our day-to-day management and operation.

DIRECTORS

The following table sets forth the key information about the Directors as at the Latest Practicable Date.

Name	Age	Position	Responsibilities	Date of the first appointment as a Director	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Mr. Chen Fangming (陳方明)	43	Executive Director, chairman of the Board and general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	November 28, 2016	November 28, 2016	None
Dr. Qiu Debo (邱德波)	61	Executive Director and president	Responsible for the overall management	August 30, 2022	August 10, 2021	None
Mr. Sun Kanghua (孫康華)	46	Executive Director and chief financial director	Responsible for the overall financial management and financial matters	November 5, 2022	August 1, 2019	None

Name	Age	Position	Responsibilities	Date of the first appointment as a Director	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Ms. Yang Hui (楊慧)	44	Executive Director, vice president and director of public relations	Responsible for participating in major decisions on our Group's operations and development, and the brand building and public relations matters	October 19, 2023	July 15, 2022	None
Mr. Cao Haiyi (曹海毅)	44	Non-executive Director	Responsible for participating in major decisions on our Group's operations and development	February 4, 2023	February 4, 2023	None
Mr. Wang Zhenkun (王振坤)	59	Non-executive Director	Responsible for participating in major decisions on our Group's operations and development	October 19, 2023	October 19, 2023	None
Mr. Zhou Yuan (周元)	58	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	November 5, 2022	November 5, 2022	None
Dr. Li Xiaofu (李曉郛)	40	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	November 5, 2022	November 5, 2022	None
Dr. Jiang Bailing (江百靈)	53	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	November 5, 2022	November 5, 2022	None
Mr. YIM, Chi Hung Henry (嚴志雄)	64	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	April 2, 2024	April 2, 2024	None

Executive Directors

Mr. Chen Fangming (陳方明), aged 43, the founder of our Group, was appointed as our executive Director in November 2016, and was then appointed as the general manager of the Company in July 2018. He was further appointed as a Director and the chairman of the Board in October 2018. He was later re-designated as an executive Director in April 2024, and is primarily responsible for the overall strategy planning and making key business and operational decisions of our Group. Mr. Chen currently holds various positions in our Group shown in the table below.

Name of the companies	Position	Date of appointment
VOIE LACTEE ENERGIE S.A.S	president	February 2025
Breton Energy Technology Zambia Limited	director	January 2025
Breton Corporation	director	January 2025
Breton HK Holding Limited	director	January 2025
Breton (Beijing) Technology Co., Ltd. (博雷頓(北京)科技有限公司)	executive director	November 2024
Breton (Hong Kong) Technology Limited	director	November 2024
Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司)	the chairman of the board and the general manager	March 2023
Breton (Wuhan) New Energy Equipment Co., Ltd. (博雷頓(武漢)新能源裝備有限公司)	executive director	March 2023
Breton (Lanxi) New Energy Engineering Machinery Co., Ltd. (博雷頓(蘭溪)新能源工程機械有限公司)	the chairman of the board and the general manager	January 2023
Breton (Hunan) Technology Co., Ltd. (博雷頓(湖南)科技有限公司)	executive director and the general manager	October 2022
Breton (Shandong) New Energy Vehicle Co., Ltd (博雷頓(山東)新能源汽車有限公司)	executive director and the general manager	May 2020
Baipin (Shanghai) Intelligent Technology Co., Ltd. (佰頻(上海)智能科技有限公司)	executive director and general manager	July 2019
Breton (Shanghai) Intelligent Technology Co., Ltd. (博雷頓(上海)智能科技有限公司)	executive director	June 2019
Zhejiang Breton Technology Co., Ltd. (浙江博雷頓科技有限公司)	executive director and manager	April 2019
Inner Mongolia Breton Intelligent Technology Co., Ltd. (內蒙古博雷頓智能科技有限公司)	executive director and manager	April 2019

Mr. Chen has over ten years of experience in commerce, investment and business management. Prior to joining our Group, Mr. Chen served as the chairman of the board and the general manager of Shanghai Yijin from June 2009 to November 2016. During his tenure in Shanghai Yijin, Mr. Chen led investment in over 20 companies covering new energy and advanced manufacturing sectors. Prior to his tenure in Shanghai Yijin, Mr. Chen worked at several private companies in Shanghai, which mainly engaged in commerce and investment activities, and gained considerable experience.

Mr. Chen obtained a bachelor's degree in engineering mechanics from South China University of Technology (華南理工大學) in July 2004. He was awarded the honorary Shanghai May 1st Labor Medal (上海市五一勞動獎章) by the Shanghai Federation of Trade Unions (上海市總工會) in December 2019.

Dr. Qiu Debo (邱德波), aged 61, joined our Group in August 2021 as a president and was appointed as a Director in August 2022. He was later re-designated as an executive Director in April 2024, and is primarily responsible for the overall management. He also serves as an executive director of our subsidiary, namely Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司) since March 2023.

Dr. Qiu has over 25 years of experience in business management. He has been an executive director since October 2017 at Shanghai Zhongmin Business Management Co., Ltd. (上海眾民商業管理有限公司). From November 2005 to March 2016, he served as the party secretary, an executive director, chief executive officer and president at Lonking Holdings Limited (中國龍工控股有限公司), a company listed on the Stock Exchange (stock code: 3339). From August 1997 to October 2005, he served as a general manager of Fujian Lonking Group Co., Ltd. (福建龍工集團有限公司). From October 1992 to May 1997, he served as a section chief of publicity department and director of the party committee office at Fujian Longgang Enterprise Group Company (福建龍鋼集團).

Dr. Qiu obtained an associate's degree in Chinese language and literature from Fujian Normal University (福建師範大學) in October 1986, a master's degree in executive business administration (EMBA) from Shanghai Jiaotong University (上海交通大學) in December 2006 and a doctorate degree in business administration (DBA) from Grenoble Graduate School of Business through attending online courses in France in May 2012. Dr. Qiu was awarded the National Machinery Industry Excellent Entrepreneur (全國機械工業優秀企業家) by China Machinery Industry Federation (中國機械工業聯合會) in June 2007. He was accredited as a senior economist by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) in December 1999.

Mr. Sun Kanghua (孫康華), aged 46, was appointed as a Director in November 2022. He was later re-designated as an executive Director in April 2024, and is primarily responsible for the overall financial management and financial matters. He also serves as a supervisor of our subsidiaries, namely Breton (Wuhan) Technology Co., Ltd. and Breton (Wuhan) New Energy Equipment Co., Ltd. since March 2023.

Mr. Sun has over ten years of experience in financial management. Prior to joining our Group, Mr. Sun served as the chief financial manager of the intelligence department at Shanghai Hi-Tech Control System Co., Ltd. (上海海得控制系統股份有限公司) from January 2016 to August 2019. From January 2011 to January 2016, he served as a finance manager at KION Baoli (Jiangsu) Forklift Co., Ltd. (凱傲寶驪(江蘇)叉車有限公司).

Mr. Sun received an associate's degree in accounting for foreign enterprises from Nanjing University of Finance and Economics (南京財經大學) in June 2002. He obtained a master's degree in business administration (MBA) from Xi'an University of Science and Technology (西安科技大學) in June 2013.

Ms. Yang Hui (楊慧), aged 44, was appointed as a Director in October 2023. She was later re-designated as an executive Director in April 2024, and is primarily responsible for participating in major decisions on our Group's operations and development, and the brand building and public relations matters. She serves as the vice president and the director of public relations of our Company since July 2022. She also serves as a director of our subsidiaries namely Breton ESG Pte. Ltd. and Breton Energy Technology Zambia Limited since November 2023 and January 2025, respectively.

Ms. Yang has approximately ten years of experience in brand building and public relations matters. Prior to joining our Group, Ms. Yang served as the executive president of Shanghai Yijin from May 2015 to September 2018, where she also serves as the general manager since September 2018.

Ms. Yang obtained a bachelor's degree in English language and literature from Yantai Normal University (煙台師範學院) (currently known as Ludong University (魯東大學)) in July 2002, and a master's degree in journalism and communication from Suzhou University (蘇州大學) in June 2005.

Non-executive Directors

Mr. Cao Haiyi (曹海毅), aged 44, was appointed as a Director in February 2023 and is primarily responsible for participating in major decisions on our Group's operations and development. He was later re-designated as a non-executive Director in April 2024.

Mr. Cao has over ten years of experience in business management. Mr. Cao has served as a vice-general manager of Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) since April 2020, where he served as a director from April 2020 to July 2023. From November 2014 to March 2020, he served as a general manager at equity finance department of Chasing Securities Co., Ltd. (財信證券股份有限公司). From February 2011 to November 2014, he served as an executive director at investment banking division of Guangzhou Securities Co., Ltd. (廣州證券股份有限公司) (currently known as CITIC Securities South China Company Limited (中信證券華南股份有限公司)).

Mr. Cao currently holds directorships and supervisorship in the companies shown in the table below:

Name of the companies	Position	Date of appointment
Hunan Pharmaceutical Group Co., Ltd. (湖南醫藥集團有限公司)	director	January 2023
Hunan Xinjinhao Camellia Oil Corp., Ltd. (湖南新金浩茶油股份有限公司)	director	February 2022
Landfar Bio-medicine Co., Ltd. (南華生物醫藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000504)	director	December 2021
Hunan Sangrui New Material Co., Ltd. (湖南桑瑞新材料有限公司)	director	October 2021
Malanshan Capital Management (Hunan) Co., Ltd. (馬欄山資本管理(湖南)有限公司)	director	September 2021
Sino Ic Leasing Co., Ltd. (芯鑫融資租賃有限責任公司)	director	August 2021
Hunan Stock Exchange Co., Ltd. (湖南股權交易所有限公司)	director	April 2021
Caihong Group (Shaoyang) Special Glass Co., Ltd. (彩虹集團(邵陽)特種玻璃有限公司)	director	April 2021
Shenzhen Fortune Caixin Venture Capital Management Co., Ltd. (深圳市達晨財信創業投資管理有限公司)	supervisor	August 2020
Shaoshan Huxiang Tourism Development Co., Ltd. (韶山湖湘旅遊開發有限公司)	director	July 2020

Mr. Cao obtained a bachelor's degree in international economics and a master's degree in finance from Hunan University (湖南大學) in June 2002 and June 2005, respectively.

Mr. Wang Zhenkun (王振坤), aged 59, was appointed as a Director in October 2023, and is primarily responsible for participating in major decisions on our Group's operations and development. He was later re-designated as a non-executive Director in April 2024.

Mr. Wang has over 30 years of experience in engineering and investment. He has served as and is currently a member of the Party Committee, deputy general manager at equity finance department of Changjiang Venture Capital Fund Management Co., Ltd. (長江創業投資基金管理有限公司) since July 2023. From August 2021 to June 2023, he concurrently served as the general manager at the first division of fund management, and an executive director and general manager of Hubei Changjiang Changding Private Equity Fund Management Co., Ltd. (湖北省長江長鼎私募基金管理有限公司). From December 2015 to March 2022, he served as a deputy general manager of Hubei Changjiang Economy Belt Industrial Fund Management Co., Ltd. (湖北省長江經濟帶產業基金管理有限公司) (currently known as Changjiang Industrial Investment Private Equity Fund Management Co., Ltd. (長江產業投資私募基金管理有限公司)). From July

2014 to December 2015, he served as the general manager of Hengfeng Meilin Investment Management Co., Ltd. (恒豐美林投資管理有限公司). From August 2006 to July 2014, he successively served as the general manager, the secretary of the Party Committee and deputy general manager of Wuhan Dongfeng Hongtai Holdings Group Co., Ltd. (武漢東風鴻泰控股集團有限公司) (currently known as Dongfeng Hongtai Holdings Group Co., Ltd. (東風鴻泰控股集團有限公司)). From October 2003 to August 2006, he served as the general manager of Wuhan Shenlong Car Parts Co., Ltd. (武漢神龍轎車零部件股份有限公司). From April 1992 to October 2003, he worked at Dongfeng Chaoyang Diesel Company Limited (東風朝陽柴油機有限責任公司) with his final position as a deputy general manager.

Mr. Wang currently holds directorships in the companies shown in the table below:

Name of the companies	Position	Date of appointment
Aotecar New Energy Technology Co., Ltd. (奧特佳新能源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002239)	chairman of the board and director	July 2024
Hubei Changjiang Chegu Private Equity Fund Management Co., Ltd. (湖北長江車谷私募基金管理有限公司)	executive director	January 2023
Hubei Huanggang Changjiang Venture Capital Industry Fund Management Co., Ltd. (湖北黃岡長江創投產業基金管理有限公司)	director	April 2022
SiEngine Technology Co., Ltd. (湖北芯擎科技有限公司)	director	July 2021
Hubei Xiaomi Changjiang Industrial Investment Fund Management Co., Ltd. (湖北小米長江產業投資基金管理有限公司)	director	May 2021

Mr. Wang obtained a bachelor's degree in mechanical design and manufacturing from Luoyang Engineering College (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in July 1990. From March 2006 to January 2008, he studied through on-the-job learning in Tsinghua University and obtained a master's degree in business administration in January 2008. He also obtained the certificate of senior engineer issued by the personnel department of Dongfeng Chaoyang Diesel Company Limited in December 2002.

Independent Non-executive Directors

Mr. Zhou Yuan (周元), aged 58, was appointed as an independent Director in November 2022 and was redesignated as an independent non-executive Director in April 2024. He is responsible for supervising and offering independent judgement to the Board.

Mr. Zhou has over 15 years of experience in business management. He has been a secretary general of Green Energy Industry Development Association (綠色能源產業發展促進會) and a chairman of the board of Shanghai Jingyao Investment Co., Ltd. (上海晶耀投資有限公司) since March 2015.

Mr. Zhou currently holds directorships and other positions in the companies shown in the table below:

Name of the companies	Position	Date/period of appointment
Shanghai HYP-ARCH Architectural Design Consultant Co., Ltd. (上海霍普建築设計事務所股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301024)	independent director	December 2024
Yuneng Technology Co., Ltd. (昱能科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688348)	independent director	September 2023
Chint New Energy Technology Co., Ltd. (正泰新能科技股份有限公司)	independent director	October 2023
Tonking New Energy Group Holdings Limited (同景新能源集團控股有限公司), a company listed on Growth Enterprise Market of the Stock Exchange (stock code: 08326)	independent non-executive director	March 2017
Shanghai Ailing Exhibition Co., Ltd. (上海艾靈會展有限公司)	executive director and general manager	April 2013
Shanghai Jingyao Investment Co., Ltd. (上海晶耀投資有限公司)	executive director	May 2010
Shanghai Aizhan Exhibition Service Co., Ltd. (上海艾展展覽服務有限公司)	executive director and general manager	February 2006

Mr. Zhou obtained an associate's degree in economics and management from Anhui University of Technology (安徽工業大學) (previously known as East China University of Metallurgy (華東冶金學院)) in July 1988.

Dr. Li Xiaofu (李曉郛), aged 40, was appointed as an independent Director in November 2022 and was redesignated as an independent non-executive Director in April 2024. He is responsible for supervising and offering independent judgement to the Board.

Dr. Li has been an associate professor in law at East China University of Political Science and Law (華東政法大學) since July 2019, where he also served as a research assistant from June 2017 to June 2019.

Dr. Li obtained a bachelor's degree in economic law, a master's degree in constitutional and administrative law, and a doctorate degree in international law from East China University of Political Science and Law in July 2007, June 2010 and June 2013, respectively. He also obtained a master's degree in legal institutions from University of Wisconsin-Madison in the United States in August 2009 and a post-doctorate degree in applied economics from Shanghai University of Finance and Economics (上海財經大學) in June 2017. He was selected into Shanghai Youth Law and Legal Talent Pool (上海青年法學法律人才庫) by Shanghai Law Society (上海市法學會) in January 2022.

Dr. Jiang Bailing (江百靈), aged 53, was appointed as an independent Director in November 2022 and was redesignated as an independent non-executive Director in April 2024. He is responsible for supervising and offering independent judgement to the Board.

He has been an associate professor at Shanghai National Accounting Institute (上海國家會計學院) since July 2013. From July 2009 to July 2013, he was a lecturer at Shanghai National Accounting Institute.

Dr. Jiang currently holds directorships in the listed companies shown in the table below:

Name of the companies	Position	Date of appointment
Sailvan Times Co., Ltd. (賽維時代科技股份有限公司), a company listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 301381)	independent director	May 2020
Pylon Technologies Co., Ltd. (上海派能能源科技股份有限公司), a company listed on the Science and Technology Innovation Board of Shanghai Stock Exchange ("SSE STAR MARKET") (stock code: 688063)	independent director	May 2020

In addition, he held directorships in the listed companies shown in the table below in the last three years:

Name of the companies	Position	Appointment period
Ahwit Precision (Shanghai) Co., Ltd. (上海阿為特精密機械股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 873693)	independent director	from November 2017 to November 2023
Pengdu AGRICULTURE & ANIMAL Husbandry Co., Ltd. (鵬都農牧股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002505)	independent director	from May 2020 to April 2024
Trina Solar Co., Ltd. (天合光能股份有限公司), a company listed on the SSE STAR MARKET (stock code: 688599)	independent director	from February 2018 to April 2024

Dr. Jiang obtained a doctorate degree in accounting from Xiamen University (廈門大學) in June 2009. He was admitted as a fellow of the Institute of Public Accountants in the Australia (FIPAAU) by Institute of Public Accountants in October 2019, and a fellow of the Institute of Financial Accountants in the United Kingdom (FFAUK) by Institute of Public Accountants in October 2019.

Mr. YIM, Chi Hung Henry (嚴志雄), aged 64, was appointed as an independent non-executive Director in April 2024. He is responsible for supervising and offering independent judgement to the Board.

Mr. YIM has over 30 years of financial auditing experience. From July 2004 to December 2021, he served as an audit partner of Ernst & Young, Ernst & Young Hua Ming LLP and its predecessor firm Ernst & Young Hua Ming (collectively "Ernst & Young"). From February 1991 to June 2004, he successively served various audit positions in Ernst & Young. He served as an independent non-executive director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (currently known as Guotai Haitong Securities Co., Ltd.(國泰海通證券股份有限公司)), a company listed on Stock Exchange (stock code: 2611) and on Shanghai Stock Exchange (stock code: 601211) from May 2023 to April 2025. He has been serving as an independent non-executive director of Yixin Group Limited (易鑫集團有限公司), a company listed on Stock Exchange (stock code: 2858) from February 2025, and Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (北京同仁堂醫養投資股份有限公司) from June 2024, respectively.

Mr. YIM received his bachelor's degree in social science from the University of Hong Kong in November 1984. He has been a member of the Hong Kong Institute of Certified Public Accountants since April 1988 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom since June 1993.

SUPERVISORS

The following table sets forth the key information about the Supervisors.

Name	Age	Position	Responsibilities	Date of appointment as a Supervisor	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Mr. Liu Yudong (劉昱東)	38	Supervisor	Responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor	August 16, 2021	August 16, 2021	None
Ms. Wang Yanzhen (王艷湞)	44	Supervisor	Responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor	November 5, 2022	October 11, 2021	None

Name	Age	Position	Responsibilities	Date of appointment as a Supervisor	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Ms. Sun Wenxu (孫文旭)	31	Supervisor	Responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor	November 5, 2022	March 21, 2019	None

Mr. Liu Yudong (劉昱東), aged 38, has served as a Supervisor since August 2021 and is responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor.

He currently serves as a manager and legal representative at Guangzhou NextBigThing Investment Management Co., Ltd. (廣州耐必信創業投資管理有限公司) since January 2020. From January 2019 to January 2020, he served as a director of the strategic investment division at Guangzhou Joyy Information Technology Co., Ltd. (廣州歡聚時代信息科技有限公司). He successively served as an investment director, vice president and partner at Beijing N5 Capital Consulting Co., Ltd. (北京五岳天下投資諮詢有限公司) from December 2013 to November 2018. From September 2010 to March 2013, he served as a senior investment manager at JD Capital Co., Ltd. (昆吾九鼎投資管理有限公司).

Mr. Liu currently holds directorships in the companies shown in the table below:

Name of the companies	Position	Date of appointment
Suzhou Laimou Technology Co., Ltd. (蘇州來牟科技有限公司) (previously known as Beijing Laimou Innovation Technology Co., Ltd. (北京來牟創新科技有限公司))	non-executive director	February 2023
Raycloud Fashion Co., Ltd. (北京睿雲時尚科技發展有限公司)	non-executive director	August 2021
Beijing Tweet Information Technology Co., Ltd. (北京推文信息科技有限公司)	non-executive director	August 2021
Shenzhen Sound Heath Science and Technology Co., Ltd. (深圳市聲希科技有限公司)	non-executive director	January 2020
Shenzhen Jungle Culture Communication Co., Ltd. (深圳市叢林文化傳播有限公司)	non-executive director	March 2018

Mr. Liu obtained a bachelor's degree in information and computing science from Hunan University in June 2008 and a master's degree in applied finance from Singapore Management University in Singapore in May 2010. He also obtained the Fund Practicing Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in May 2018.

Ms. Wang Yanzhen (王艷湞), aged 44, has served as a Supervisor since November 2022 and is responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor. Ms. Wang has been an administration director since October 2021 and a director of general management department of the Company since May 2023.

Prior to joining our Group, she served as a vice president at Shanghai Deweisi Education Training Co., Ltd. (上海德偉思教育培訓有限公司) from September 2019 to September 2021. From May 2005 to September 2019, she successively served in various positions including a deputy director of the office, and a vice chairman of labor union of Lonking Shanghai Machinery Co., Ltd. (龍工(上海)機械製造有限公司), and served as the general section chief of the audit office at Lonking Holdings Limited.

Ms. Wang obtained an associate's degree in law from Shandong Radio and TV University (山東廣播電視大學) (currently known as Shandong Open University (山東開放大學)) in July 2001. She was accredited as an intermediate economist from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2014.

Ms. Sun Wenxu (孫文旭), aged 31, has served as a Supervisor since November 2022 and is responsible for the supervision of the performance of our Directors and members of our senior management in performing their duties to our Company and performing other supervisory duties as a Supervisor. Ms. Sun has been a legal supervisor of the Company since March 2019.

Prior to joining our Group, she served as a legal counsel manager at Law To (Shanghai) Legal Consulting Co., Ltd. (律到(上海)法律諮詢有限公司) from April 2016 to December 2018.

Ms. Sun obtained an associate's degree in hotel management from China University of Labor Relations (中國勞動關係學院) in July 2012, a bachelor's degree in law from East China University of Political Science and Law in January 2021 and a master's degree in international law through online courses in West Ukrainian National University in Ukraine in June 2023.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of appointment as senior management	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Mr. Chen Fangming (陳方明)	43	Executive Director, chairman of the Board and general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	July 1, 2018	November 28, 2016	None
Dr. Qiu Debo (邱德波)	61	Executive Director and president	Responsible for the overall management	August 10, 2021	August 10, 2021	None

For the biographical details of Mr. Chen and Dr. Qiu, see "— Directors."

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

(i) save as disclosed above, none of the Directors, Supervisors or 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 immediately preceding the date of this prospectus;

(ii) none of the Directors, Supervisors or members of the senior management of the Company was related to any other Directors, Supervisors and members of the senior management;

(iii) save as disclosed in "Statutory and General Information" set out in Appendix VI to this prospectus, none of the Directors, Supervisors or general manager of the 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 or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March and April 2024 (as case may be), and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his independence at the time of his appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence.

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Liu Xingyu (劉星宇) and Ms. Shum Kit Han (岑潔嫻) as our joint company secretaries.

Mr. Liu Xingyu (劉星宇), aged 42, was appointed as one of our joint company secretaries in March 2024. He serves as the secretary of the Board and a supervisor of our subsidiaries, namely Breton (Shandong) New Energy Vehicle Co., Ltd., Breton (Hunan) Technology Co., Ltd., and Breton (Lanxi) New Energy engineering Machinery Co., Ltd., since May 2020, October 2022, and January 2023, respectively.

Mr. Liu has over ten years of experience in financial management. Prior to joining our Group, Mr. Liu was the secretary of the board and the chief financial officer at Kingstone Semiconductor Joint Stock Company Ltd. from March 2018 to March 2020. He worked at Shanghai Boxi Electric Co., Ltd. (上海博璽電氣股份有限公司) as the general manager, the secretary of the board, and the chief finance manager from April 2016 to July 2017. From July 2012 to February 2016, he served as a deputy regional financial manager at East China Regional Company (恒大地產集團有限公司華東區域公司). From October 2009 to June 2012, he served as the director of the financial department at Zhumao Construction Machinery Trading (Shanghai) Co., Ltd. (住貿工程機械商貿(上海)有限公司).

Mr. Liu obtained a bachelor's degree in accounting in June 2005 from Hunan Agricultural University (湖南農業大學). He also obtained the certificate of Certificated Public Accountant (non-practice) issued by the Chinese institute of Certified Public Accountants (中國註冊會計師協會) in March 2020 and the certificate of Intermediate Accountant issued by Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障局) in May 2009.

Ms. Shum Kit Han (岑潔嫺) was appointed as one of our joint company secretaries in March 2024. She currently serves as a manager of corporate services of Tricor Services Limited, a member of Vistra Group. She is responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Shum has over 10 years of experience in company secretary and corporate governance field. She obtained her master's degree in Professional Accounting and Corporate Governance in July 2015 and her bachelor's degree in English for Professional Communication in November 2005, both from the City University of Hong Kong. She also obtained her executive diploma in Anti-Money Laundering and Counter-Terrorist Financing from the University of Hong Kong School of Professional and Continuing Education in October 2022, and a diploma in Spanish as a foreign language in May 2023.

Ms. Shum is a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Jiang Bailing, Mr. YIM, Chi Hung Henry and Dr. Li Xiaofu, with Dr. Jiang Bailing currently serving as the chairman. Dr. Jiang Bailing and Mr. YIM, Chi Hung Henry have the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

(iv) dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Dr. Li Xiaofu, Ms. Yang Hui and Dr. Jiang Bailing, with Dr. Li Xiaofu currently serving as the chairman. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management;

(ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(iii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;

(iv) assessing the independence of the independent non-executive Directors;

(v) supporting our Company's regular evaluation of our Board's performance; and

(vi) dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Zhou Yuan, Mr. Chen and Dr. Jiang Bailing, with Mr. Zhou Yuan currently serving as the chairman. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

(i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;

(ii) monitoring the implementation of the remuneration system of the Company;

(iii) making recommendations on the remuneration packages of our Directors and senior management; and

(iv) other duties conferred by our Board.

Strategy Committee

The Strategy Committee consists of three Directors, namely Mr. Chen, Dr. Qiu Debo and Mr. Zhou Yuan, with Mr. Chen currently serving as the chairman. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the Listing.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairman and general manager, and Mr. Chen currently performs these two roles. The Board believes that vesting the roles of both the chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager of the Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as investment and business management. They obtained degrees in various areas including engineering mechanics, MBA, journalism and communication and accounting. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises one female Director and nine male Directors, ranging from 40 years old to 64 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. 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.

Upon the Listing, the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' AND SUPERVISORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind paid to the Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 amounted to RMB4.9 million, RMB17.6 million and RMB23.1 million, respectively. The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind incurred by the five highest-paid individuals (including one, two and two Directors and Supervisors, respectively) of our Group for the years ended December 31, 2022, 2023 and 2024 amounted to RMB24.7 million, RMB28.3 million and RMB27.5 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB8.3 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024, there were one, two and two Directors and Supervisors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB15.5 million, RMB9.0 million and RMB8.5 million, for the years ended December 31, 2022, 2023 and 2024, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Gram Capital Limited as our Compliance Advisor in compliance with Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise the Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of our Company was RMB366,651,762 comprising 366,651,762 Shares with a nominal value of RMB1.00 each, categorized as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
		(%)
Domestic Shares in issue	348,626,221	95.08
Unlisted Foreign Shares in issue	18,025,541	4.92
Total	**366,651,762**	**100.00**

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and conversion of Domestic Shares and Unlisted Foreign Shares into H Shares, assuming that the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
		(%)
Domestic Shares in issue	138,410,231	36.46
Unlisted Foreign Shares in issue	–	–
H Shares to be converted from Domestic Shares	210,215,990	55.37
H Shares to be converted from Unlisted Foreign Shares	18,025,541	4.75
H Shares to be issued under the Global Offering	13,000,000	3.42
Total	**379,651,762**	**100.00**

Immediately following the completion of the Global Offering and conversion of Domestic Shares and Unlisted Foreign Shares into H Shares, assuming that the Over-allotment Option is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
		(%)
Domestic Shares in issue	138,410,231	36.27
Unlisted Foreign Shares in issue	–	–
H Shares to be converted from Domestic Shares	210,215,990	55.09
H Shares to be converted from Unlisted Foreign Shares	18,025,541	4.72
H Shares to be issued under the Global Offering	14,950,000	3.92
Total	**381,601,762**	**100.00**

RANKING

The H Shares, to be issued following the completion of the Global Offering and converted from the Unlisted Shares, and the Unlisted Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares comprise Domestic Shares and Unlisted Foreign Shares which are currently not listed or traded on any stock exchange.

According to the regulations by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares upon the Global Offering, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No Shareholder voting is required for the conversion of such Unlisted Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and the Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of the Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of the Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization of Our Company" in this prospectus.

DOMESTIC PROCEDURES

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "Domestic Securities Company") to provide services such as the transmission of sale orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the "Hong Kong Securities Company") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange ("SZSE");

(iii) The SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the Converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the Converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Domestic Shares and Unlisted Foreign Shares converted and increased by the number of H Shares so converted.

A Shareholder holding Domestic Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this prospectus to convert the Domestic Shares into H Shares after the Listing if they want, provided that such conversion of Domestic Shares into and listing and trading of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within 12 months from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of the senior management of the Company shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within 12 months from the date on which the Shares are listed and traded, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of the Company.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meetings are required, see "Appendix V — Summary of Articles of Association."

As far as our Directors are aware, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares, the following persons will have an interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]	Approximate percentage of interest in the Company[1]
			(%)		(%)	(%)
Mr. Chen[2]	Interest in controlled corporation	86,872,586 Domestic Shares	23.69	42,251,198 Domestic Shares	30.53	11.13
				44,621,388 H Shares	18.50	11.75
	Beneficial owner	31,101,004 Domestic Shares	8.48	15,550,502 Domestic Shares	11.24	4.10
				15,550,502 H Shares	6.45	4.10
Shanghai Fangao[2]	Beneficial owner	84,502,397 Domestic Shares	23.05	42,251,198 Domestic Shares	30.53	11.13
				42,251,199 H Shares	17.51	11.13
Zhongding No.5[3]	Beneficial owner	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Shanghai Dingxiao[3]	Interest in controlled corporation	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Shanghai Dingman[3]	Interest in controlled corporation	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Ningbo Dingji[3]	Interest in controlled corporation	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Ningbo Dingyan[3]	Interest in controlled corporation	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Yin Junping (尹軍平)[3]	Interest in controlled corporation	23,420,841 Domestic Shares	6.39	23,420,841 H Shares	9.71	6.17
Yan Li[3]	Interest in controlled corporation	25,762,926 Domestic Shares	7.03	25,762,926 H Shares	10.68	6.79
Shanghai Zhongdi[4]	Interest in controlled corporation	25,167,493 Domestic Shares	6.86	25,167,493 H Shares	10.43	6.63
Li Tongzuan[4]	Interest in controlled corporation	25,167,493 Domestic Shares	6.86	25,167,493 H Shares	10.43	6.63
Shanghai Junhuai[4]	Interest in controlled corporation	25,167,493 Domestic Shares	6.86	25,167,493 H Shares	10.43	6.63
Zhang Huixian[4]	Interest in controlled corporation	25,167,493 Domestic Shares	6.86	25,167,493 H Shares	10.43	6.63
Xiangtan Caixin[5]	Beneficial owner	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]	Approximate percentage of interest in the Company[1]
			(%)		(%)	(%)
Hunan Caixin[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Xiangtan Chanxing[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Caixin Financial[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Hunan Provincial People's Government[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Xiangtan Industrial[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Xiangtan SASAC[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Xiangtan Zhenxiang[5]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	13,623,788 Domestic Shares	9.84	3.59
				7,335,886 H Shares	3.04	1.93
Changjiang Automobile Valley[6]	Beneficial owner	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Valley Private Equity[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Hubei Industrial Investment[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Wuhan Economic Development[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]	Approximate percentage of interest in the Company[1]
			(%)		(%)	(%)
Changjiang Industry Investment[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Hubei SASAC[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Wuhan Financial Development[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Innovation Collaboration[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Wuhan Economic Development Industry Investment[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Hannan SASAC[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Xu Qitong[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Hubei Industry Investment[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Changjiang Industry Investment Group Co., Ltd.[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Wuhan Economic Development Investment Co., Ltd.[6]	Interest in controlled corporation	20,959,674 Domestic Shares	5.72	10,479,837 Domestic Shares	7.57	2.76
				10,479,837 H Shares	4.34	2.76
Huzhou Qingyun[7]	Beneficial owner	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1]	Approximate percentage of interest in the Company[1]
			(%)		(%)	(%)
Shanghai Puchao[7]	Interest in controlled corporation	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10
Mu Lei[7]	Interest in controlled corporation	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10
Xiao Zhen[7]	Interest in controlled corporation	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10
Ningbo Baili Yihe[7]	Interest in controlled corporation	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10
Han Ruichen[7]	Interest in controlled corporation	19,373,720 Domestic Shares	5.28	19,373,720 H Shares	8.03	5.10
Shanghai Jifang[8]	Beneficial owner	14,942,497 Domestic Shares	4.08	7,471,248 Domestic Shares	5.40	1.97
				7,471,249 H Shares	3.10	1.97
Liu Xingyu[8]	Interest in controlled corporation	14,942,497 Domestic Shares	4.08	7,471,248 Domestic Shares	5.40	1.97
				7,471,249 H Shares	3.10	1.97
Jinhua Boleidun[9]	Beneficial owner	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Jinhua Innovation[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Jinhua Guokong[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Puhua Tianqin[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Jinhua Jintou[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Jinhua SASAC[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Shen Qinhua[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Lanxi Juli[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Lanxi SOCO[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Lanxi SASAO[9]	Interest in controlled corporation	13,973,116 Domestic Shares	3.81	13,973,116 Domestic Shares	10.10	3.68
Lin Ziting	Beneficial owner	10,305,170 Domestic Shares	2.81	9,274,653 Domestic Shares	6.70	2.44
				1,030,517 H Shares	0.43	0.27

Notes:

(1) The calculation is based on the total number of 138,410,231 Unlisted Shares and 241,241,531 H Shares in issue upon Listing comprising (i) an aggregate of 228,241,531 Shares to be converted from the Unlisted Shares and (ii) 13,000,000 Shares to be issued pursuant to the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option) and the conversion of the Unlisted Shares into H Shares.

(2) Among the 86,872,586 Shares, (i) 84,502,397 Shares are directly held by Shanghai Fangao; and (ii) 2,370,189 Shares are directly held by Cloud Tribe Yijin.

As of the Latest Practicable Date, Mr. Chen was the general partner of Shanghai Fangao.

Besides, as of the Latest Practicable Date, the general partner of Cloud Tribe Yijin was Cloud Tribe Management, which was held as to 51% by Shanghai Yijin and 49% by Yijin Venture Capital Management. Yijin Venture Capital Management was held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin was held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Management, whose general partner was Mr. Chen.

Therefore, by virtue of SFO, Mr. Chen was deemed to be interested (i) the 84,502,397 Shares held by Shanghai Fangao and (ii) the 2,370,189 Shares held by Cloud Tribe Yijin.

(3) Among the 25,762,926 Shares, (i) 23,420,841 Shares are directly held by Zhongding No. 5; and (ii) 2,342,085 Shares are directly held by Zhongding Qinglan.

As of the Latest Practicable Date, (i) Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership) (上海鼎藠企業管理諮詢中心(有限合夥)) ("Shanghai Dingxiao") was the general partner of Zhongding No.5; (ii) Shanghai Dingman Enterprise Management Co., Ltd. (上海鼎蔓企業管理有限公司) ("Shanghai Dingman") was the general partner of Shanghai Dingxiao, Ningbo Dingji Venture Capital Partnership (Limited Partnership) (寧波鼎集創業投資合夥企業(有限合夥)) ("Ningbo Dingji") was a limited partner of Shanghai Dingxiao holding approximately 60.83% partnership interests therein, and Ningbo Dingyan Venture Capital Partnership (Limited Partnership) (寧波鼎嚴創業投資合夥企業(有限合夥)) ("Ningbo Dingyan") was a limited partner of Shanghai Dingxiao holding approximately 37.78% partnership interests therein; (iii) Shanghai Dingman was the general manager of Ningbo Dingji, and Yin Junping was a limited partner of Ningbo Dingji holding 66.25% partnership interests therein; (iv) Shanghai Dingman was the general manager of Ningbo Dingyan, and Yan Li was a limited partner of Ningbo Dingyan holding approximately 66.49% partnership interests therein; and (v) Shanghai Dingman was owned as to 52.88% by Yan Li.

Besides, as of the Latest Practicable Date, (i) Shanghai Dingying Investment Management (Limited Partnership) (上海鼎迎投資管理中心(有限合夥)) ("Shanghai Dingying") was the general partner of Zhongding Qinglan; and (ii) Yan Li was the general partner of Shanghai Dingying.

Therefore, by virtue of SFO, (i) Yan Li was deemed to be interested in 23,420,841 Shares held by Zhongding No. 5, and 2,342,085 Shares held by Zhongding Qinglan; and (ii) each of Shanghai Dingxiao, Shanghai Dingman, Ningbo Dingji, Ningbo Dingyan, and Yin Junping was deemed to be interested in 23,420,841 Shares held by Zhongding No. 5.

(4) Among the 25,167,493 Shares, (i) 8,519,491 Shares are directly held by Zibo Naying; (ii) 7,934,981 Shares are directly held by Fujian Diquan; (iii) 4,590,953 Shares are directly held by Jiaxing Tongneng; and (iv) 4,122,068 Shares are directly held by Jiaxing Dixin.

As of the Latest Practicable Date, the general partner of each of Jiaxing Dixin, Fujian Diquan, Jiaxing Tongneng and Zibo Naying was Shanghai Zhongdi Investment Co., Ltd. ("Shanghai Zhongdi"), which in turn was owned as to 39% by Li Tongzuan and 38% by Shanghai Junhuai Investment Management Group Co. Ltd. ("Shanghai Junhuai"). Shanghai Junhuai was owned as to 61.8% by Zhang Huixian.

Therefore, by virtue of SFO, each of Shanghai Zhongdi, Li Tongzuan, Shanghai Junhuai and Zhang Huixian was deemed to be interested in a total of 25,167,493 Shares.

(5) As of the Latest Practicable Date, (i) Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) ("Hunan Caixin") and Xiangtan Chanxing Private Equity Fund Management Co., Ltd. (湘潭產興私募股權基金管理有限責任公司) ("Xiangtan Chanxing") were general partners of Xiangtan Caixin; (ii) Hunan Caixin was wholly-owned by Hunan Caixin Financial Holding Group Co., Ltd. (湖南財信金融控股集團有限公司) ("Caixin Financial"), which was in turn wholly-owned by Hunan Provincial People's Government (湖南省人民政府); and (iii) Xiangtan Chanxing was wholly-owned by Xiangtan Industrial Investment Development Group Co., Ltd. (湘潭產業投資發展集團有限公司) ("Xiangtan Industrial"),

which was owned as to 90% by State-owned Assets Supervision and Administration Commission of Xiangtan Municipal People's Government (湘潭市人民政府國有資產監督管理委員會) ("Xiangtan SASAC").

Besides, as of the Latest Practicable Date, (i) Xiangtan Zhenxiang State Owned Assets Management and Investment Co., Ltd. (湘潭振湘國有資產經營投資有限公司) ("Xiangtan Zhenxiang") was a limited partner of Xiangtan Caixin holding approximately 49.98% of the partnership interests therein, which in turn was wholly-owned by Xiangtan Industrial.

Therefore, by virtue of SFO, each of Hunan Caixin, Xiangtan Chanxing, Caixin Financial, Hunan Provincial People's Government, Xiangtan Industrial, Xiangtan SASAC and Xiangtan Zhenxiang was deemed to be interested in the 20,959,674 Shares held by Xiangtan Caixin.

(6) As of the Latest Practicable Date, (i) Hubei Changjiang Automobile Valley Private Equity Fund Management Co., Ltd. (湖北長江車谷私募基金管理有限公司) ("Valley Private Equity") was the general partner of Changjiang Automobile Valley; (ii) Valley Private Equity was owned as to 51% by Hubei Changjiang Industrial Investment Private Fund Management Co., Ltd. (湖北長江產投私募基金管理有限公司) ("Hubei Industrial Investment"), and 40% by Wuhan Economic Development Synergetic Private Fund Management Co., Ltd. (武漢經開協同私募基金管理有限公司) ("Wuhan Economic Development"); (iii) Hubei Industrial Investment was wholly-owned by Changjiang Industry Investment Group Co., Ltd. (長江產業投資集團有限公司) ("Changjiang Industry Investment"), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government (湖北省人民政府國有資產監督管理委員會) ("Hubei SASAC"); (iv) Wuhan Economic Development was owed as to 49% by Wuhan Economic Development Financial Development Co., Ltd. (武漢經開金融發展有限公司) ("Wuhan Financial Development"), and 41.2% by Innovation Collaboration (Wuhan) Capital Management Co., Ltd. (創新協同(武漢)資本管理有限公司) ("Innovation Collaboration"); (v) Wuhan Financial Development was wholly-owned by Wuhan Economic Development Industry Investment Group Co., Ltd. (武漢經開產業投資集團有限公司) ("Wuhan Economic Development Industry Investment"), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of Wuhan Economic and Technological Development Zone (Hannan District) (武漢經濟技術開發區(漢南區)國有資產監督管理局) ("Hannan SASAC"); and (vi) Innovation Collaboration was owned as to 87.8% by Xu Qitong.

Besides, as of the Latest Practicable Date, (i) Hubei Changjiang Industry Investment Fund Co., Ltd. (湖北長江產業投資基金有限公司) ("Hubei Industry Investment") was a limited partner of Changjiang Automobile Valley holding approximately 49.92% of the partnership interests therein, which in turn was wholly-owned by Changjiang Industry Investment.

As of the Latest Practicable Date, Wuhan Economic Development Investment Co., Ltd. (武漢經開投資有限公司) was a limited partner of Changjiang Automobile Valley holding approximately 33.33% of the partnership interests therein, which in turn was wholly-owned by Wuhan Economic Development Industry Investment.

Therefore, by virtue of SFO, each of Valley Private Equity, Hubei Industrial Investment, Wuhan Economic Development, Changjiang Industry Investment, Hubei SASAC, Wuhan Financial Development, Innovation Collaboration, Wuhan Economic Development Industry Investment, Hannan SASAC, Xu Qitong, Hubei Industry Investment, and Wuhan Economic Development Investment Co., Ltd. was deemed to be interested in the 20,959,674 Shares held by Changjiang Automobile Valley.

(7) As of the Latest Practicable Date, (i) Shanghai Puchao Private Fund Management Co., Ltd. (上海普超私募基金管理有限公司) ("Shanghai Puchao") was the general partner of Huzhou Qingyun; (ii) Shanghai Puchao was owned as to 51.00% by Mu Lei and 49.00% by Xiao Zhen; and (iii) Ningbo Baili Yihe Energy Co., Ltd. (寧波百利怡和能源有限公司) ("Ningbo Baili Yihe") was a limited partner of Huzhou Qingyun holing approximately 82.02% of the partnership interests therein, which in turn was owned as to 95% by Han Ruichen (韓瑞辰). Therefore, by virtue of SFO, each of Shanghai Puchao, Mu Lei, Xiao Zhen, Ningbo Naili Yihe and Han Ruichen was deemed to be interested in the 19,373,720 Shares held by Huzhou Qingyun.

(8) As of the Latest Practicable Date, Liu Xingyu was the general partner of Shanghai Jifang. Therefore, by virtue of SFO, Liu Xingyu was deemed to be interested in the 14,942,497 Shares held by Shanghai Jifang.

(9) As of the Latest Practicable Date, (i) Jinhua Innovation Investment Development Co., Ltd. (金華市創新投資發展有限公司) ("Jinhua Innovation") was the general partner of Jinhua Boleidun; (ii) Jinhua Innovation was owned as to 46.67% by Jinhua Guokong Asset Management Co., Ltd. (金華市國控資產管理有限公司) ("Jinhua Guokong"), and 41.33% by Zhejiang Puhua Tianqin Equity Investment Management Limited Corporation (浙江普華天勤股權投資管理有限公司) ("Puhua Tianqin"); (iii)

Jinhua Guokong was wholly-owned by Jinhua Jintou Group Co., Ltd. (金華市金投集團有限公司) ("Jinhua Jintou"), which was in turn owned as to approximately 93.61% by State-owned Assets Supervision and Administration Commission of Jinhua Municipal People's Government (金華市人民政府國有資產監督管理委員會) ("Jinhua SASAC"); (iv) Puhua Tianqin was owed as to 72% by Shen Qinhua (沈琴華).

Besides, as of the Latest Practicable Date, (i) Lanxi Juli Industrial Fund Investment Co., Ltd. (蘭溪市聚力產業基金投資有限公司) ("Lanxi Juli") was a limited partner of Jinhua Boleidun holding 35% of the partnership interests therein, which in turn was wholly-owned by Lanxi State-owned Capital Operation Co., Ltd. (蘭溪市國有資本運營有限公司) ("Lanxi SOCO"); and (ii) Lanxi SOCO was owned as to 90% by State-owned Assets Supervision and Administration Office of Lanxi Municipal People's Government (蘭溪市人民政府國有資產監督管理辦公室) ("Lanxi SASAO").

Therefore, by virtue of SFO, each of Jinhua Innovation, Jinhua Guokong, Puhua Tianqin, Jinhua Jintou, Jinhua SASAC, Shen Qinhua, Lanxi Juli, Lanxi SOCO, and Lanxi SASAO was deemed to be interested in the 13,973,116 Shares held by Jinhua Boleidun.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and the conversion of the Unlisted Shares into H Shares, have any interest and/or short position in the Shares or underlying shares of our Company which will be required to be disclosed to our Company pursuant to 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 class of share capital carrying rights to vote in all circumstances at general meeting of our Company or any other member of our Group.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future business plans and strategies.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$147.8 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$18.0 per Offer Share, and assuming the Over-allotment Option is not exercised.

We currently intend to apply the net proceeds from the Global Offering for the following purposes:

- Approximately 40% of the net proceeds, or HK$59.1 million, is expected to be invested in technology advancement and the development of new products and services.

  (i) Approximately 20% of the net proceeds, or HK$29.5 million, will be used to develop a suite of scenario-specific products and solutions equipped with intelligent technologies, alongside advanced systems such as an AI-powered expert service support system, automated operating systems utilizing cloud and edge computing, and a roadside system for autonomous cluster operations. To this end, our plan includes:

    a) Establishing eight laboratories over the next three years in Shanghai, Hubei Province, Hunan Province, and Hong Kong, focusing on testing, simulation and model training to calibrate and fine-tune sensors, simulate real-world operation scenarios for autonomous machinery, and develop and train machine learning models for a wide range of applications.

    b) Procuring equipment and software essential for laboratory setup, including calibration and testing equipment for various sensors (such as LiDAR, radar and cameras), simulation tools for autonomous loaders and wide-body dump trucks, Hardware-in-Loop testing equipment, servers for algorithm development, training, and data storage, and test rigs and electronic component fabrication equipment for autonomous system development and testing.

    c) Recruiting research and development specialists focused on the development of autonomous operations, machine learning, data analytics, and algorithm development, requiring candidates with bachelor's or higher degrees and relevant working experience.

  Specifically, we plan to use approximately 18.1% and 1.9% of the net proceeds, or HK$26.7 million and HK$2.8 million for the development of such products and solutions equipped with intelligent technologies in 2025 and 2026, respectively.

(ii) Approximately 10% of the net proceeds, or HK$14.8 million, will be used for the research and engineering of a 1,000V high-voltage electrical system to enhance the overall operational efficiency of our machinery, leading to reduced charging times and lowered costs associated with the electrification system. We intend to purchase high-voltage testing equipment and systems, specifically designed for power distribution supply in high-voltage platform testing, and for testing components and systems within these platforms. We also plan to recruit research and development specialists with relevant expertise in high-voltage electrical system. Specifically, we plan to use approximately 7.4% and 2.6% of the net proceeds, or HK$11.0 million and HK$3.8 million for the development of such 1,000V high-voltage electrical system in 2025 and 2026, respectively.

(iii) Approximately 10% of the net proceeds, or HK$14.8 million, will be used for the development and ongoing optimization of new product models designed for the mining, steel plant, and port operations. Our initiatives include the development of a new lineup featuring augmented payload and battery capacities and/or utilize alternative energy sources such as hydrogen and methanol to extend operational times. Specifically, we anticipate launching a 145-tonne range-extended wide-body dump truck with a 724-kWh battery in the second half of 2025 and a 135-tonne battery-electric wide-body dump trucks with a battery exceeding 900 kWh in 2026. Specifically, we plan to use approximately 5.6% and 4.4% of the net proceeds, or HK$8.3 million and HK$6.5 million for the development and optimization of new product models in 2025 and 2026, respectively.

- Approximately 40% of the net proceeds, or HK$59.1 million, is expected to be used for the establishment of manufacturing plants and the procurement of essential machinery to enhance our manufacturing capabilities. We expect to achieve greater operational efficiency and ensure a more consistent standard of production quality than would be possible through outsourcing or retrofitting existing facilities. See "Business — Manufacturing — Our Manufacturing Plants — Plants Under Construction."

  Specifically, we plan to use approximately 28.6% and 11.4% of the net proceeds, or HK$42.3 million and HK$16.8 million, to cover the construction costs for our battery-electric wide-body dump truck manufacturing and assembly plant in Xiangtan, Hunan to be incurred in 2025, 2026, respectively. We plan to complete the construction for Xiangtan plant by the end of 2025 and expect to gradually make construction payments until the first quarter of 2027.

- Approximately 10% of the net proceeds, or HK$14.8 million, is expected to expand our sales and services network and enhance our brand awareness.

(i) Approximately 5% of the net proceeds, or HK$7.4 million, will be invested in expanding our sales and service network across China and enhancing our service capabilities. Specifically, we plan to: (a) establish large sales and service centers in six regional service hubs in major first-tier cities, including Urumchi, Erdos, Xi'an, Chengdu, Guangzhou, and Zhengzhou, which will serve multiple functions, including product displays, business development, regional sales, post-sale service management, staff and distributor training and warehousing of spare parts and accessories. We establish these hubs in major cities to support and to collaborate with a larger network of service centers that are geographically closer to our customers in the northwestern, northern, eastern, southwestern and southern regions of China, respectively; (b) expand our distribution network to between 70 and 80 distributors within the next two to three years, including around 20 associated distributors, along with providing comprehensive onboarding training for these distributors, (c) organize annual regional conferences and workshops to highlight the technical specifications and benefits of our products and services, (d) introduce systematic training programs for distributors to improve their service quality and capabilities; and (e) collaborate with local service providers to set up six local service centers across China to offer product training, spare parts, accessories, and post-sale services to end users.

(ii) Approximately 5% of the net proceeds, or HK$7.4 million, will be used to expand our international presence and bolster our sales and marketing efforts. In response to the growing demand and the global recognition of China's new energy engineering machinery, we plan to establish sales and service centers abroad and extend our distribution network worldwide. We plan to initiate this expansion by recruiting local business professionals into our distribution network, thereby establishing sales and service centers staffed with dedicated marketing and operational teams to provide customer and post-sale services. Additionally, in China and abroad, we intend to: (a) execute promotional campaigns on mainstream social media to directly connect with end users and customers, thereby broadening our brand awareness; (b) invest in outdoor and billboard advertising to enhance brand visibility, prioritizing strategic locations in transportation hubs and public areas with high foot traffic; and (c) participate in exhibitions, expos, and forums to directly engage with potential customers and encourage personal interactions.

- Approximately 10% of the net proceeds, or HK$14.8 million, is expected to be used for working capital and general corporate purposes.

If the net proceeds from the Global Offering exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes, but cannot immediately obtain the net proceeds from the Global Offering, we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net proceeds from the Global Offering when the proceeds become available to us. If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$182.9 million at the Offer Price of HK$18.0 per Offer Share. In the event that the Over-allotment Option is exercised, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes government policies that would render any of our plans not viable, or the occurrence of force majeure events, our directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

THE CORNERSTONE INVESTMENTS

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased at the Offer Price with an aggregate amount of approximately HK$63.11 million (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the "**Cornerstone Investments**").

The Company is of the view that, (i) the Cornerstone Investments will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering and will provide confidence to the market; and (ii) leveraging on the Cornerstone Investors' background and investment experience, the Cornerstone Investments will help raise the profile of the Company and to signify that such investors have confidence in our business and prospect.

The Cornerstone Investments will form part of the International Offering, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange. The Offer Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules.

Immediately following the completion of the Global Offering, (i) none of the Cornerstone Investors will become a substantial shareholder of the Company; (ii) none of the Cornerstone Investors will have any Board representation in the Company solely by virtue of its cornerstone investment; and (iii) equity interests in the Company being beneficially owned by the three largest public Shareholders will be less than 50% for the purpose of Rule 8.08(3) of the Listing Rules. Further, the Overall Coordinators and the Company can adjust the allocation of the number of Offer Shares to be subscribed by the Cornerstone Investors in their sole and absolute discretion for the purpose of satisfying Rule 8.08(3) of the Listing Rules which provides that no more than 50% of the Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders.

To the Company's best knowledge, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) each of the Cornerstone Investors is independent of the other Cornerstone Investor, the Group, its connected persons and their respective associates, and is not existing Shareholder or close associates of the Group; (iii) none of the Cornerstone Investors is accustomed to taking instructions from the Company, the Directors, the Supervisors, the Company's chief executive, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of H Shares registered in its name or otherwise held by it; and (iv) none of the subscription for the relevant Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, the Supervisors, the Company's chief executive, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates.

As confirmed by each of the Cornerstone Investors, they made their own independent decisions to enter into the Cornerstone Investment Agreements, and their subscriptions under the Cornerstone Investments would be financed by their own internal resources. Except the sole shareholder of HK Xinwei (as defined below), none of the Cornerstone Investors or their shareholder(s) are listed on any stock exchanges. The Cornerstone Investors have also confirmed that all necessary approvals have been obtained with respect to the Cornerstone Investments and that no specific approval from any stock exchange (if relevant), their shareholders or other regulatory authorities is required for the Cornerstone Investments. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. Other than the Cornerstone Investment Agreements, there are no side agreements or arrangements between us and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. The consideration of the Cornerstone Investments will be settled by the Cornerstone Investors before the Listing Date.

The total number of Offer Shares to be subscribed for by the Cornerstone Investors under the Cornerstone Investments may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, as described in the paragraphs headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" in this prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be deducted on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreements to satisfy the public demands under the Hong Kong Public Offering, after taking into account the requirements under Appendix F1 to the Listing Rules as well as the discretion of the Overall Coordinators (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around May 6, 2025.

Pursuant to the Cornerstone Investment Agreements, the Company and the Overall Coordinators (for themselves and on behalf of the International Underwriters) have the discretion to effect a delayed delivery of the Offer Shares to be subscribed for by each of the Cornerstone Investors on a date later than the Listing Date, subject to the conditions contained therein. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors; (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised; (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement; and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares at or before 8:00 a.m. on the Listing Date. As such, there will not be any deferred settlement in payment by the Cornerstone Investors. The maximum number of Offer Shares that could be subject to the delayed delivery arrangement is the maximum number of H Shares to be allotted under the Over-allotment Option, i.e. 1,950,000 H Shares. For details of the Over-allotment Option and the stabilization action by the

Stabilizing Manager, please refer to the paragraphs headed "Structure of the Global Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilization" in this prospectus, respectively.

The table below sets out details of the Cornerstone Investments:

			Based on the Offer Price of HK$18.0			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	**Subscription amount**	**Number of Offer Shares to be acquired[(4)]**	**Approximate % of the Offer Shares**	**Approximate % of the issued share capital**	**Approximate % of the Offer Shares**	**Approximate % of the issued share capital**
HK Xinwei (as defined below)	HK$38.5 million[(1)]	2,117,400	16.29%	0.56%	14.16%	0.55%
Changfeng Fund (as defined below)	HK$25.0 million[(2)]	1,388,800	10.68%	0.37%	9.29%	0.36%
Total	**HK$63.5 million[(3)]**	**3,506,200**	**26.97%**	**0.92%**	**23.45%**	**0.92%**

Notes:

(1) Inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(3) The aggregate amount that will be used to purchase the Offer Shares at the Offer Price is approximately HK$63.11 million (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee).

(4) Rounded down to the nearest whole board lot of 200 H Shares.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Investments.

HK XINWEI

HongKong Xinwei Electronic Co., Limited (香港欣威電子有限公司) ("**HK Xinwei**") is a limited company incorporated under the laws of Hong Kong in November 2008 and is primarily engaged in the sales of electronic products and the procurement of raw materials. As of the Latest Practicable Date, HK Xinwei was wholly owned by Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司) ("**Sunwoda Electronic**"), a company listed on the Shenzhen Stock Exchange (stock code: 300207) and primarily focusing on the lithium-ion battery industry. The Company became acquainted with HK Xinwei in its ordinary course of business through the Company's business network.

Changfeng Fund

Changfeng Growth Equity Fund OFC (長風成長股票開放式基金型公司) ("**Changfeng Fund**") is a private open-ended fund company established in Hong Kong in August 2024 as an umbrella fund governed by the SFO, which is primarily engaged in equity investment. The investment manager of Changfeng Fund is Changfeng Asset Management Limited (長風資產管理有限公司) ("**Changfeng Asset**"), a company established in Hong Kong in 2018 and licensed by the SFC to carry on Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities in Hong Kong. As of the Latest Practicable Date, Changfeng Asset was wholly owned by Changfeng Financial Holdings Limited (長風金融控股有限公司), an Independent Third Party. To the Company's best knowledge, the sub-fund under Changfeng Fund that will participate in the Global Offering has seven investors as its limited partners. Save as Yanlin Co., Limited, which is directly wholly owned by Pan Beilin (潘碚林) and holds more than 30% of the interest in the sub-fund, none of the remaining investors holds 30% or more than 30% of the interest in the sub-fund. The Company became acquainted with Changfeng Fund through the introduction of the Underwriters, and did not have any prior relationship with Changfeng Fund.

CLOSING CONDITIONS

The subscription obligation of each of the Cornerstone Investors under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions (as the case may be):

(a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the Listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by each of the Cornerstone Investors) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings, acknowledgements and confirmations of each of the Cornerstone Investor under the Cornerstone Investment Agreements are accurate and complete in all respects and not misleading or deceptive and that there is no material breach of such Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of nine months from the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreements, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
CCB International Capital Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Citrus Securities Limited
TradeGo Markets Limited
SPDB International Capital Limited

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 1,300,000 Hong Kong Offer Shares and the International Offering of initially 11,700,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 1,300,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued and sold pursuant to the Global Offering (including any additional H Shares which may be issued and/or sold pursuant to the exercise of the Over-allotment Option) as mentioned herein and such approval not having been withdrawn, and (b) to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by giving written notice to us to terminate the Hong Kong Underwriting Agreement with immediate effect if any of the events set out below occur prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large-scale outbreak, escalation, mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms and the escalation of such disease, but excluding such epidemic, pandemic and infectious disease subsisting as of the date of the Hong Kong Underwriting Agreement which have not materially escalated thereafter), strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, or acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delays in transportation in or directly affecting Hong Kong, the PRC or the United States (each a "Relevant Jurisdiction" and collectively, the "Relevant Jurisdictions"); or

(ii) any change or development involving a prospective change, or any event or circumstances likely to result in any change or development involving a prospective change, in any national or international financial, economic, political, military, industrial, legal, fiscal, regulatory, or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions (declared by the relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or directly affecting any of the Relevant Jurisdictions; or

(v) any new laws or any change in existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or

(viii) any litigation or claim of any third party, regulatory or administrative or investigative action being threatened, instigated or announced against any member of the Group or any Director or Supervisors; or

(ix) the chairman, chief executive officer, any Director, Supervisor or any other member of senior management of the Company vacating his or her office; or

(x) a contravention by any member of the Group or any Director of the Listing Rules or any applicable laws; or

(xi) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xii) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Listing Rules, the CSRC Rules or any other applicable laws; or

(xiii) other than with the prior written consent of the Joint Sponsors, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents in connection with the offer and sale of the Offer Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC and/or the CSRC; or

(xiv) any order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group, which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(A) has or will have or may have a Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

(B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or may make it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(D) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(i) any statement contained in this prospectus, the CSRC Filings and/or in any notices, announcements, advertisements, communications or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, untrue, incorrect, inaccurate, incomplete in any material respects, deceptive, or misleading in any respect, unless such untrue, incorrect, inaccurate or misleading statement has been properly rectified by our Company in a timely manner, or that any forecast, estimate, expression of opinion, intention or expectation contained in this prospectus and/or any notices, announcements, advertisements, communications or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from, or misstatement in, any of the Offering Documents, any notices, announcements issued by or on behalf of the Company in connection with the Hong Kong Public Offering and/or the CSRC Filings; or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters), as applicable; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined under the Hong Kong Underwriting Agreement) pursuant to clause 12 of the Hong Kong Underwriting Agreement; or

(v) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties as defined under the Hong Kong Underwriting Agreement; or

(vi) any Material Adverse Change; or

(vii) the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(viii) any expert specified in this prospectus (other than any of the Joint Sponsors), whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letter and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(ix) that our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(x) a material portion of the orders placed or confirmed in the book building process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, or any Cornerstone Investment Agreement is terminated.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the issue of Shares or securities pursuant to the Global Offering (including any exercise of the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering (including the Over-allotment Option), it/he/she will not, and shall procure that the relevant registered holder(s) shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of it/his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which any of the Controlling Shareholders is shown by this prospectus to be the beneficial owner (the "Relevant Securities"); or

(b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or a member of the group of controlling shareholders of our Company or would together with the other Controlling Shareholders cease to be controlling shareholders of our Company.

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent any of the Controlling Shareholders from using any of the Relevant Securities as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong, the "Banking Ordinance")) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to the Stock Exchange and to us that, within the period commencing from the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

(a) upon pledging or charging any of the Relevant Securities in favor of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of the Relevant Securities so pledged or charged; and

(b) upon receiving indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us of such indications.

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, we will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders, and will disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by Our Company

We have also undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries, that except for the offer, issue and sale of the Offer Shares pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "First Six-Month Period"), we will not without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and only after the consent of any relevant PRC Authority (if so required) has been obtained:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other equity securities of our Company and our major subsidiaries (as set out in section headed "History, Development and Corporate Structure") (except that the lock-up restriction in the Hong Kong Underwriting Agreement shall not restrict the allotment or issue, the offer to allot or issue, or the contract or agreement to allot or issue, of shares or equity interest for financing purpose by the major subsidiaries), or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company and our major subsidiaries), or deposit any H Shares or other equity securities of our Company and our major subsidiaries, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or other equity securities of our Company and our major subsidiaries or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company and our major subsidiaries); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of the H Shares or other equity securities of our Company and our major subsidiaries, or in cash or otherwise (whether or not the issue of such H Shares or other equity shares or securities of our Company and our major subsidiaries will be completed within the First Six-Month Period).

We have further undertaken that, in the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), we enter into any of the transactions specified in paragraphs (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, we will take all reasonable steps to ensure that such agreement or announcement (as the case maybe) will not create a disorderly or false market in the Shares of our Company.

Each of the Controlling Shareholders has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries to procure us to comply with the undertakings above.

Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to each of our Company, the Joint Sponsors the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or permitted by Note 2 and 3 to Rule 10.07 of the Listing Rules or using his/its interests in our Company in any way that is permitted by the Listing Rules and only after the consent of any relevant PRC Authority (as defined in the Hong Kong Underwriting Agreement) (if so required) has been obtained it/he will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/him will not, at any time during the First Six-Month Period:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any legal or beneficial interests therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares (the "Locked-up Securities")), or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities; or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period).

Further, each of the Controlling Shareholders has jointly and severally undertaken to each of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that it/he will not, during the Second Six Month Period, enter into any of the transactions specified in paragraphs (a), (b) or (c) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or

Encumbrance pursuant to such transaction, it/he will cease to be a controlling shareholder of the Company or a member of a group of the controlling shareholders of the Company or would together with the other controlling shareholders cease to be "controlling shareholders" of the Company.

Until the expiry of the Second Six-Month period, in the event that any of the Controlling Shareholders has entered into any of transaction specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the securities of our Company.

The above undertakings by the Controlling Shareholders do not prevent it/him/her from using the Shares or other securities of our Company beneficially owned by it/him/her as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan, provided that at any time during the First Six-Month Period and the Second Six-Month Period:

(a) upon pledging or charging any Shares or other securities of our Company beneficially owned by it/him in favor of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan, it/he shall immediately inform us, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities (or interest therein) of our Company so pledged or charged; and

(b) upon receiving indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interest therein) of our Company will be disposed of, it/he shall immediately inform us, the Joint Sponsors and the Overall Coordinators in writing of such indications.

Indemnity

We and the Controlling Shareholders have each jointly and severally agreed to indemnify, among others, each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer or incur in connection with, among others, the Global Offering.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option and certain conditions set out therein, the International Underwriters, will agree severally and not jointly to purchase, or procure subscribers or purchasers for, the International Offer Shares being offered pursuant to the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See the section headed "Structure of the Global Offering — The International Offering."

Over-allotment Option

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot, up to an aggregate of additional 1,950,000 H Shares, representing in aggregate approximately 15% of the Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations, if any, in the International Offering. Please refer to the paragraph headed "Structure of the Global Offering — Over-allotment Option" in this prospectus.

COMMISSION AND EXPENSES

Total Commission and Expense

All Capital Market Intermediaries participating in the Global Offering will receive an aggregate underwriting commission of a fixed fee ("Fixed Fee") of 14.23% of the aggregate proceeds from the Global Offering (excluding any proceeds from the exercise of any Over-allotment Option) ("Gross Proceeds"). In addition, our Company may, at its sole discretion, pay to all Capital Market Intermediaries an aggregate incentive fee ("Discretionary Fee") of up to 6.66% of the Gross Proceeds. Assuming the Discretionary Fee is paid in full, the ratio of Fixed Fee and Discretionary Fee payable is approximately 68.1%: 31.9%. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised at all and based on the Offer Price of HK$18.0 per Offer Share, the aggregate underwriting commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, AFRC transaction levy, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK$86.2 million in total.

Joint Sponsors' Fee

The aggregate amount of sponsor fee payable by us to the Joint Sponsors is US$1,000,000.

ACTIVITIES BY SYNDICATE MEMBERS

The Hong Kong Underwriters and International Underwriters (together, the "Syndicate Members") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus, and save for its obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right or option (whether legally enforceable or not) to purchase or subscribe for or to nominate persons to purchase or subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 1,300,000 Offer Shares in Hong Kong as described below in the paragraph headed "— The Hong Kong Public Offering"; and

(ii) the International Offering of an aggregate of initially 11,700,000 Offer Shares outside the United States in reliance on Regulation S or other available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, the Overall Coordinators, as representatives of the International Underwriters, have an option to require us to issue and allot up to 1,950,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 0.5% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.4% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 3.9% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option, as set out in the paragraph headed "— The International Offering — Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and Clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 1,300,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 0.3% of our Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "— The International Offering — Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools with any odd lots being allocated to pool A for allocation purposes. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Offer Shares initially comprised in the Hong Kong Public Offering (i.e. 650,000 Offer Shares) are liable to be rejected.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. In the event that the International Offer Shares are fully subscribed or oversubscribed, if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 3,900,000, 5,200,000 and 6,500,000 Hong Kong Offer Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). The above reallocation is being referred to in this prospectus as "Mandatory Reallocation". In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Overall Coordinators deem appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed and the International Offer Shares are fully subscribed or oversubscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate. If both the Hong Kong Offer Shares and the International Offer Shares are undersubscribed, the Global Offering will not proceed unless the shortfall is taken up by the Underwriters.

In addition to any Mandatory Reallocation which may be required, the Overall Coordinators may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, up to 1,300,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 2,600,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option and in case of such reallocation, the final Offer Price should be HK$18.0 per Offer Share as stated in this prospectus).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK$18.0 per Offer Share in addition to any brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The International Offering will consist of an aggregate of 11,700,000 Offer Shares to be initially offered by us, representing 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— The International Offering — Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "— The Hong Kong Public Offering — Reallocation and Clawback" above, the exercise of the Over-allotment in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Overall Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Overall Coordinators have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 1,950,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 0.5% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option, if any. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress.

Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, if any, namely, 1,950,000 H Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 1,950,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with each of the Cornerstone Investors. The delayed delivery arrangements relate only to the delay in the delivery of the Offer Shares to such Cornerstone Investor and the consideration for the Offer Shares allocated to such Cornerstone Investor will be settled before the Listing Date. If such delayed delivery arrangements are not effected, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-Allotment Option will not be exercised.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Friday, May 30, 2025. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a partial exercise of the Over-allotment Option or a combination of these means.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price will be HK$18.0 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK$18.0 per Offer Share plus 1.0% brokerage, 0.0027% SFC transaction levy, 0.00565% Stock Exchange trading fee and AFRC transaction levy of 0.00015%, amounting to a total of HK$3,636.31 for one board lot of 200 Shares.

Reduction in Offer Price and/or Number of Offer Shares

The Overall Coordinators, for themselves and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange (**http://www.hkexnews.hk**) and on the website of our Company (**www.breton.top**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the Offer Price will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators, on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Overall Coordinators, for themselves and on behalf of the Underwriters, will under no circumstances be set outside the Offer Price as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Overall Coordinators (for themselves and on behalf of the Underwriters) may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters).

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions and other expenses payable by our Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$147.8 million at the Offer Price per Offer Share of HK$18.0.

Announcement of Offer Price and Basis of Allocations

The Offer Price, an indication of the level of interest in the International Offering, the basis of allocation of Offer Shares available under the Hong Kong Public Offering and identification document numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund Monies" in this prospectus.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Friday, May 2, 2025.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting".

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option, if any) (subject only to allotment);

(b) the execution and delivery of the International Underwriting Agreement on or around Friday, May 2, 2025; and

(c) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.breton.top** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund Monies". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Tuesday, May 6, 2025, but will only become valid evidence of title at 8:00 a.m. on Wednesday, May 7, 2025, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Hong Kong Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, May 7, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, May 7, 2025.

The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 1333.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **www.breton.top**.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

(a) are 18 years of age or older; and

(b) have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

(a) are an existing Shareholder or close associates; or

(b) are a Director or a Supervisor or chief executive officer of the Company or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, April 25, 2025 and end at 12:00 noon on Wednesday, April 30, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, April 25, 2025 to 11:30 a.m. on Wednesday, April 30, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, April 30, 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. HKID card; or
  ii. National identification document; or
  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. LEI registration document; or
  ii. Certificate of incorporation; or
  iii. Business registration certificate; or
  iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   (a) control the composition of the board of directors of the company;

   (b) control more than half of the voting power of the company; or

   (c) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agents, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	200
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The Offer Price is HK$18.0 per Offer Share. If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Public Offer Shares you applied for. By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective amount payable on application in full upon application for the Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
200	3,636.31	4,000	72,726.12	20,000	363,630.60	160,000	2,909,044.80
400	7,272.61	5,000	90,907.66	30,000	545,445.90	180,000	3,272,675.40
600	10,908.92	6,000	109,089.18	40,000	727,261.20	200,000	3,636,306.00
800	14,545.22	7,000	127,270.71	50,000	909,076.50	300,000	5,454,459.00
1,000	18,181.54	8,000	145,452.25	60,000	1,090,891.80	400,000	7,272,612.00
1,200	21,817.83	9,000	163,633.76	70,000	1,272,707.10	500,000	9,090,765.00
1,400	25,454.14	10,000	181,815.30	80,000	1,454,522.40	650,000[1]	11,817,994.50
1,600	29,090.45	12,000	218,178.35	90,000	1,636,337.70		
1,800	32,726.75	14,000	254,541.42	100,000	1,818,153.00		
2,000	36,363.05	16,000	290,904.48	120,000	2,181,783.60		
3,000	54,544.59	18,000	327,267.55	140,000	2,545,414.20		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed " — A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("Best Practice Note") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(a). undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(b). confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(c). (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(d). confirm that you are aware of the restrictions on offers and sales of the Offer Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(e). confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(f). agree that the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "Relevant Persons"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(g). agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

(h). agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(i). agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(j). confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(k). agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l). agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(m). confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(n). warrant that the information you have provided is true and accurate;

(o). confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(p). agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(q). declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(r). (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and

(s). (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Tuesday, May 6, 2025 to 12:00 midnight on Monday, May 12, 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.breton.top** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, May 6, 2025 (Hong Kong time).
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Wednesday, May 7, 2025 to Monday, May 12, 2025 (Hong Kong time) on a Business Day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, May 2, 2025 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, May 2, 2025 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.breton.top** by no later than 11:00 p.m. on Tuesday, May 6, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

(a) within three weeks from the closing date of the application lists; or

(b) within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

(a) you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;

(b) your application instruction is incomplete;

(c) your payment (or confirmation of funds, as the case may be) is not made correctly;

(d) the Underwriting Agreements do not become unconditional or are terminated;

(e) we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Hong Kong Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public Offer Share allotment from their Designated Bank.

6. There is a risk of money settlement failure:

In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted Hong Kong Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Wednesday, May 7, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of H Share certificate[3]		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Wednesday, May 7, 2025 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required

	HK eIPO White Form service	HKSCC EIPO channel
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Tuesday, May 6, 2025	

Refund mechanism for surplus application monies paid by you

Date	Wednesday, May 7, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk	

[3] *Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Tuesday, May 6, 2025 rendering it impossible for the relevant H Share certificates to be despatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Bad Weather Arrangements" in this section.*

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, April 30, 2025 if, there is:

(a) a tropical cyclone warning signal number 8 or above;

(b) a black rainstorm warning; and/or

(c) Extreme Conditions,

(collectively, "Bad Weather Signals"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 30, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next Business Day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.breton.top** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Tuesday, May 6, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Wednesday, May 7, 2025.

If a **Bad** Weather Signal is hoisted on Tuesday, May 6, 2025, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, May 6, 2025 or on Wednesday, May 7, 2025).

If a **Bad** Weather Signal is hoisted on Wednesday, May 7, 2025, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, May 7, 2025 or on Thursday, May 8, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

(a) processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

(b) compliance with applicable laws and regulations in Hong Kong and elsewhere;

(c) registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;

(d) maintaining or updating the register of members of the Company;

(e) verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;

(f) facilitating Hong Kong Offer Shares balloting;

(g) establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;

(h) distributing communications from the Company and its subsidiaries;

(i) compiling statistical information and profiles of the holder of the H Shares;

(j) disclosing relevant information to facilitate claims on entitlements; and

(k) any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

(a) the Company's appointed agents such as financial advisors, receiving banks and overseas principal share registrar;

(b) HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

(c) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

(d) the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

(e) any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-90, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BRETON TECHNOLOGY CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Breton Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-90, which comprises the consolidated statements of financial position of the Group, and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, 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 2022, 2023 and 2024 (the "Relevant Periods"), 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-90 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 April 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (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 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Relevant Periods 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 28(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 April 2025

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所) 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)

	Note	Year ended 31 December 2022 RMB	2023 RMB	2024 RMB
Revenue	4(a)	360,106,324	463,738,031	635,456,675
Cost of sales		(351,933,806)	(454,459,056)	(598,617,808)
Gross profit		8,172,518	9,278,975	36,838,867
Other net gain	5	120,577	4,500,292	24,617,295
Selling expenses		(46,924,828)	(58,016,399)	(59,720,401)
Administrative expenses		(59,447,075)	(88,443,974)	(109,264,136)
Research and development costs		(44,855,133)	(68,561,547)	(81,706,535)
Impairment loss on trade and other receivables, contract assets and financial guarantee issued	29(a)	(26,862,692)	(38,175,686)	(83,097,852)
Loss from operations		(169,796,633)	(239,418,339)	(272,332,762)
Finance income	6(a)	6,446,942	16,335,180	10,547,318
Finance costs	6(a)	(13,732,638)	(6,919,281)	(9,186,683)
Share of results of associates	16	(388,109)	590,290	(3,485,038)
Loss before taxation	7	(177,470,438)	(229,412,150)	(274,457,165)
Income tax	7(a)	(630,315)	(1,381)	(90,315)
Loss for the year		(178,100,753)	(229,413,531)	(274,547,480)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income — net movement in fair value reserves (not recycling)	28(d)	8,231,482	473,649	1,051,297
Total comprehensive income for the year		(169,869,271)	(228,939,882)	(273,496,183)
Loss per share				
— Basic and diluted	10	(0.64)	(0.66)	(0.78)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December		
		2022	**2023**	**2024**
		RMB	**RMB**	**RMB**
Non-current assets				
Property, plant and equipment	11	17,562,118	97,300,665	165,302,591
Other investments	12	18,938,509	19,093,387	41,734,716
Right-of-use assets	13	11,478,519	86,095,828	106,559,158
Intangible assets	14	1,031,705	2,043,947	2,960,937
Interest in associates	16	3,716,353	23,259,475	28,482,306
Other non-current assets	17	46,908,046	62,564,890	73,659,816
		99,635,250	290,358,192	418,699,524
Current assets				
Inventories	18	294,544,210	268,674,561	259,023,074
Contract assets	19(a)	860,350	342,400	1,322,200
Trade and other receivables	20	257,817,225	435,089,460	555,832,631
Pledged bank deposits	21(a)	4,700,000	5,278,000	4,208,000
Cash and cash equivalents	21(a)	270,260,321	422,072,291	199,254,000
		828,182,106	1,131,456,712	1,019,639,905
Current liabilities				
Loans and borrowings	22	94,727,178	99,233,327	267,197,051
Financial instruments issued to investors	25	28,869,927	—	—
Trade and other payables	23	156,975,313	294,907,720	374,539,060
Income tax payables		487,875	—	—
Provision	26	7,548,860	12,257,128	16,471,700
Contract liabilities	19(b)	15,196,543	13,740,178	3,655,027
Lease liabilities	24	2,383,426	7,037,225	3,222,155
		306,189,122	427,175,578	665,084,993
Net current assets		521,992,984	704,281,134	354,554,912
Total assets less current liabilities		621,628,234	994,639,326	773,254,436

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December		
		2022	2023	2024
		RMB	RMB	RMB
Non-current liabilities				
Loans and borrowings	22	56,648,421	53,994,198	85,115,763
Lease liabilities	24	8,299,710	15,443,878	2,605,537
Deferred tax liabilities		2,743,827	2,901,710	3,252,142
		67,691,958	72,339,786	90,973,442
Net assets		553,936,276	922,299,540	682,280,994
Capital and reserves				
Paid-in capital	28(b)	—	—	—
Share capital	28(c)	326,479,054	366,651,762	366,651,762
Reserves	28(f)	227,457,222	555,647,778	315,629,232
Total equity		553,936,276	922,299,540	682,280,994

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December 2022 RMB	2023 RMB	2024 RMB
Non-current assets				
Property, plant and equipment	11	2,132,365	1,961,580	1,555,098
Other investments	12	16,212,736	15,876,268	40,147,141
Right-of-use assets	13	7,754,129	6,177,018	6,850,280
Intangible assets		1,031,705	2,043,947	2,960,937
Interests in subsidiaries	15	107,511,063	632,801,063	1,017,716,063
Interests in associates	16	2,212,746	21,231,584	26,393,716
Other non-current assets	17	2,473,895	7,401,204	24,062,473
		139,328,639	687,492,664	1,119,685,708
Current assets				
Inventories	18	17,202,811	18,684,007	36,891,286
Contract assets		160,450	—	—
Trade and other receivables	20	485,125,864	609,677,973	516,594,978
Pledged bank deposits	21(a)	4,700,000	5,100,000	4,030,000
Cash and cash equivalents	21(a)	268,612,984	164,643,976	35,799,184
		775,802,109	798,105,956	593,315,448
Current liabilities				
Loans and borrowings	22	91,907,758	99,233,327	243,801,191
Financial instruments issued to investors	25	28,869,927	—	—
Trade and other payables	23	63,466,553	207,248,194	350,144,090
Provisions		749,592	1,215,986	4,477,961
Contract liabilities		3,773,301	86,189	1,172,972
Lease liabilities	24	1,384,710	1,444,253	2,726,437
		190,151,841	309,227,949	602,322,651
Net current assets/(liabilities)		585,650,268	488,878,007	(9,007,203)
Total assets less current liabilities		724,978,907	1,176,370,671	1,110,678,505

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December		
		2022	2023	2024
		RMB	RMB	RMB
Non-current liabilities				
Loans and borrowings	22	50,467,842	23,150,398	44,200,000
Lease liabilities	24	6,107,082	4,662,830	8,503,896
Deferred tax liabilities		2,687,384	2,722,431	3,105,249
Total non-current liabilities		59,262,308	30,535,659	55,809,145
Net assets		665,716,599	1,145,835,012	1,054,869,360
Capital and reserves				
Paid-in capital	28(b)	—	—	—
Share capital	28(c)	326,479,054	366,651,762	366,651,762
Reserves	28(f)	339,237,545	779,183,250	688,217,598
Total equity		665,716,599	1,145,835,012	1,054,869,360

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	Note	Paid-in capital	Share capital	Shares held for the Restricted Share Scheme	Share premium	Capital reserve	Other reserve	Fair value reserve	Accumulated losses	Total (deficit)/ equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
		(Note 28(b))	*(Note 28(c))*	*(Note 28(f)(iv))*	*(Note 28(f)(i))*	*(Note 28(f)(ii))*	*(Note 28(f)(iii))*	*(Note 28(f)(v))*		
Balance at 1 January 2022		126,663,600	—	—	—	226,655,617	(499,590,000)	—	(236,957,774)	(383,228,557)
Changes in equity for 2022:										
Loss for the year		—	—	—	—	—	—	—	(178,100,753)	(178,100,753)
Other comprehensive income	28(d)	—	—	—	—	—	—	8,231,482	—	8,231,482
Total comprehensive income		—	—	—	—	—	—	8,231,482	(178,100,753)	(169,869,271)
Capital injection by investors	28(b)	10,000,000	—	(11,600,000)	—	6,000,000	—	—	—	4,400,000
Issuance of financial instruments to investors with preferred rights, net of transaction cost	28(b)	8,894,400	—	—	—	187,047,336	—	—	—	195,941,736
Recognition of financial instruments with preferred rights	25(a)	—	—	—	—	—	(394,968,000)	—	—	(394,968,000)
Termination of financial instruments with preferred rights	25(a)	—	—	—	—	—	894,558,000	—	—	894,558,000
Conversion into a joint stock company	28(c)	(145,558,000)	300,000,000	—	13,283,150	(436,047,344)	—	—	268,322,194	—
Issuance of ordinary shares, net of transaction cost	28(c)	—	26,479,054	—	351,569,490	—	—	—	—	378,048,544
Equity-settled share-based payment	27	—	—	—	—	29,053,824	—	—	—	29,053,824
Balance at 31 December 2022		—	326,479,054	(11,600,000)	364,852,640	12,709,433	—	8,231,482	(146,736,333)	553,936,276

The accompanying notes form part of the Historical Financial Information.

	Note	Attributable to equity shareholders of the Company						
		Share capital	Shares held for the Restricted Share Scheme	Share premium	Capital reserve	Fair value reserve	Accumulated losses	Total equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
		(Note 28(c))	*(Note 28(f)(iv))*	*(Note 28(f)(i))*	*(Note 28(f)(ii))*	*(Note 28(f)(v))*		
Balance at 1 January 2023		326,479,054	(11,600,000)	364,852,640	12,709,433	8,231,482	(146,736,333)	553,936,276
Changes in equity for 2023:								
Loss for the year		—	—	—	—	—	(229,413,531)	(229,413,531)
Other comprehensive income	28(d)	—	—	—	—	473,649	—	473,649
Total comprehensive income		—	—	—	—	473,649	(229,413,531)	(228,939,882)
Issuance of ordinary shares, net of transaction cost	28(c)	40,172,708	—	527,471,603	—	—	—	567,644,311
Equity-settled share-based payment	27	—	—	—	29,658,835	—	—	29,658,835
Balance at 31 December 2023		366,651,762	(11,600,000)	892,324,243	42,368,268	8,705,131	(376,149,864)	922,299,540

The accompanying notes form part of the Historical Financial Information.

	Note	Attributable to equity shareholders of the Company						
		Share capital	Shares held for the Restricted Share Scheme	Share premium	Capital reserve	Fair value reserve	Accumulated losses	Total equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
		(Note 28(c))	*(Note 28(f)(iv))*	*(Note 28(f)(i))*	*(Note 28(f)(ii))*	*(Note 28(f)(v))*		
Balance at 1 January 2024		366,651,762	(11,600,000)	892,324,243	42,368,268	8,705,131	(376,149,864)	922,299,540
Changes in equity for 2024:								
Loss for the year		—	—	—	—	—	(274,547,480)	(274,547,480)
Other comprehensive income	28(d)	—	—	—	—	1,051,297	—	1,051,297
Total comprehensive income		—	—	—	—	1,051,297	(274,547,480)	(273,496,183)
Equity-settled share-based payment	27	—	—	—	33,477,637	—	—	33,477,637
Balance at 31 December 2024		366,651,762	(11,600,000)	892,324,243	75,845,905	9,756,428	(650,697,344)	682,280,994

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2022	2023	2024
		RMB	RMB	RMB
Operating activities:				
Cash used in operations	21(b)	(296,622,508)	(209,662,211)	(280,385,466)
Interest received		6,344,314	16,894,261	10,547,318
Income tax paid		(142,440)	(917,707)	(112,644)
Net cash used in operating activities		(290,420,634)	(193,685,657)	(269,950,792)
Investing activities:				
Payments for purchase of property, plant and equipment, construction in progress and intangible assets		(15,078,385)	(94,875,873)	(80,894,068)
Payments for purchase of land use rights		—	(75,439,025)	(37,385,770)
Proceeds from disposal of property, plant and equipment		—	1,255,872	197,082
Proceeds from disposal of investments in associates		1,300,000	858,222	—
Proceeds from disposal of other investment		—	—	200,000
Payment for investments in associates		(6,186,000)	(18,126,340)	(18,155,375)
Loan repaid by a third party		4,400,000	900,000	—
Payment for purchase of other investments		(7,063,200)	—	—
Dividends received from other investments		—	—	333,000
Net cash used in investing activities		(22,627,585)	(185,427,144)	(135,705,131)

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended 31 December 2022 RMB	2023 RMB	2024 RMB
Financing activities:				
Proceeds from loans and borrowings	21(c)	210,300,000	144,043,800	275,913,369
Repayment of loans and borrowings	21(c)	(210,648,945)	(142,335,600)	(77,033,310)
Settlement for financial instruments to investors	25(b)	(47,124,008)	(29,142,110)	—
Interest paid for interest-bearing borrowing	21(c)	(15,991,550)	(5,620,883)	(9,225,996)
Proceeds from the issuance of financial instruments to investors, net of transaction cost		195,941,736	—	—
Proceeds from the issuance of ordinary shares, net of transaction cost		378,048,544	567,644,311	—
Payment of listing expenses		—	—	(1,081,090)
Capital contributions by investors		16,000,000	—	—
Capital element of lease rentals paid	21(c)	(4,076,625)	(2,782,258)	(5,061,759)
Interest element of lease rentals paid	21(c)	(438,409)	(882,489)	(673,582)
Net cash generated from financing activities		522,010,743	530,924,771	182,837,632
Net increase/(decrease) in cash and cash equivalents		208,962,524	151,811,970	(222,818,291)
Cash and cash equivalents at beginning of the year		61,297,797	270,260,321	422,072,291
Cash and cash equivalents at end of the year	21(a)	270,260,321	422,072,291	199,254,000

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Breton Technology Co., Ltd. (the "Company") (博雷頓科技股份公司) was established as a limited liability Company in Shanghai, the People's Republic of China (the "PRC") on 28 November 2016. The Company was converted into a joint stock company with a limited liability on 23 November 2022.

During the Relevant Periods, the Company and its subsidiaries (the "Group") are principally engaged in research, development, manufacturing and sale of new energy industrial vehicles in the PRC.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements 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 statutory financial statements of the Company for the years ended 31 December 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Gongzheng Tianye Certified Public Accountants (SGP)* (公証天業會計師事務所(特殊普通合夥)上海分所) and Shenzhen Zhongqi Certified Public Accountants (GP)* (深圳中啟會計師事務所(普通合夥)) respectively. The statutory financial statements of the Company for the year ended 31 December 2024 have not been issued as at the date of this report.

At the date of the report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies.

Name of company	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Issued and paid-in capital	Proportion of ownership interest Directly held by the Company	Proportion of ownership interest Indirectly held by the Company	Principal activities
Zhejiang Breton Technology Co., Ltd. ((浙江博雷頓科技有限公司), formerly known as Zhejiang Boju Technology Co., Ltd. "浙江博矩科技有限公司")*/**	The PRC, limited liability company	12 April 2019	RMB100 million/ RMB60 million	100%	—	Manufacturing, research and sales of new energy vehicles
Breton (Shandong) New Energy Vehicle Co., Ltd. (博雷頓(山東)新能源汽車有限公司)*/**	The PRC, limited liability company	25 May 2020	RMB330 million/ RMB145 million	100%	—	Manufacturing, research and sales of new energy loaders
Breton (Hunan) Technology Co., Ltd. (博雷頓(湖南)科技有限公司)*/**	The PRC, limited liability company	12 October 2022	RMB300 million/ RMB300 million	100%	—	Manufacturing, research and sales of new energy wide-body dump trucks
Breton (Lanxi) New Energy Engineering Machinery Co., Ltd.(博雷頓（蘭溪）新能源工程機械有限公司)*/**	The PRC, limited liability company	28 January 2023	RMB200 million/ RMB200 million	100%	—	Manufacturing, research and sales of new energy loaders
Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司)*/**	The PRC, limited liability company	01 March 2023	RMB300 million/ RMB300 million	100%	—	Research and sales of new energy loaders
Inner Mongolia Breton Intelligent Technology Co., Ltd. (內蒙古博雷頓智能科技有限公司)*/**	The PRC, limited liability company	07 January 2019	RMB20 million/ RMB0.85 million	100%	—	Sales of new energy tractor trucks

Name of company	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Issued and paid-in capital	Proportion of ownership interest Directly held by the Company	Proportion of ownership interest Indirectly held by the Company	Principal activities
Baipin (Shanghai) Intelligent Technology Co., Ltd. (佰頻(上海)智能科技有限公司)*/***	The PRC, limited liability company	02 July 2019	RMB40 million/ RMB40 million	100%	—	Research and development of automotive technology, new energy technology and automation technology
Breton (Shanghai) Intelligent Technology Co., Ltd. ((博雷頓(上海)智能科技有限公司), formerly known as Linju (Shanghai) Power Technology Co., Ltd. 臨矩(上海)動力科技有限公司)*/**	The PRC, limited liability company	25 June 2019	RMB10 million/ RMB7.4025 million	100%	—	Research and development of automotive technology, new energy technology, and automation technology
Breton (Wuhan) New Energy Equipment Co., Ltd. (博雷頓(武漢)新能源裝備有限公司)*/**	The PRC, limited liability company	01 March 2023	RMB100 million/ RMB60 million	—	100%	Manufacturing, research and sales of new energy tractor trucks
Breton (Beijing) Technology Co., Ltd. (博雷頓(北京)科技有限公司)*/**	The PRC, limited liability company	25 November 2024	RMB20 million/ RMB10 million	100%	—	Sales of new energy engineering machinery

* The official names of the above entities are in Chinese. The English names are for identification purpose only.

** No audited financial statements have been prepared for these entities during the Relevant Periods.

*** The statutory financial statements for Baipin (Shanghai) Intelligent Technology Co., Ltd. for the year ended 31 December 2023 was audited by Shanghai Victor Voyage Certified Public Accountants Co., Ltd. (上海錦航會計師事務所有限責任公司). No statutory financial statements were prepared for the years ended 31 December 2022 and 2024.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB").

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— Other investments in equity securities (see Note 2(e));

— Derivative financial instruments (see Note 2(s)).

(b) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any 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.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2 (n), (o) or (t) depending on the nature of the liability.

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 any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(iii)).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(i)(iii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date consideration excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statements of profit or loss and other comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statements of financial position, investments in associates are accounted for using the equity method.

(e) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (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 29(d). These investments are subsequently accounted for as follows, depending on their classification:

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(u)(v).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(iii)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost. Cost comprises cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(w)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

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 recognized in profit or loss, as follows:

Buildings	20 years
Machinery and equipment	3–10 years
Office and other equipment	3–5 years
Lease Vehicles	5 years
Leasehold improvement	2–6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(i)(iii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(iii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	5 years

Amortisation methods, and useful lives are reviewed at each reporting date and adjusted if appropriate.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of changes and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 assets which, for the Group are primarily leased apartment for employees. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense 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 calculated 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 in the accounting period in which they are 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 plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(iii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Note 2(i)(i)). Any difference between the initial fair value and the nominal 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, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to 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 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") that 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. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables, including loans to other investments in equity, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

— contract assets as defined in IFRS 15 (see Note 2(k)); and

— lease receivables.

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. 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 discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower 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). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— Significant financial difficulties of the debtor;

— A breach of contract, such as a default or past due event;

— It is probable that the borrower will enter into bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; 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, contract asset or lease receivable is written off (either partially or in full) 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) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised. The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(i)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets 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. Goodwill is tested annually for impairment.

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). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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 based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories and other contract assets

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(u)(i).

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalized as inventories (see Note 2(u)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized 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 capitalized if the costs relate directly to an existing contract or to a specially 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. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocation of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortization and impairment losses. Implementation losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortisation of capitalized contract costs is charged to profit or loss when the revenue to which the asset relates is recognized. The accounting policy for revenue recognition is set out in Note 2(u).

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)). 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 cases, a corresponding receivable would also be recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)(iv)).

(l) 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. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, 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 consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables (other than refund liabilities)

Refund liabilities arising from rights of returns and volume rebates are recognised in accordance with the policy set out in Note 2(u)(i).

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(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 equity-settled share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the valuation techniques, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of equity-settled share-based payment award that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the equity-settled share-based payment award is exercised (when it is included in the amount recognised in share capital for the shares issued) or the equity-settled share-based payment award expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(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 year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provision and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(iii)).

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Derivative financial instruments

Derivative financial instruments are recognised at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(t) Financial instruments issued to investors with preferred rights

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem, the financial instruments issued to investors with preferred rights are recognised as financial liability initially at the present value of the redemption amount and subsequently measured at amortised cost with interest included in finance costs.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The carrying amount of the financial instruments derecognised was credited into the equity.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under lease in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. 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.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, 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

The Group typically offers customers of new energy engineering equipment, encompassing new energy tractor trucks, new energy loaders and new energy wide-body dump trucks. Revenue is recognised when products are delivered at the customers' premises which is taken to be the point in time when the customer has accepted and taken possession of the goods at the amount of promised consideration to which the Group is expected to be entitled. Revenue excludes value added tax and is after deduction of any trade rebates.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

The Group typically offers customers of new energy engineering equipment that are not made-to-order rights of return for those products with significant quality issues. Such rights of return give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of new energy engineering equipment, the Group recognises revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognised for the expected returns and rebates, and is included in trade and other payables (see Note 23). A right to recover returned goods (included in inventories, see Note 18) and corresponding adjustment to cost of sales are also recognised for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

(ii) Rental income from operating lease

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Rendering of services

The Group recognises revenue from rendering of services including maintenance service, trial-drive services etc. over the period of the service.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method using 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. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(v) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred revenue and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(v) 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.

(w) 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) 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 party.

(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.

(y) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 29 contains information about the assumptions and their risk factors relating to fair value of financial investments. Other significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Depreciation and amortisation

Right-of-use assets, property, plant and equipment and intangible assets, are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

(ii) Impairment of contract assets, 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.

(iii) Net realizable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

(iv) Warranty provisions

As explained in Note 26, the Group makes provisions under the warranties it gives on sale of its vehicles taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in design, development, and commercialization of engineering machinery powered by new energy.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products or service lines			
Battery-electric vehicles			
— Battery-electric tractor trucks	77,940,488	28,550,964	7,034,780
— Battery-electric loaders	183,729,521	281,153,550	224,196,688
— Battery-electric wide-body dump trucks	76,290,027	126,456,394	364,588,475
Spare parts and accessories	15,311,027	19,372,425	25,687,545
Sales of products	353,271,063	455,533,333	621,507,488
Rendering of services	485,486	2,793,670	3,186,676
Subtotal	353,756,549	458,327,003	624,694,164
Revenue from other sources			
Rental income	6,349,775	5,411,028	10,762,511
Total	360,106,324	463,738,031	635,456,675

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Disaggregation by timing of revenue recognition			
— Point in time	353,271,063	455,533,333	621,507,488
— Over time	6,835,261	8,204,698	13,949,187
Total	360,106,324	463,738,031	635,456,675

The Group has applied the practical expedient in paragraph 121 of IFRS 15 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 for those the Group has a right to consideration from customers in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, and the Group may recognise revenue in the amount to which the Group has a right to invoice.

The Group's customer base is diversified and includes Nil, 1 and 2 customers with whom transactions have exceeded 10% of the Group's revenues for the years ended 31 December 2022, 2023 and 2024, respectively. During the years ended 31 December 2023 and 2024, revenue from sales of new energy engineering machinery and rendering of services to the customer, including sales to entities which are known to the Group to be under common control with the customer, amounted to approximately RMB47,445,208 and RMB157,834,911. Details of concentrations of credit risk arising from this customer are set out in Note 29(a).

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(b)(i).

(b) Segment reporting

(i) Segment information

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company's chief operating decision maker for the purpose of resources allocation and performance assessment. 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 operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Company has determined that it only has one operating segment.

Geographic information

For the years ended 31 December 2022, 2023 and 2024, the geographical information on the total revenue based on the location at which new energy engineering machinery are delivered is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Chinese Mainland	360,106,324	454,866,463	635,456,675
United States	—	8,871,568	—
Total	360,106,324	463,738,031	635,456,675

(ii) Non-current asset

The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the assets is provided.

5 OTHER NET GAIN

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Government grants *(Note)*	2,058,866	5,320,423	8,251,861
Net gain on modification and termination of lease	175,729	—	866,500
Net foreign exchange gain	56,482	—	—
Net (loss)/gain on disposal of property, plant and equipment	(198,812)	61,052	(1,130,216)
Dividends received from other investments	—	—	333,000
(Loss)/gain on disposal or loss of significant influence of associates *(Note 16)*	(1,397,542)	—	16,276,819
Loss on disposal of subsidiaries	(46,906)	—	—
Compensation	(537,760)	(1,208,333)	—
Others	10,520	327,150	19,331
	120,577	4,500,292	24,617,295

Note: Government grants are not assets related and primarily represent reward and subsidies provided to the Group for its contribution to the local economic growth.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/ (crediting):

(a) Finance (income)/costs:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Finance income			
Interest income on financial assets measured at amortised cost	(140,808)	(8,205,429)	(3,011,483)
Interest income on loans to third parties	(150,238)	(8,109)	—
Interest income on sales under instalment payment	(6,155,896)	(8,121,642)	(7,535,835)
	(6,446,942)	(16,335,180)	(10,547,318)
Finance costs			
Interest expenses on loans and borrowings	5,818,540	5,312,225	9,336,428
Interest expenses on other borrowings *(Note 21(c))*	983,750	—	—
Interest expenses on financial instruments issued to investors *(Note 25)*	6,463,781	272,183	—
Interest expenses on obligations arising from leaseback transactions	28,158	452,384	94,798
Interest expenses on lease liabilities *(Note 21(c))*	438,409	882,489	673,582
Less: interest expense capitalised into property, plant and equipment	—	—	(918,125)
	13,732,638	6,919,281	9,186,683

(b) Staff costs:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Salaries, wages and other benefits	68,377,750	90,873,434	98,753,711
Discretionary bonuses	6,358,457	10,627,987	7,815,986
Contributions to retirement schemes *(Note)*	6,320,766	10,281,132	11,175,293
Equity-settled share-based payment expenses *(Note 27)*	29,053,824	29,658,835	33,477,637
	110,110,797	141,441,388	151,222,627

Note: Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

(c) Other items:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Depreciation and amortisation			
— Owned property, plant and equipment *(Note 11)*	3,936,900	6,008,465	11,941,462
— Right-of-use assets *(Note 13)*	3,380,674	5,401,941	6,197,288
— Intangible assets *(Note 14)*	242,228	383,250	800,103
Impairment losses recognized			
— Trade and other receivables *(Note 29(a))*	26,793,194	37,775,596	80,495,981
— Contract assets *(Note 29(a))*	—	—	36,471
— Inventories*(Note 18)*	25,650,260	20,879,290	17,432,258
— Financial guarantee issued *(Note 26)*	69,498	400,090	2,565,400
Product warranty costs *(Note 26)*	10,304,310	13,448,739	18,608,549
Research and development expenses *(i)*	44,855,133	68,561,547	81,706,535
Auditors' remuneration *(ii)*	630,000	2,542,522	3,477,261
Listing expense	—	9,686,061	23,463,429
Cost of sales *(Note 18(b))(iii)*	351,933,806	454,459,056	598,617,808

(i) During the years ended 31 December 2022, 2023 and 2024, research and development costs included staff costs of RMB29,423,417, RMB38,899,940 and RMB45,759,588 and depreciation and amortisation expenses of RMB2,175,170, RMB406,347 and RMB566,933, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

(ii) During the year ended 31 December 2023 and 2024, the Group recognised auditors' remuneration in respect of initial public offering of RMB1,442,522 and RMB3,477,261, which are also included in the listing expenses disclosed separately above.

(iii) During the years ended 31 December 2022, 2023 and 2024, cost of sales included staff costs of RMB3,093,410, RMB6,643,649 and RMB9,086,600, depreciation and amortisation expenses of RMB3,150,993, RMB6,666,514 and RMB11,367,315 and write-down of inventories, which are 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

(a) Taxation in the consolidated statements of profit and loss represents:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Provision for income tax for the year	630,315	1,381	90,315

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Loss before taxation	(177,470,438)	(229,412,150)	(274,457,165)
Notional tax on loss before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned *(Note (i))*	(44,062,286)	(57,067,993)	(68,170,859)
Tax effect of non-deductible expenses	283,191	447,242	429,654
Tax effect of non-taxable income	—	—	(83,250)
Tax losses and temporary differences not recognised	44,328,988	56,759,936	67,006,790
Tax effect in respect of share of results of associates	80,422	(137,804)	907,980
Actual income tax expense	630,315	1,381	90,315

Notes:

(i) Pursuant to the Enterprise Income Tax (the "EIT"), the Company and its subsidiaries are liable to EIT at a rate of 25%, unless otherwise specified.

(ii) Certain subsidiaries in the PRC were entitled to a preferential PRC Enterprise Income Tax (the "EIT") rate of 5% as it was accredited as small and micro business.

(iii) According to the EIT Law and its relevant regulations, entities that qualified as a High and New Technology Enterprises are entitled to a preferential income tax rate of 15%. The Company obtained the High and New Technology Enterprises status in 2019 and had this status renewed in 2022.

(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 RMB245,843,701, RMB395,366,093 and RMB522,477,814 and other deductible temporary differences of RMB94,174,337, RMB171,458,660 and RMB257,986,617 as at 31 December 2022, 2023 and 2024 respectively, as it is not probable that future taxable profits against which the losses and the deductible temporary difference can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses of RMB28,739,624, RMB57,268,151, RMB103,804,948, RMB149,562,690 and RMB183,102,401, if unused, will expire in 2025, 2026, 2027, 2028 and 2029, respectively.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section in 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

Year ended 31 December 2022

	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Equity-settled share-based payment *(Note)*	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Directors:						
Mr. Chen Fangming (陳方明) *(a)*	—	532,666	39,375	62,594	—	634,635
Mr. Zhou Daowu (周道武) *(b)*	—	242,434	36,250	9,924	—	288,608
Mr. Qiu Debo (邱德波) *(f)*	—	357,893	29,589	10,940	2,693,918	3,092,340
Mr. Liu Xingyu (劉星宇) *(f)*	—	175,557	33,750	10,195	214,480	433,982
Mr. Sun Kanghua (孫康華) *(g)*	—	86,676	37,500	10,940	39,892	175,008
Mr. Yin Junping (尹軍平) *(d)*	—	—	—	—	—	—
Mr. Zhang Shaobo (張紹波) *(c)*	—	—	—	—	—	—
Mr. Li Liwei (李立偉) *(c)*	—	—	—	—	—	—
Independent Non-executive Directors:						
Mr. Jiang Bailing (江百靈) *(h)*	16,666	—	—	—	—	16,666
Mr. Zhou Yuan (周元) *(h)*	16,666	—	—	—	—	16,666
Mr. Li Xiaofu (李曉郛) *(h)*	16,666	—	—	—	—	16,666
Supervisors:						
Mr. Liu Yudong (劉昱東) *(e)*	—	—	—	—	—	—
Ms. Wang Yanzhen (王艷滇) *(i)*	—	79,771	7,582	10,746	33,674	131,773
Ms. Sun Wenxu (孫文旭) *(i)*	—	23,589	17,500	5,123	11,139	57,351
	49,998	1,498,586	201,546	120,462	2,993,103	4,863,695

Year ended 31 December 2023

	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Equity-settled share-based payment *(Note)*	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Directors:						
Mr. Chen Fangming (陳方明) *(a)*	—	687,079	39,375	67,908	—	794,362
Mr. Qiu Debo (邱德波) *(f)*	—	926,918	75,000	67,908	9,640,000	10,709,826
Mr. Liu Xingyu (劉星宇) *(f)*	—	669,904	35,500	53,977	866,886	1,626,267
Mr. Sun Kanghua (孫康華) *(g)*	—	496,864	37,500	67,908	278,307	880,579
Ms. Yang Hui (楊慧) *(j)*	—	158,890	35,500	17,544	1,807,500	2,019,434
Mr. Yin Junping (尹軍平) *(d)*	—	—	—	—	—	—
Mr. Cao Haiyi (曹海毅) *(k)*	—	—	—	—	—	—
Mr. Wang Zhenkun (王振坤) *(l)*	—	—	—	—	—	—
Independent Non-executive Directors:						
Mr. Jiang Bailing (江百靈) *(h)*	100,000	—	—	—	—	100,000
Mr. Zhou Yuan (周元) *(h)*	100,000	—	—	—	—	100,000
Mr. Li Xiaofu (李曉郛) *(h)*	100,000	—	—	—	—	100,000
Supervisors:						
Mr. Liu Yudong (劉昱東) *(e)*	—	—	—	—	—	—
Ms. Wang Yanzhen (王艷湞) *(i)*	—	512,481	33,750	66,778	241,000	854,009
Ms. Sun Wenxu (孫文旭) *(i)*	—	276,330	9,800	33,878	78,518	398,526
	300,000	3,728,466	266,425	375,901	12,912,211	17,583,003

Year ended 31 December 2024

	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Equity-settled share-based payment *(Note)*	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Executive Directors:						
Mr. Chen Fangming (陳方明) *(a)*	—	926,666	187,500	70,531	—	1,184,697
Mr. Qiu Debo (邱德波) *(f)*	—	852,500	187,500	—	9,640,000	10,680,000
Mr. Sun Kanghua (孫康華) *(g)*	—	546,683	156,750	70,531	265,837	1,039,801
Ms. Yang Hui (楊慧) *(j)*	—	922,740	93,750	70,531	7,230,000	8,317,021
Non-Executive Directors:						
Mr. Yin Junping (尹軍平) *(d)*	—	—	—	—	—	—
Mr. Cao Haiyi (曹海毅) *(k)*	—	—	—	—	—	—
Mr. Wang Zhenkun (王振坤) *(l)*	—	—	—	—	—	—
Independent Non-executive Directors:						
Mr. Jiang Bailing (江百靈) *(h)*	100,000	—	—	—	—	100,000
Mr. Zhou Yuan (周元) *(h)*	100,000	—	—	—	—	100,000
Mr. Li Xiaofu (李曉郛) *(h)*	100,000	—	—	—	—	100,000
Mr. YIM Chi Hung Henry (嚴志雄) *(m)*	206,554	—	—	—	—	206,554
Supervisors:						
Mr. Liu Yudong (劉昱東) *(e)*	—	—	—	—	—	—
Ms. Wang Yanzhen (王艷湞) *(i)*	—	469,656	84,375	69,985	241,000	865,016
Ms. Sun Wenxu (孫文旭) *(i)*	—	339,186	35,000	38,410	76,440	489,036
	506,554	4,057,431	744,875	319,988	17,453,277	23,082,125

(a) Mr. Chen Fangming (陳方明) was appointed as a Director since November 2016. He was later re-designated as an executive Director in April 2024.

(b) Mr. Zhou Daowu (周道武) was appointed as a Director of the Company on 31 October 2018. He ceased to act as a Director of the Company because of his resignation on 28 February 2022.

(c) Mr. Zhang Shaobo (張紹波) and Mr. Li Liwei (李立偉) were former Directors of the Company during the period from 3 August 2021 to 30 August 2022, nominated by Zibo Naying Equity Investment Partnership (Limited Partnership)* (淄博納贏股權投資合夥企業(有限合夥)) ("Zibo Naying", a shareholder of the Company).

(d) Mr. Yin Junping (尹軍平) was appointed as a Director of the Company on 16 August 2021, nominated by Zhongding No.5 and Zhongding Qinglan. He ceased to act as a Director in April 2024.

(e) Mr. Liu Yudong (劉昱東) was appointed as a Supervisor of the Company on August 2021, nominated by Guangzhou Naibixin Phase I Venture Capital Fund Partnership (Limited Partnership)* (廣州耐必信一期創業投資基金合夥企業(有限合夥)).

(f) Mr. Qiu Debo (邱德波) and Mr. Liu Xingyu (劉星宇) were appointed as Directors of the Company on 30 August 2022. Mr. Qiu was later re-designated as an executive Director in April 2024. Mr. Liu ceased to act as a Director of the Company on 19 October 2023 because of the decision of the Company.

(g) Mr. Sun Kanghua (孫康華) was appointed as a Director of the Company on 5 November 2022. He was later re-designated as an executive Director in April 2024.

(h) Dr. Jiang Bailing (江百靈), Mr. Zhou Yuan (周元) and Dr. Li Xiaofu (李曉郛) were appointed as independent Directors in November 2022 and were redesignated as independent non-executive Directors in April 2024.

(i) Ms. Wang Yanzhen (王艷湞) and Ms. Sun Wenxu (孫文旭) were appointed as Supervisors of the Company on 5 November 2022.

(j) Ms. Yang Hui (楊慧) was appointed as a Director of the Company on 19 October 2023. She was later re-designated as an executive Director in April 2024.

(k) Mr. Cao Haiyi (曹海毅) was appointed as a Director of the Company on 4 February 2023, nominated by Hunan Xiangtan Caixin Chanxing Equity Investment Partnership (Limited Partnership)* 湖南湘潭財信產興股權投資合夥企業(有限合夥). He was later re-designated as a non-executive Director in April 2024.

(l) Mr. Wang Zhenkun (王振坤) was appointed as a Director of the Company on 19 October 2023, nominated by Hubei Changjiang Automobile Vally Industry Investment Fund Partnership (Limited Partnership)* 湖北長江車谷產業投資基金合夥企業(有限合夥). He was later re-designated as a non-executive Director in April 2024.

(m) Mr. YIM Chi Hung Henry (嚴志雄) was appointed as independent non-executive Directors in April 2024.

* The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

Note:

These represent the estimated value of a share award (or share capital before the Company's conversion into a joint stock company (see Note 28(c)(i)) granted to the Directors and the chief executives under the Company's the Restricted Share Scheme. The value of these restricted shares is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 27 and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share based payment, including the principal terms and number of restricted shares granted, are disclosed in Note 27.

During the Relevant Periods, there were no amounts paid or payable by the Group to the Directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments for the years ended 31 December 2022, 2023 and 2024, only one, two and two are directors and supervisors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining four, three, and three individuals during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Salaries, allowances and benefits in kind	2,030,897	2,866,730	2,214,903
Discretionary bonuses	52,003	101,200	319,969
Contributions to retirement benefit schemes	144,232	389,319	149,168
Equity-settled share-based payment *(Note 27)*	13,278,673	5,636,118	5,786,371
	15,505,805	8,993,367	8,470,411

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December		
	2022	2023	2024
HKD			
1,000,001–1,500,000	1	—	—
2,500,001–3,000,000	—	—	1
3,000,001–3,500,000	1	2	2
3,500,001–4,000,000	—	1	—
5,000,001–5,500,000	1	—	—
7,000,001–7,500,000	1	—	—

10 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue or deemed to be issued during the Relevant Periods.

As described in Note 28(c)(i), the Company was converted into a joint stock Company with limited liability. The Company's paid-in capital of RMB145,558,000 was converted into 300,000,000 shares of RMB1.00 each accordingly. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock Company was determined assuming the conversion into joint stock Company had occurred since 1 January 2022, at the exchange ratio established in the conversion in November 2022.

	Year ended 31 December		
	2022	**2023**	**2024**
Loss for the year attributable to ordinary equity shareholders of the Company	(148,323,255)	(229,413,531)	(274,547,480)
Weighted average number of ordinary shares deemed to be in issue	231,756,462	347,072,296	351,709,265
Basic and diluted loss per share	(0.64)	(0.66)	(0.78)

(a) Loss of the year attributable to equity shareholders of the Company

	Year ended 31 December		
	2022	**2023**	**2024**
Loss of the year attributable to all equity shareholders of the Company	(178,100,753)	(229,413,531)	(274,547,480)
Allocation of loss for the year attributable to ordinary shares with redemption rights issued to investors	29,777,498	—	—
Loss of the year attributable to ordinary equity shareholders of the Company	(148,323,255)	(229,413,531)	(274,547,480)

(b) Weighted average number of ordinary shares deemed to be in issue

	Year ended 31 December		
	2022	**2023**	**2024**
Ordinary shares at 1 January deemed to be in issue	261,057,997	311,536,557	351,709,265
Effect of ordinary shares deemed to be in issue	14,832,086	—	—
Effect of ordinary shares with redemption rights issued to investors	(46,527,618)	—	—
Effect of ordinary shares in issue	2,393,997	35,535,739	—
Weighted average number of ordinary shares at the end of the year deemed to be in issue	231,756,462	347,072,296	351,709,265

(c) Ordinary shares with redemption rights issued to investors (Note 25) and restricted shares granted under the Group's employee restricted share plans (Note 27) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share during the Relevant Periods.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Office and other equipment	Lease Vehicles	Leasehold improvement	Construction in progress	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost:							
At 1 January 2022	—	3,825,588	1,319,358	2,479,503	4,354,379	—	11,978,828
Additions	—	2,592,723	900,661	5,210,062	1,522,279	2,796,102	13,021,827
Transfer in/(out) from construction in progress	—	1,100,707	—	—	1,695,395	(2,796,102)	—
Disposals	—	(330,973)	(39,455)	—	—	—	(370,428)
At 31 December 2022 and 1 January 2023	—	7,188,045	2,180,564	7,689,565	7,572,053	—	24,630,227
Additions	—	1,771,204	519,769	18,276,517	697,244	65,450,900	86,715,634
Transfer in/(out) from construction in progress	—	1,783,876	—	—	—	(1,783,876)	—
Disposals	—	(1,100,707)	—	—	—	—	(1,100,707)
At 31 December 2023 and 1 January 2024	—	9,642,418	2,700,333	25,966,082	8,269,297	63,667,024	110,245,154
Additions	149,454	178,633	850,130	12,587,484	1,338,374	68,305,830	83,409,905
Transfer in/(out) from construction in progress	64,614,828	12,017,564	—	—	1,592,266	(78,224,658)	—
Disposals	—	(371,496)	(239,992)	(3,198,749)	(1,695,395)	—	(5,505,632)
At 31 December 2024	64,764,282	21,467,119	3,310,471	35,354,817	9,504,542	53,748,196	188,149,427

The Group

	Buildings	Machinery and equipment	Office and other equipment	Lease Vehicles	Leasehold improvement	Construction in progress	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Accumulated depreciation:							
At 1 January 2022	—	(493,859)	(687,780)	(138,963)	(1,900,506)	—	(3,221,108)
Charge for the year	—	(524,389)	(283,826)	(1,052,381)	(2,076,304)	—	(3,936,900)
Written back on disposals	—	68,034	21,865	—	—	—	89,899
At 31 December 2022 and 1 January 2023	—	(950,214)	(949,741)	(1,191,344)	(3,976,810)	—	(7,068,109)
Charge for the year	—	(1,135,531)	(465,269)	(2,527,728)	(1,879,937)	—	(6,008,465)
Written back on disposals	—	132,085	—	—	—	—	132,085
At 31 December 2023 and 1 January 2024	—	(1,953,660)	(1,415,010)	(3,719,072)	(5,856,747)	—	(12,944,489)
Charge for the year	(1,585,175)	(2,412,596)	(723,459)	(5,956,743)	(1,263,489)	—	(11,941,462)
Written back on disposals	—	123,996	108,073	1,059,530	747,516	—	2,039,115
At 31 December 2024	(1,585,175)	(4,242,260)	(2,030,396)	(8,616,285)	(6,372,720)	—	(22,846,836)
Net book value:							
At 31 December 2022	—	6,237,831	1,230,823	6,498,221	3,595,243	—	17,562,118
At 31 December 2023	—	7,688,758	1,285,323	22,247,010	2,412,550	63,667,024	97,300,665
At 31 December 2024	63,179,107	17,224,859	1,280,075	26,738,532	3,131,822	53,748,196	165,302,591

The Group's property, plant and equipment are located in the PRC.

The Company

	Machinery and equipment RMB	Office and other equipment RMB	Lease Vehicles RMB	Leasehold improvement RMB	Total RMB
Cost:					
At 1 January 2022	104,633	1,253,209	—	1,024,397	2,382,239
Additions	314,513	828,633	—	696,375	1,839,521
At 31 December 2022 and 1 January 2023	419,146	2,081,842	—	1,720,772	4,221,760
Additions	—	486,817	—	80,429	567,246
At 31 December 2023 and 1 January 2024	419,146	2,568,659	—	1,801,201	4,789,006
Additions	—	80,564	614,644	—	695,208
Disposal	(171,850)	(239,992)	—	—	(411,842)
At 31 December 2024	247,296	2,409,231	614,644	1,801,201	5,072,372
Accumulated depreciation:					
At 1 January 2022	(20,865)	(668,357)	—	(507,357)	(1,196,579)
Charge for the year	(56,349)	(253,051)	—	(583,416)	(892,816)
At 31 December 2022 and 1 January 2023	(77,214)	(921,408)	—	(1,090,773)	(2,089,395)
Charge for the year	(138,470)	(367,041)	—	(232,520)	(738,031)
At 31 December 2023 and 1 January 2024	(215,684)	(1,288,449)	—	(1,323,293)	(2,827,426)
Charge for the year	(70,511)	(492,458)	(82,977)	(247,872)	(893,818)
Written back on disposals	95,897	108,073	—	—	203,970
At 31 December 2024	(190,298)	(1,672,834)	(82,977)	(1,571,165)	(3,517,274)
Net book value:					
At 31 December 2022	341,932	1,160,434	—	629,999	2,132,365
At 31 December 2023	203,462	1,280,210	—	477,908	1,961,580
At 31 December 2024	56,998	736,397	531,667	230,036	1,555,098

12 OTHER INVESTMENTS

The Group

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Financial assets measured at FVOCI			
Unlisted equity investment *(Note 29(d))*	18,938,509	19,093,387	41,734,716

The Company

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Financial assets measured at FVOCI			
Unlisted equity investment *(Note 29(d))*	16,212,736	15,876,268	40,147,141

As at 31 December 2022, 2023 and 2024, other equity investments mainly represented the Group's equity investment in unlisted Companies and are initially recognized as financial assets at FVOCI.

In December 2021 and 2022, the Group invested 10.0% of the equity interest in the private company A, which is incorporated in the PRC and principally engaged in sales of new energy vehicles, for a consideration of RMB300,000 and RMB700,000 in cash, respectively.

In January 2022, the Group invested 4.5% of the equity interest in the private company C, which is incorporated in the PRC and principally engaged in the research and sales of new energy controllers, for a consideration of RMB2,563,200 in cash.

In March 2022, the Group invested 1.7% of the equity interest in the private company B, which is incorporated in the PRC and principally engaged in automatic driving and intelligent operation, for a consideration of RMB2,400,000 in cash.

In July 2022, the Group invested 15.0% of the equity interest in the private company D, which is incorporated in the PRC and principally engaged in sales of new energy vehicles, for a consideration of RMB1,500,000 in cash. In June 2024, these equity interest has been fully withdrawn and the Group has recognised a loss of RMB215,619 in "Other comprehensive income" for the year ended 31 December 2024.

In December 2022, the Group invested 4.2% of the equity interest in the private company E, which is incorporated in the PRC and principally engaged in the sales of new energy vehicles and provision of unmanned driving solutions, for a consideration of RMB500,000 in cash. In December 2023, the Group further acquired 23.2% of the equity interest in the private company E for a consideration of RMB1,876,340 in cash and it was transferred to associates since then.

Till September 2024, the Group invested 11.4% of the equity interest in a private company F, which is incorporated in the PRC and principally engaged in operation and sales of new energy vehicles and provision of unmanned driving solutions. In September 2024, this investment was transferred from interest in associates to other investments at its fair value of RMB22,739,600 when the Group ceased to have its significant influence over this company (Note 16).

The Group designated the above investments in unlisted equity securities at FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were declared from these investments during the Relevant Periods, except for a dividend received from the private company C with an amount of RMB333,000 in July 2024.

For the years ended 31 December 2022, 2023 and 2024, the Group recognised RMB10,975,309, RMB631,532 and RMB1,401,729 in the changes in fair value of financial assets measured at FVOCI.

The analysis on the fair value measurement of the above financial assets was disclosed in Note 29(d).

13 RIGHT-OF-USE ASSETS

The Group

	Properties leased for own use carried at cost	Land use-rights	Total
	RMB	RMB	RMB
Cost:			
At 1 January 2022	12,920,263	—	12,920,263
Additions	7,885,555	—	7,885,555
Lease termination	(4,888,746)	—	(4,888,746)
At 31 December 2022 and 1 January 2023	15,917,072	—	15,917,072
Additions	14,580,225	65,439,025	80,019,250
At 31 December 2023 and 1 January 2024	30,497,297	65,439,025	95,936,322
Additions	—	37,385,770	37,385,770
Lease termination	(15,393,485)	—	(15,393,485)
At 31 December 2024	15,103,812	102,824,795	117,928,607
Accumulated depreciation:			
At 1 January 2022	(3,473,285)	—	(3,473,285)
Charge for the year	(3,380,674)	—	(3,380,674)
Lease termination	2,415,406	—	2,415,406
At 31 December 2022 and 1 January 2023	(4,438,553)	—	(4,438,553)
Charge for the year	(4,800,876)	(601,065)	(5,401,941)
At 31 December 2023 and 1 January 2024	(9,239,429)	(601,065)	(9,840,494)
Charge for the year	(4,514,650)	(1,682,638)	(6,197,288)
Lease termination	4,668,333	—	4,668,333
At 31 December 2024	(9,085,746)	(2,283,703)	(11,369,449)
Net book value:			
At 31 December 2022	11,478,519	—	11,478,519
At 31 December 2023	21,257,868	64,837,960	86,095,828
At 31 December 2024	6,018,066	100,541,092	106,559,158

The Company

	Properties leased for own use carried at cost
	RMB
Cost:	
At 1 January 2022	6,017,173
Additions	7,885,555
Lease termination	(3,182,478)
At 31 December 2022, 1 January 2023, 31 December 2023 and 1 January 2024	10,720,250
Additions	2,477,876
Lease termination	(813,260)
At 31 December 2024	12,384,866
Accumulated depreciation:	
At 1 January 2022	(2,308,608)
Charge for the year	(1,963,145)
Lease termination	1,305,632
At 31 December 2022 and 1 January 2023	(2,966,121)
Charge for the year	(1,577,111)
At 31 December 2023 and 1 January 2024	(4,543,232)
Charge for the year	(1,405,805)
Lease termination	414,451
At 31 December 2024	(5,534,586)
Net book value:	
At 31 December 2022	7,754,129
At 31 December 2023	6,177,018
At 31 December 2024	6,850,280

Notes:

(i) Land-use-right premiums was paid by the Group for land situated in the PRC. Lump sum payments were made upfront to acquire these land-use-rights, and there are no ongoing payments to be made under the terms of the land lease.

(ii) The Group has obtained the right to use the properties as its warehouse and offices through tenancy agreements. The leases typically run for an initial period of 2–5 years. None of the leases includes an option to purchase the leased assets at the end of the lease term.

The analysis of expense items in relation to lease recognised in the Group's profit or loss is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Depreciation charge of right-of-use assets by class of underlying asset:			
Leasehold buildings, carried at depreciated cost	3,380,674	4,800,876	4,514,650
Interest on lease liabilities *(Note 6(a))*	438,409	882,489	673,582
Expenses relating to short-term leases	33,153	115,158	1,350,934

14 INTANGIBLE ASSETS

	Software
	RMB
Cost:	
At 1 January 2022	1,144,826
Additions	276,148
At 31 December 2022 and 1 January 2023	1,420,974
Additions	1,395,492
At 31 December 2023 and 1 January 2024	2,816,466
Additions	1,717,093
At 31 December 2024	4,533,559
Accumulated amortisation:	
At 1 January 2022	(147,041)
Charge for the year	(242,228)
At 31 December 2022 and 1 January 2023	(389,269)
Charge for the year	(383,250)
At 31 December 2023 and 1 January 2024	(772,519)
Charge for the year	(800,103)
At 31 December 2024	(1,572,622)
Net book value:	
At 31 December 2022	1,031,705
At 31 December 2023	2,043,947
At 31 December 2024	2,960,937

15 INTEREST IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company are listed as below:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Interest in subsidiaries	107,511,063	632,801,063	1,017,716,063

Further details of the principal subsidiaries of the Group are set out in Note 1.

16 INTEREST IN ASSOCIATES

(a) The balances recognized in the consolidated balance sheets are as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	3,716,353	23,259,475	28,482,306
Aggregate amounts of the Group's share of those associates' profit or loss from continuing operations and impairment loss	(388,109)	590,290	(3,485,038)
Other comprehensive income	—	—	—
Total comprehensive income	(388,109)	590,290	(3,485,038)

The Company

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	2,212,746	21,231,584	26,393,716
Aggregate amounts of the Group's share of those associates' profit or loss from continuing operations and impairment loss	(351,716)	578,980	(2,368,008)
Other comprehensive income	—	—	—
Total comprehensive income	(351,716)	578,980	(2,368,008)

(b) As at 31 December 2022, 2023 and 2024, the Group had interests in the following associates:

Name of associates	Place of incorporation and operation	Particulars of registered and paid-up share capital	Effective interest held by the Group As at 31 December 2022	2023	2024	Principal activities
Jiangxi Breton New Energy Technology Co., Ltd. (till 9 December 2022) *(Note i) (Note ii)*	PRC	RMB5 million/ RMB2 million	/	/	/	sales of new energy tractor trucks and new energy loaders
Shanxi Huanghe Green Energy Technology Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB7.5 million	13%	13%	13%	sales of new energy tractor trucks and new energy loaders
Lituo (Shandong) New Energy Technology Co., Ltd. *(Note ii)*	PRC	RMB11 million/ RMB11 million	14%	14%	14%	operation of new energy tractor trucks and new energy loaders
Shaanxi Lingbo Operation Technology Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB10 million	10%	10%	10%	sales of new energy tractor trucks and new energy loaders
Shanghai Huansheng New Energy Technology Co., Ltd. (till 26 August 2022) *(Note i) (Note ii)*	PRC	RMB32.865 million/ RMB30.568 million	/	/	/	sales of new energy tractor trucks and new energy loaders
Breton (Jinhua) New Energy Co., Ltd. *(Note ii)*	PRC	RMB9.9 million/ RMB9.9 million	/	28%	28%	sales of new energy wide-body dump trucks and new energy loaders
Breton Tianyue (Ningxia) New Energy Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB10 million	/	49%	49%	sales of new energy tractor trucks and new energy loaders
Sichuan Breton Tianyi New Energy Technology Co., Ltd. *(Note ii)*	PRC	RMB5 million/ RMB3.4 million	/	49%	49%	sales of new energy tractor trucks and new energy loaders
Moudi Smart Technology Co., Ltd. (till 5 September 2024) *(Note ii) (Note iv)*	PRC	RMB50 million/ RMB44.57 million	/	28%	/	operation and sales of new energy tractor trucks and new energy loaders
Chongqing Changling Technology Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB2.5 million	/	40%	40%	sales of new energy tractor trucks and new energy loaders
Xinjiang Breton New Energy Technology Co., Ltd. (till 20 October 2023) *(Note i) (Note ii)*	PRC	RMB5 million/ RMB1.48 million	15%	/	/	sales of new energy tractor trucks and new energy loaders
Breton Tianrun (Jiangsu) New Energy Co., Ltd. *(Note ii)*	PRC	RMB100 million/ RMB33 million	/	49%	49%	sales of new energy tractor trucks and new energy loaders
Henan Breton Construction Machinery Co., Ltd. *(Note ii)*	PRC	RMB5 million/ RMB5 million	10%	5%	10%	sales of new energy tractor trucks and new energy loaders
Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB10 million	/	/	15%	sales of new energy tractor trucks and new energy loaders
Hunan Lvdian Breton New Energy Co., Ltd. *(Note ii)*	PRC	RMB10 million/ RMB10 million	/	/	15%	sales of new energy tractor trucks and new energy loaders
Breton Jungang (Shandong) Energy Technology Co., Ltd. *(Note ii)*	PRC	RMB5 million/ RMB5 million	/	/	19%	sales of new energy tractor trucks and new energy loaders

Note i: In 2022 and 2023, the Group disposed of all equity interests in Shanghai Huansheng New Energy Technology Co, Ltd., Jiangxi Breton New Energy Technology Co., Ltd., and Xinjiang Breton New Energy Technology Co., Ltd., to third parties, respectively.

Note ii: According to the Articles of Association of these entities, the Company is empowered to appoint one director with no restriction on the voting right compared with other directors. Therefore, the Company has significant influence but not control or joint control on the associates mentioned above, which are accounted for as investment in associate.

Note iii: The English names of certain associates referred to above represent the best effort made by management of the Group in translating the Chinese names as they do not register any official English names.

Note iv: In September 2024, the Group ceased to have significant influence over Moudi Smart Technology Co., Ltd. as a result of capital injection from third parties into this company and resignation of the representative of the Group on the board of directors of this company, and a gain of RMB16,276,819 was recognised as a result of the remeasurement of the investment transferred from interest in associates to other investments (Note 12) during the year ended 31 December 2024.

Note v: The directors consider none of the associates were significant to the Group during the Relevant Periods.

Note vi: Except for financial guarantee issued as disclosed in Note 30, there are no other contingent liabilities or commitments relating to the Group's investments in associates.

17 OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Financial assets measured at amortised cost			
— Trade receivables due from third parties	52,294,667	33,262,685	53,847,362
— Trade receivables due from related parties	89,263	22,023,698	6,382,311
Less: loss allowance on trade and receivables	(8,147,685)	(7,027,077)	(4,194,203)
Trade receivables, net *(Note 20)*	44,236,245	48,259,306	56,035,470
Prepayment for property, plant and equipment and land use right	—	12,058,783	1,465,966
Contract assets *(Note 19)*	—	—	7,094,279
Deposits	2,671,801	2,246,801	9,064,101
	46,908,046	62,564,890	73,659,816

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Financial assets measured at amortised cost			
— Trade receivables due from third parties	4,805,097	6,982,784	16,408,709
Less: loss allowance on trade and receivables	(2,789,003)	(39,381)	(66,163)
Trade receivables, net	2,016,094	6,943,403	16,342,546
Deposits	457,801	457,801	7,719,927
	2,473,895	7,401,204	24,062,473

18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Raw materials	70,098,954	101,890,536	97,001,382
Finished goods	223,861,252	166,281,419	161,582,935
Right to recover returned goods	584,004	502,606	438,757
	294,544,210	268,674,561	259,023,074

Inventories in the statements of financial position of the Company comprise:

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Raw materials	10,077,613	14,925,344	31,875,072
Finished goods	7,076,913	3,730,973	4,985,246
Right to recover returned goods	48,285	27,690	30,968
	17,202,811	18,684,007	36,891,286

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Carrying amount of inventories used	326,283,546	433,579,766	581,185,550
Write-down of inventories	25,650,260	20,879,290	17,432,258
	351,933,806	454,459,056	598,617,808

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Contract assets			
Arising from performance under contracts with customers	860,350	342,400	8,452,950
Less: loss allowance on contract assets *(Note 29(a))*	—	—	(36,471)
	860,350	342,400	8,416,479
Less: Contract assets due more than one year *(Note 17)*	—	—	(7,094,279)
	860,350	342,400	1,322,200
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 20)*	233,417,839	374,089,804	446,327,343

Contract assets represent the Group's rights to consideration from customers for the sales of new energy engineering machinery, which arise when the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 6–60 months (defect liability period) after delivery of new energy engineering machinery. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional.

(b) Contract liabilities

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Contract liabilities			
Receipts in advance from customers	15,196,543	13,740,178	3,655,027
Movements in contract liabilities			
Balance at 1 January	9,029,990	15,196,543	13,740,178
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(4,485,600)	(9,261,751)	(13,064,716)
Increase in contract liabilities as a result of billing in advance	10,652,153	7,805,386	2,979,565
	15,196,543	13,740,178	3,655,027

The Group receives advance payment from certain customers for sales of new energy engineering machinery and sales of spare parts and accessories. Contract liabilities will be recognised as revenue when control of equipment is transferred to the customer.

20 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Trade receivables due from			
— third parties	262,552,586	321,762,384	382,988,500
— related parties *(Note 32(c))*	15,069,073	129,306,836	220,164,240
Less: loss allowance on trade receivables *(Note 29(a))*	(44,203,820)	(76,979,416)	(156,825,397)
	233,417,839	374,089,804	446,327,343
Less: Trade receivables due more than one year	(44,236,245)	(48,259,306)	(56,035,470)
	189,181,594	325,830,498	390,291,873
Bills receivable	9,616,548	47,042,622	56,572,251
Other receivables due from			
— third parties	6,625,341	6,844,359	7,465,528
— related parties *(Note 32(c))*	—	—	—
Less: loss allowance on other receivables *(Note 29(a))*	(74,716)	(4,774,716)	(5,424,716)
Other receivables, net	6,550,625	2,069,643	2,040,812
Deposits	75,734	10,590,000	5,414,264
Prepayments for purchase of raw materials	43,823,225	26,811,087	69,909,123
Prepaid expenses	246,964	2,105,289	2,206,831
Prepayments for listing expenses	—	1,728,881	1,823,009
Taxation recoverable	6,863,454	18,911,440	27,574,468
Loans to third parties	900,000	—	—
Interest receivables	559,081	—	—
	257,817,225	435,089,460	555,832,631

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Trade receivables due from			
— third parties	34,493,558	35,520,709	50,502,842
— related parties	—	—	24,582,788
— subsidiaries	244,221,685	422,488,510	294,300,805
Less: allowance for trade receivables	(18,758,001)	(10,964,148)	(11,081,734)
	259,957,242	447,045,071	358,304,701
Less: Trade receivables due more than one year	(2,016,094)	(6,943,403)	(16,342,546)
	257,941,148	440,101,668	341,962,155
Bills receivable	100,000	2,857,915	6,896,770
Other receivables due from			
— third parties	5,882,341	4,863,663	4,830,911
— related parties	—	—	—
— subsidiaries	203,725,009	143,479,056	126,159,402
Less: allowance for other receivables	(74,716)	(4,774,716)	(4,774,716)
Other receivables, net	209,532,634	143,568,003	126,215,597
Deposits	—	50,000	737,285
Prepayments for purchase of raw materials	15,476,023	19,135,087	34,117,555
Prepaid expenses	205,933	1,951,281	1,857,437
Prepayments for listing expenses	—	1,728,881	1,823,009
Taxation recoverable	411,045	285,138	2,985,170
Loans to third parties	900,000	—	—
Interest receivable	559,081	—	—
	485,125,864	609,677,973	516,594,978

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the Relevant Periods, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within 1 year	208,628,522	263,741,046	303,449,728
1–2 years	20,576,380	93,067,727	118,231,393
2–3 years	4,212,937	13,954,731	22,070,084
More than 3 years	—	3,326,300	2,576,138
	233,417,839	374,089,804	446,327,343

The Company

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within 1 year	252,705,511	438,513,826	229,816,488
1–2 years	6,746,305	2,197,624	121,703,891
2–3 years	505,426	6,333,621	1,548,052
More than 3 years	—	—	5,236,270
	259,957,242	447,045,071	358,304,701

Details of the Group's credit policy and credit risk arising from trade receivable and bills receivables are set out in Note 29(a).

(b) Endorsed bank acceptance bills

(i) Endorsed bank acceptance bills that are not derecognised in their entirety

As at 31 December 2022, 2023 and 2024, the Group endorsed certain bank acceptance bills with a carrying amount of RMB8,796,490, RMB12,775,500 and RMB28,248,276 respectively to suppliers for settling trade and other payables of the same amount on a full recourse basis.

In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills and commercial bills, and accordingly, these bills receivable and the associated trade and other payables were not de-recognized in the consolidated statements of financial position.

(ii) Endorsed bank acceptance bills that are derecognised in their entirety

As at 31 December 2022, 2023 and 2024, the Group endorsed certain bank acceptance bills with a carrying amount of RMB8,463,166, RMB12,762,115 and RMB16,630,257 respectively to suppliers for settling trade and other payables of the same amount on a full recourse basis. The Group derecognised these bills receivable and the payables to suppliers in their entirety in the consolidated statements of financial position.

In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2022, 2023 and 2024, the Group's maximum exposure to loss and undiscounted cash outflow, which is the same as the amounts payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB8,463,166, RMB12,762,115 and RMB16,630,257 respectively.

21 CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents and pledged bank deposits

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Cash and cash equivalents	270,260,321	422,072,291	199,254,000
Pledged bank deposits	4,700,000	5,278,000	4,208,000

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Cash and cash equivalents	268,612,984	164,643,976	35,799,184
Pledged bank deposits	4,700,000	5,100,000	4,030,000

As at 31 December 2022, RMB4,700,000 was deposited at banks as guarantee in relation to supplier guarantee.

As at 31 December 2023, RMB4,000,000 was deposited at banks as guarantee in relation to supplier guarantee, RMB1,100,000 was deposited at banks in relation to bill deposit, and RMB178,000 was deposited at banks in relation to quality insurance deposit.

As at 31 December 2024, RMB4,000,000 was deposited at bank as guarantee in relation to supplier guarantee and RMB208,000 was deposited at bank in relation to quality insurance deposit.

(b) Reconciliation of loss before taxation to cash generated from operations:

	Note	Year ended 31 December 2022 RMB	2023 RMB	2024 RMB
Loss before taxation		(177,470,438)	(229,412,150)	(274,457,165)
Adjustments for:				
Depreciation and amortisation	6(c)			
— owned property, plant and equipment		3,936,900	6,008,465	11,941,462
— right-of-use assets		3,380,674	5,401,941	6,197,288
— intangible assets		242,228	383,250	800,103
Finance costs	6(a)	13,732,638	6,919,281	9,186,683
Finance income	6(a)	(6,446,942)	(16,335,180)	(10,547,318)
Net loss/(gain) on disposal of property, plant and equipment	5	198,812	(61,052)	1,130,216
Net gain on modification and termination of lease	5	(175,729)	—	(866,500)
Shares of results of associates, net of downstream transaction		376,666	(888,369)	6,469,763
Equity-settled share-based payment expenses	27	29,053,824	29,658,835	33,477,637
Credit loss on financial guarantee issued	6(c)	69,498	400,090	2,565,400
Dividends from other investments	5	—	—	(333,000)
Loss/(gain) on disposal or loss of significant influence of associates	5	1,397,542	—	(16,276,819)
Loss on disposal of subsidiaries	5	46,906	—	—
Changes in working capital				
(Increase)/decrease in inventories		(76,035,444)	25,869,649	(796,778)
Increase in trade and other receivables		(124,004,841)	(161,564,440)	(131,703,679)
(Increase)/decrease in contract assets		(13,790)	517,950	(979,800)
Increase in trade and other payables		28,793,752	121,165,707	91,173,020
Increase/(decrease) in contract liabilities		6,166,553	(1,456,365)	(10,085,151)
(Increase)/decrease in pledged bank deposits		(2,632,000)	(578,000)	1,070,000
Increase in provisions		2,760,683	4,308,177	1,649,172
Cash used in operations		(296,622,508)	(209,662,211)	(280,385,466)
Interest received		6,344,314	16,894,261	10,547,318
Income tax paid		(142,440)	(917,707)	(112,644)
Net cash used in operating activities		(290,420,634)	(193,685,657)	(269,950,792)

(c) Reconciliation of liabilities arising from financing activities:

	Loans and borrowings RMB (Note 22)	Interest payables RMB (Note 23)	Lease liabilities RMB (Note 24)	Financial instruments issued to investors RMB (Note 25)	Total RMB
At 1 January 2022	151,548,945	9,336,701	9,523,275	569,120,154	739,529,075
Changes from financing cash flows:					
Proceeds from loans and borrowings	210,300,000	—	—	—	210,300,000
Repayments of loans and borrowings	(210,648,945)	—	—	—	(210,648,945)
Repayment of financial instruments to investor of subsidiaries	—	—	—	(47,124,008)	(47,124,008)
Capital element of lease rentals paid	—	—	(4,076,625)	—	(4,076,625)
Interest element of lease rentals paid	—	—	(438,409)	—	(438,409)
Proceeds from the issuance of financial instruments to investors with preferred rights	—	—	—	197,484,000	197,484,000
Interest paid	(5,671,099)	(10,320,451)	—	—	(15,991,550)
Total changes from financing cash flows	(6,020,044)	(10,320,451)	(4,515,034)	150,359,992	129,504,463
Other changes:					
Interest expenses	5,846,698	983,750	438,409	6,463,781	13,732,638
Fair value adjustments on initial carrying amount of financial instruments issued to investors recognised as non-current liabilities	—	—	—	197,484,000	197,484,000
Termination of redemption rights financial instruments issued to investors of the Company with preferred rights	—	—	—	(894,558,000)	(894,558,000)
Increase in lease liabilities from entering into new leases during the year	—	—	7,885,555	—	7,885,555
Termination of lease during the year	—	—	(2,649,069)	—	(2,649,069)
Total other changes	5,846,698	983,750	5,674,895	(690,610,219)	(678,104,876)
At 31 December 2022	151,375,599	—	10,683,136	28,869,927	190,928,662

	Loans and borrowings	Interest payables	Lease liabilities	Financial instruments issued to investors	Total
	RMB	RMB	RMB	RMB	RMB
	(Note 22)	*(Note 23)*	*(Note 24)*	*(Note 25)*	
At 1 January 2023	151,375,599	—	10,683,136	28,869,927	190,928,662
Changes from financing cash flows:					
Proceeds from loans and borrowings	144,043,800	—	—	—	144,043,800
Repayments of loans and borrowings	(142,335,600)	—	—	—	(142,335,600)
Repayment of financial instruments to investor of subsidiaries	—	—	—	(29,142,110)	(29,142,110)
Capital element of lease rentals paid	—	—	(2,782,258)	—	(2,782,258)
Interest element of lease rentals paid	—	—	(882,489)	—	(882,489)
Interest paid	(5,620,883)	—	—	—	(5,620,883)
Total changes from financing cash flows	(3,912,683)	—	(3,664,747)	(29,142,110)	(36,719,540)
Other changes:					
Interest expenses	5,764,609	—	882,489	272,183	6,919,281
Increase in lease liabilities from entering into new leases during the year	—	—	14,580,225	—	14,580,225
Total other changes	5,764,609	—	15,462,714	272,183	21,499,506
At 31 December 2023 and 1 January 2024	153,227,525	—	22,481,103	—	175,708,628
Changes from financing cash flows:					
Proceeds from loans and borrowings	275,913,369	—	—	—	275,913,369
Repayments of loans and borrowings	(77,033,310)	—	—	—	(77,033,310)
Capital element of lease rentals paid	—	—	(5,061,759)	—	(5,061,759)
Interest element of lease rentals paid	—	—	(673,582)	—	(673,582)
Interest paid	(9,225,996)	—	—	—	(9,225,996)
Total changes from financing cash flows	189,654,063	—	(5,735,341)	—	183,918,722
Other changes:					
Decrease in lease liabilities from termination of leases during the year	—	—	(11,591,652)	—	(11,591,652)
Interest expenses	9,431,226	—	673,582	—	10,104,808
Total other changes	9,431,226	—	(10,918,070)	—	(1,486,844)
At 31 December 2024	352,312,814	—	5,827,692	—	358,140,506

Note (i): Interest payable is included in trade and other payables as disclosed in Note 23.

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within operating cash flows	33,153	115,158	1,350,934
Within investing cash flows	—	75,439,025	37,385,770
Within financing cash flows	4,515,034	3,664,747	5,735,341
	4,548,187	79,218,930	44,472,045

22 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of borrowings in the consolidated statements of financial position is as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Current			
Short-term bank loans	89,507,758	—	50,024,167
Current portion of long-term bank loans	2,400,000	99,233,327	215,844,788
Obligations arising from sale and leaseback transactions	2,819,420	—	1,328,096
	94,727,178	99,233,327	267,197,051
Non-current			
Obligations arising from sale and leaseback transactions	6,180,580	—	5,891,778
Long-term bank loans	50,467,841	53,994,198	79,223,985
	56,648,421	53,994,198	85,115,763
	151,375,599	153,227,525	352,312,814

The analysis of the carrying amount of borrowings in the statements of financial position of the Company is as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Current			
Short-term bank loans	89,507,758	—	40,014,389
Current portion of long-term bank loans	2,400,000	99,233,327	203,786,802
	91,907,758	99,233,327	243,801,191
Non-current			
Long-term bank loans	50,467,842	23,150,398	44,200,000
	142,375,600	122,383,725	288,001,191

The interest rates per annum of borrowings were:

	As at 31 December		
	2022	2023	2024
Current loans	one-year LPR–0.65% – +1.00% or 3.00%–4.70%/ 6.20%	one-year LPR–0.65% – +0.75% or 3.00%–4.45%	one-year LPR–0.65% – +0.5% or 2.8%–5.98%
Non-current loans	4.00%–6.20%	3.00%–4.35%	2.9%–5.98%

Interest rates comprise fixed rates and floating rates based on Loan Prime Rate ("LPR").

(b) The borrowings were repayable as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within 1 year	94,727,178	99,233,327	267,197,051
After 1 year but within 2 years	56,648,421	23,150,398	44,609,667
After 2 years but within 5 years	—	30,843,800	40,506,096
	151,375,599	153,227,525	352,312,814

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Within 1 year	91,907,758	99,233,327	243,801,191
After 1 year but within 2 years	50,467,842	23,150,398	27,200,000
After 2 years but within 5 years	—	—	17,000,000
	142,375,600	122,383,725	288,001,191

(c) The borrowings of the Group were secured as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Bank loans			
— Secured (i)	119,575,599	96,683,800	47,081,971
— Unsecured	22,800,000	56,543,725	298,010,969
	142,375,599	153,227,525	345,092,940
Obligations arising from sale and leaseback transactions			
— Secured (ii)	9,000,000	—	—
— Unsecured	—	—	7,219,874
	9,000,000	—	7,219,874
Total	151,375,599	153,227,525	352,312,814

(i) Mr. Chen Fangming provided guarantees to the Company in respect of certain bank loans totalling RMB119,575,599, RMB65,840,000 and nil as at 31 December 2022, 2023 and 2024, respectively.

As at 31 December 2023 and 2024, certain of the Group's borrowing was secured by the Group's land use rights with the amount of RMB24,790,772.

(ii) In December 2022, the Company's subsidiary, Breton (Shandong) New Energy Vehicle Co., Ltd., entered into an agreement of sale and leaseback of property, plant and equipment with Zhongguancun Science-Tech Leasing Co., Ltd. ("ZGC TEC") (中關村科技租賃股份有限公司), pursuant to which the lease principals are amounted to RMB9,000,000, with interest accruing at 6.1% per annum. The principals and interests should be repaid monthly within 3 years.

Based on the management assessment of the Group, ZGC TEC Leasing did not obtain control of the assets and the transfer of assets did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets. Therefore, the Group continued to recognize the assets and recognized borrowings equal to the transfer proceeds according to IFRS 9.

(iii) For the years ended 31 December 2023 and 2024, the Group did not fulfil certain non-financial covenants as set out in the bank loan facility agreements with total amount of RMB32,200,000 and RMB149,000,000 as at 31 December 2023 and 2024, respectively, which were classified as current liabilities of the Group. The Group did not receive any demand notice for repayment of any bank loans as a result of the aforementioned breach of certain non-financial covenants during the Relevant Periods.

23 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Trade payables due to third-party suppliers	94,377,450	185,980,217	270,526,165
Bills payable	—	11,000,000	10,000,000
Financial liabilities measured at amortised cost	94,377,450	196,980,217	280,526,165
Other payables			
— Deposits	14,434,630	11,888,950	8,571,705
— Government grants payable	4,784,000	4,784,000	1,984,000
— Payables for purchase of property, plant and equipment	378,000	17,566,588	7,011,873
— Commission expenses payable	1,718,928	2,406,339	2,884,699
— Deposit for restricted shares *(Note 28(f)(iv))*	11,600,000	11,600,000	11,600,000
— Others	5,053,402	12,867,952	32,430,085
Accrued payroll and other benefits	17,111,778	22,252,903	19,881,447
VAT and sundry taxes payable	2,713,493	8,765,278	4,938,755
Interest payable	—	—	—
Refund liabilities			
— accrual of sales return	574,744	491,138	428,888
— arising from sales rebate	4,228,888	5,304,355	4,281,443
	156,975,313	294,907,720	374,539,060

The Company

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Trade payables due to			
— third parties	26,217,795	117,876,762	105,552,181
— subsidiaries	9,247,156	35,201,493	197,395,734
Bills payable	—	11,000,000	10,000,000
Financial liabilities measured at amortised cost	35,464,951	164,078,255	312,947,915
Other payables			
— Deposits	558,475	530,000	400,000
— Government grants payable	4,284,000	4,284,000	1,484,000
— Payables for purchase of property, plant and equipment	—	—	2,028,802
— Commission expenses payable	188,679	420,000	—
— Others	5,494,329	9,698,484	15,759,766
Accrued payroll and other benefits	15,906,766	20,443,803	15,210,347
VAT and sundry taxes payable	1,519,510	7,764,963	2,281,375
Interest payable	—	—	—
Refund liabilities			
— accrual of sales return	49,843	28,689	31,885
	63,466,553	207,248,194	350,144,090

As of the end of the Relevant Periods, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within 1 year	93,402,935	179,561,922	265,049,045
1 year to 2 years	974,515	5,773,415	1,489,846
Over 2 years	—	644,880	3,987,274
	94,377,450	185,980,217	270,526,165

The Company

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Within 1 year	34,818,366	148,774,144	295,746,558
1 year to 2 years	646,585	3,659,231	3,228,379
Over 2 years	—	644,880	3,972,978
	35,464,951	153,078,255	302,947,915

24 LEASE LIABILITIES

As of the end of the Relevant Periods, the lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Within 1 year	2,383,426	7,037,225	3,222,155
After 1 year but within 2 years	2,506,679	5,674,245	1,465,333
After 2 years but within 5 years	5,793,031	9,769,633	1,140,204
	8,299,710	15,443,878	2,605,537
	10,683,136	22,481,103	5,827,692

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Within 1 year	1,384,710	1,444,253	2,726,437
After 1 year but within 2 years	1,444,252	1,550,055	2,868,015
After 2 years but within 5 years	4,662,830	3,112,775	5,635,881
	6,107,082	4,662,830	8,503,896
	7,491,792	6,107,083	11,230,333

25 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Current			
Financial instruments issued to investors of subsidiaries of the Company *(Note 25(b))*	28,869,927	—	—
Non-current			
Financial instruments issued to investors of the Company *(Note 25(a))*	—	—	—
Financial instruments issued to investors of subsidiaries of the Company *(Note 25(b))*	—	—	—
	28,869,927	—	—

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Current			
Financial instruments issued to investors the Company *(Note 25(b))*	28,869,927	—	—
Non-current			
Financial instruments issued to investors of the Company *(Note 25(a))*	—	—	—
Financial instruments issued to investors of subsidiaries of the Company *(Note 25(b))*	—	—	—
	28,869,927	—	—

(a) Financial instruments issued to investors of the Company:

Pursuant to the agreements between the Company and its investors, the Company agreed to issue its registered capital to certain investors who were granted the right to require the Company to redeem their paid-in capital for cash upon specified events (the "Preferred Rights").

The Company recognised its obligation to pay cash to those investors with Preferred Rights as financial liabilities, because not all triggering events are within the control of the Company. The financial liabilities are measured at the present value of the redemption amount.

The movements of the redemption liabilities during the Relevant Periods are as follows:

	As at 31 December		
	2022	**2023**	**2024**
At the beginning of the year	499,590,000	—	—
Recognition of financial instruments issued to investors	394,968,000	—	—
Termination of financial instruments issued to investors *(Note)*	(894,558,000)	—	—
At the end of the year	—	—	—

Note: In August 2022, pursuant to the supplementary agreement signed by the Company and the investors with Preferred Rights, the investors' Preferred Rights were terminated. Hence, the financial liabilities were derecognised and the carrying amount of the financial liabilities were reclassified to equity thereafter.

(b) Financial instruments issued to investors of subsidiaries of the Company:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Investor A *(Note i)*	—	—	—
Investor B *(Note ii)*	28,869,927	—	—
	28,869,927	—	—

The movements of financial instruments issued to investors of subsidiaries during the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
At the beginning of the year	69,530,154	28,869,927	—
Interest charges	6,463,781	272,183	—
Interest paid	—	—	—
Termination of financial instruments issued to investors	(47,124,008)	(29,142,110)	—
At the end of the year	28,869,927	—	—

Note i: In March 2020, the Group and Investor A entered into an agreement of capital injection into a subsidiary of the Company, which the Company held 70% and Investor A held 30% of the subsidiary's equity interest.

Pursuant to the agreement, the Group also granted the Investor A with a put option that Investor A could sell the 30% equity it held at an annual simple interest rate of 8% plus the original amounts paid when repurchase condition reached. Investor A made capital injection of RMB30,000,000 as at 31 December 2021.

In August 2022, Investor A exercised the put option and entered into an equity transfer agreement with the Group. Pursuant to the agreement, the Group shall repurchase all equity interest in the subsidiary held by Investor A at a consideration of RMB36,349,433. The consideration was repaid in December 2022.

Note ii: In March 2020, the Group and Investor B entered into an agreement to establish a Company located in Shandong ("Shandong Company") with the Group held 70% and Investor B held 30% of the Shandong Company's equity interest, respectively.

Pursuant to the agreement, the Group shall repurchase all equity interest held by Investor B at an annual simple interest rate of 6.2% plus the original amounts paid. Investor B made capital injection of RMB35,000,000 as at 31 December 2021.

In March 2022, the Group entered into an equity transfer agreement with Investor B to acquire 10% equity interest in Shandong Company held by Investor B at a consideration of RMB10,774,575, which has been repaid in 2022.

In August 2022, the Group entered into an equity transfer agreement with Investor B to acquire the remaining 20% equity interest in Shandong Company held by Investor B. The consideration of RMB25,000,000 plus interest of RMB4,142,110 was paid in early 2023.

26 PROVISIONS

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Product warranty provision	7,456,812	11,764,990	12,538,572
Financial guarantee issued *(Note 30)*	92,048	492,138	3,057,538
Onerous contracts	—	—	875,590
	7,548,860	12,257,128	16,471,700

Product warranty provision:

	RMB
At 1 January 2022	4,696,130
Provision for the year	10,304,310
Utilisation during the year	(7,543,628)
At 31 December 2022	7,456,812
Provision for the year	13,448,739
Utilisation during the year	(9,140,561)
At 31 December 2023	11,764,990
Provision for the year	18,608,549
Utilisation during the year	(17,834,967)
At 31 December 2024	12,538,572

A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 6 to 60 months from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

The Group was in contracts with certain customers to whom the Group provides repairment services that were operating at a loss. The obligation for the future payments of these customers, net of expected service income, has been provided for.

27 EQUITY-SETTLED SHARE-BASED PAYMENT

The Company has adopted a Restricted Share Scheme, whereby the directors of the Company may, at their discretion, offer to grant a share award to subscribe shares (or share capital before the Company's conversion into a joint stock Company (see Note 28(c)(i))), to attract and retain the talents and to provide incentives that align the interests of Shareholders, the Company and employees (the "Grantees"), for long-term development of the Company. Pursuant to the Restricted Share Scheme, the Company has granted certain restricted shares to the Grantees at a fixed subscription price. All the restricted shares granted shall be vested at the date of 36 months from the date of grant or the date of completion of a qualified listing, whichever is later. The restricted shares are subject to certain transfer and disposal restrictions until the completion of the vesting. Upon the occurrence of certain events within the vesting period, including an employee ceased employment with the Group, the restricted shares would be forfeited and redeemed at the price of subscription price plus simple interest.

(a) The details of the grants are as follows:

	Number of restricted shares#	Subscription price# RMB
Restricted shares granted to directors:		
— on 1 February 2020*	—	NA
— on 1 March 2022	3,091,551	0.78
— on 3 March 2023	—	NA
— on 22 September 2023	—	NA
— on 20 December 2023	—	NA
Restricted shares granted to employees:		
— on 1 February 2020*	9,923,879	0.49
— on 1 March 2022	17,518,790	0.78
— on 3 March 2023	393,500	0.78
— on 22 September 2023	487,500	0.97
— on 20 December 2023	380,000	0.97

* The restricted shares granted on 1 February 2020 are settled by Shanghai Fangao Business Consulting partnership (Limited Partnership)*上海方翱商務諮詢合夥企業(有限合夥)("Shanghai Fangao"), a limited partnership controlled by Mr. Chen Fangming, as its general partner.

The number of restricted shares and subscription price before the Company's conversion into a joint stock Company were adjusted for the exchange ratio established in the conversion in November 2022.

(b) Set out below is the movement in number of the underlying shares of the Company under the Restricted Shares Scheme (after taking into account of the Company's conversion into a joint stock company as disclosed in Note 28(c)(i), assuming the conversion had been effective on 1 January 2021):

	As at 31 December					
	2022		2023		2024	
	Weighted average fair value	Number of restricted shares	Weighted average fair value	Number of restricted shares	Weighted average fair value	Number of restricted shares
	RMB		RMB		RMB	
Outstanding at the beginning of the year	0.76	9,521,977	4.08	29,143,022	4.96	25,977,951
Granted during the year	5.45	20,610,341	15.48	1,261,000	—	—
Forfeited during the year	0.76	(989,296)	2.18	(4,426,071)	12.10	(191,526)
Outstanding at the end of the year	4.08	29,143,022	4.96	25,977,951	4.90	25,786,425

(c) Expenses for the share-based compensation have been charged to the consolidated statements of profit or loss and other comprehensive income as follow:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Cost of sales	48,491	57,840	57,840
Selling expenses	6,129,972	5,376,844	6,472,116
Administrative expenses	20,907,534	22,876,160	24,168,278
Research and development costs	1,967,827	1,347,991	2,779,403
	29,053,824	29,658,835	33,477,637

(d) Valuation

(i) The restricted shares granted in 2020 and 2022

The fair value of share-based compensation in respect of restricted shares granted to the Grantees on 1 February 2020 and the Grantees on 3 March 2022 was estimated to be RMB1.57 and RMB11.24, respectively. The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. Equity allocation model method was used to determine the underlying equity fair value of the Company, based on which, the fair value of per underlying share was calculated considering total number of shares.

Key assumptions adopted in determining the fair value are as follows:

	1 February 2020	1 March 2022
Risk-free interest rate	3.20%	2.90%
Volatility	37.00%	37.30%

(ii) The restricted shares granted in 2023

The fair value of share-based compensation in respect of restricted shares granted to the Grantees on 3 March 2023 was estimated to be RMB14.31. The fair value is estimated based on the difference between the recent financing price and the proceeds received from the Grantees.

The fair value of share-based compensation in respect restricted shares granted to the Grantees on 22 September 2023 and 20 December 2023 was estimated to be RMB16.01. The fair value is estimated based on the difference between the adjusted recent financing price and the proceeds received from the Grantees.

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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 Relevant Periods are set out below:

	Note	Paid-in capital RMB	Share capital RMB	Share premium RMB	Capital Reserve RMB	Other reserve RMB	Fair value reserve RMB	Accumulated losses RMB	Total (deficit)/ equity RMB
Balance at 1 January 2022		126,663,600	—	—	226,655,617	(499,590,000)	—	(198,689,004)	(344,959,787)
Loss for the year		—	—	—	—	—	—	(116,019,870)	(116,019,870)
Other comprehensive income		—	—	—	—	—	8,062,152	—	8,062,152
Total comprehensive income		—	—	—	—	—	8,062,152	(116,019,870)	(107,957,718)
Capital contribution by investors	28(b)	10,000,000	—	—	6,000,000	—	—	—	16,000,000
Issuance of financial instruments to investors, with preferred rights net of transaction cost	28(b)	8,894,400	—	—	187,047,336	—	—	—	195,941,736
Recognition of financial instruments with preferred rights	25(a)	—	—	—	—	(394,968,000)	—	—	(394,968,000)
Termination of financial instruments with preferred rights	25(a)	—	—	—	—	894,558,000	—	—	894,558,000
Conversion into a joint stock company	28(c)	(145,558,000)	300,000,000	13,283,150	(436,047,344)	—	—	268,322,194	—
Issuance of ordinary shares, net of transaction cost	28(c)	—	26,479,054	351,569,490	—	—	—	—	378,048,544
Equity settled share-based payment	27	—	—	—	29,053,824	—	—	—	29,053,824
Balance at 31 December 2022		—	326,479,054	364,852,640	12,709,433	—	8,062,152	(46,386,680)	665,716,599
Loss for the year		—	—	—	—	—	—	(117,289,872)	(117,289,872)
Other comprehensive income		—	—	—	—	—	105,139	—	105,139
Total comprehensive income		—	—	—	—	—	105,139	(117,289,872)	(117,184,733)
Issuance of ordinary shares, net of transaction cost	28(c)	—	40,172,708	527,471,603	—	—	—	—	567,644,311
Equity settled share-based payment	27	—	—	—	29,658,835	—	—	—	29,658,835
Balance at 31 December 2023		—	366,651,762	892,324,243	42,368,268	—	8,167,291	(163,676,552)	1,145,835,012
Loss for the year		—	—	—	—	—	—	(125,591,744)	(125,591,744)
Other comprehensive income		—	—	—	—	—	1,148,455	—	1,148,455
Total comprehensive income		—	—	—	—	—	1,148,455	(125,591,744)	(124,443,289)
Equity settled share-based payment	27	—	—	—	33,477,637	—	—	—	33,477,637
Balance at 31 December 2024		—	366,651,762	892,324,243	75,845,905	—	9,315,746	(289,268,296)	1,054,869,360

(b) Paid-in capital

	Paid-in capital
	RMB
Balance at 1 January 2022	126,663,600
Capital contribution by investors (i)	10,000,000
Issuance of financial instruments to investors (ii)	8,894,400
Conversion into a joint stock limited company *(Note 28(c))*	(145,558,000)
Balance at 31 December 2022, 2023 and 2024	—

Notes:

(i) Shanghai Jifang Business Consulting Partnership (Limited Partnership) (上海驥方商務諮詢合夥企業(有限合夥)) ("Shanghai Jifang"), an employee shareholding platform, as well as Mr. Qiu Debo and Ms. Yanghui, the senior management of the Company completed the injections totaling RMB16,000,000 in the Company for the subscription of the Company's newly issued paid-in capital of RMB10,000,000.

(ii) For the year ended 31 December 2022, the Series B and Series C Investors completed the injections totaling RMB197,484,000 in the Company for the subscription of the Company's newly issued paid-in capital of RMB8,894,400. The excess of the aggregate consideration of RMB197,484,000 over the increase in the paid-in capital of RMB8,894,400, net of transaction cost of RMB1,542,264, amounting to RMB187,047,336 was credited to the capital reserve.

(c) Share capital

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	Ordinary share	
	Number of shares	Amount
		RMB
Ordinary shares, issued and fully paid:		
Balance at 1 January 2022	—	—
Share issued upon conversion into a joint stock company (i)	300,000,000	300,000,000
Capital contributions by investors (ii)	26,479,054	26,479,054
Balance at 31 December 2022	326,479,054	326,479,054
Capital contributions by investors (iii)	40,172,708	40,172,708
Balance at 31 December 2023 and 2024	366,651,762	366,651,762

(i) Pursuant to the shareholders' resolutions and the promoters' agreement dated 5 November 2022, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is 31 August 2022, including paid-in capital, capital reserve and accumulated loss were converted into 300,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. Upon the completion of registration with the Shanghai Administration for Industry and Commerce on 23 November 2022, the Company was converted into a joint stock limited liability company under PRC Company Law, and renamed to Breton Technology Co., Ltd.* (博雷頓科技股份公司).

(ii) In December 2022, the Company entered into an investment agreement with Hunan Xiangtan Caixin Chanxing Equity Investment Partnership Enterprise (Limited Partnership)* (湖南湘潭財信產興股權投資合夥企業(有限合夥)) ("Xiangtan Caixin"), Tianjin Xingyue Puyu Technology Co., Ltd.* (天津星月璞瑜科技有限責任公司) ("Tianjin Puyu") and Jiaxing Xuying Equity Investment Partnership (Limited Partnership)* (嘉興序盈股權投資合夥企業(有限合夥)) ("Jiaxing Xuying"), pursuant to which, the investors subscribed for 26,479,054 ordinary shares of the Company at a consideration of RMB379,000,000. The excess of the consideration of RMB379,000,000, over the increase in the share capital of RMB26,479,054, net of transaction cost of RMB951,456, amounting to RMB351,569,490 was credited to share premium.

(iii) In December 2022, the Company entered into an investment agreement with Jinhua Boleidun Talent Equity Investment Partnership (Limited Partnership)* (金華市博雷頓人才股權投資合夥企業(有限合夥)) ("Jinhua Boleidun"), pursuant to which, the investor subscribed for 13,973,116 ordinary shares at a consideration or RMB200,000,000. The excess of the consideration of RMB200,000,000, over the increase in the share capital of RMB13,973,116, net of transaction cost of RMB1,415,094, amounting to RMB184,611,790, was credited to the Company's share premium. The consideration has been fully paid in January 2023.

In February 2023, the Company entered into an investment agreement with Hubei Changjiang Automobile Valley Industry Investment Fund Partnership (Limited Partnership)* (湖北長江車谷產業投資基金合夥企業(有限合夥)) ("Changjiang Automobile Valley") and Shandong Province New and Old Kinetic Energy Conversion Cross-Border Venture Capital FOF Fund Partnership (Limited Partnership)* (山東新舊動能轉換跨境創投母基金合夥企業(有限合夥)) ("Shandong Kinetic Energy"), pursuant to which, the investors subscribed for 26,199,592 ordinary shares of the Company at a consideration of RMB375,000,000. The excess of the consideration RMB375,000,000, over the increase in the share capital of RMB26,199,592, net of transaction cost of RMB5,940,595, amounting to RMB342,859,813, was credited to the Company's share premium. The consideration was fully paid from February to March 2023.

* *The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.*

(d) Other comprehensive income

Tax effects relating to each component of other comprehensive income:

	2022		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	RMB	RMB	RMB
Equity investments at fair value through other comprehensive income — net movement in fair value reserves (not recycling)	10,975,309	(2,743,827)	8,231,482

	2023		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	RMB	RMB	RMB
Equity investments at fair value through other comprehensive income — net movement in fair value reserves (not recycling)	631,532	(157,883)	473,649

	2024		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	RMB	RMB	RMB
Equity investments at fair value through other comprehensive income — net movement in fair value reserves (not recycling)	1,401,729	(350,432)	1,051,297

(e) Dividends

No dividends were paid or declared by the Company during the Relevant Periods.

(f) Nature and purpose of reserves

(i) Share premium

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Capital reserve

The capital reserve primarily represents the excess of the net contributions from the shareholders of the Company over the total paid-in capital, and equity-settled share based payment (see Note 27).

(iii) Other reserve

The other reserve primarily comprises the recognition of financial instruments issued to investors as stipulated in Note 25.

(iv) Shares held for Restricted Shares Scheme

In March 2022, the Company issued 7,250,000 registered capital (14,942,497 shares after the conversion into a joint stock company. See Note 28(c)) to Shanghai Jifang, which held the shares under the Restricted Shares Scheme (See Note 27), at RMB1.6 per registered capital. The total consideration the Company received is RMB11,600,000, which were credited to other reserve.

As the Company has the power to govern the relevant activities of Shanghai Jifang and can derive benefits from the contributions of the employees who were awarded with the shares under Restricted Shares Scheme, Shanghai Jifang was consolidated.

(v) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of other investments designated at FVOCI under IFRS 9 that are held at the end of the reporting date.

(g) Capital risk 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.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets and financial guarantees. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are banks and financial institutions with low credit risk confirmed by the Group.

Except for the financial guarantee provided by the Group as set out in Note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in Note 30.

Impairment losses on trade and other receivables and contract assets recognised in profit or loss are RMB26,793,194, RMB37,775,596 and RMB80,532,452 during the years ended 31 December 2022, 2023 and 2024 respectively.

Trade receivables

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background and financial strengths, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Trade receivables under credit sales arrangement are normally due within 1 to 6 months from the date of billing. Sales under instalment payment method that has instalment payment periods is generally ranging from 6 to 60 months.

The Group measures loss allowances for trade receivables and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. According to the past experience of the Group, the loss patterns of different customer groups are significantly different. The Group classifies customers into customer groups based on a number of factors including their ownership background and financial strength, and the industries in which they operate, etc. The Group estimates loss allowance for trade receivables for each of the customer groups with similar loss patterns.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of 31 December 2022, 2023 and 2024, 11%, 9% and 11% of the total trade receivables was due from the Group's largest customer, respectively, and 33%, 32% and 34% of the total trade receivables, respectively, were due from the Group's five largest customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB**	**RMB**
Current (not past due)	14.71%	172,914,426	(25,440,293)
Overdue less than 1 year	15.52%	97,645,594	(15,153,860)
Overdue 1–2 years	43.16%	6,007,864	(2,592,890)
Overdue 2–3 years	96.49%	1,053,775	(1,016,777)
		277,621,659	(44,203,820)

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB**	**RMB**
Current (not past due)	8.94%	261,888,588	(23,401,968)
Overdue less than 1 year	20.88%	153,163,554	(31,979,864)
Overdue 1–2 years	53.51%	30,629,428	(16,389,096)
Overdue 2–3 years	96.67%	5,387,650	(5,208,488)
		451,069,220	(76,979,416)

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB	RMB
Current (not past due)	9.69%	251,597,872	(24,372,816)
Overdue less than 1 year	24.77%	230,885,137	(57,179,521)
Overdue 1–2 years	52.99%	96,215,846	(50,985,241)
Overdue 2–3 years	99.32%	24,453,885	(24,287,819)
		603,152,740	(156,825,397)

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
At the beginning of the year	17,485,342	44,203,820	76,979,416
Impairment losses recognised	26,718,478	33,075,596	79,845,981
Uncollectable amounts written off	—	(300,000)	—
At the end of the year	44,203,820	76,979,416	156,825,397

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
At the beginning of the year	—	74,716	4,774,716
Impairment losses recognised	74,716	4,700,000	650,000
At the end of the year	74,716	4,774,716	5,424,716

Movement in the loss allowance account in respect of contract assets during the year is as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
At the beginning of the year	—	—	—
Impairment losses recognised	—	—	36,471
At the end of the year	—	—	36,471

(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.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative 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 the reporting period) and the earliest date the Group and can be required to pay:

	As at 31 December 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB	RMB	RMB	RMB	RMB
Loans and borrowings	96,398,528	59,693,830	—	156,092,358	151,375,599
Trade and other payables	156,975,313	—	—	156,975,313	156,975,313
Lease liabilities	2,857,774	2,857,774	6,147,379	11,862,927	10,683,136
Financial instrument issued to investors	28,869,927	—	—	28,869,927	28,869,927
	285,101,542	62,551,604	6,147,379	353,800,525	347,903,975
Financial guarantees issued and payment commitments maximum exposure *(Note 30)*	8,630,320	5,818,017	2,930,233	17,384,570	92,048

	As 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 years but less than 5 years	Total	Carrying amount
	RMB	RMB	RMB	RMB	RMB
Loans and borrowings	100,869,223	27,125,812	35,354,706	163,349,741	153,227,525
Trade and other payables	294,907,720	—	—	294,907,720	294,907,720
Lease liabilities	7,433,739	6,239,457	9,921,874	23,595,070	22,481,103
	403,210,682	33,365,269	45,276,580	481,852,531	470,616,348
Financial guarantees issued and payment commitments maximum exposure *(Note 30)*	56,801,758	48,301,766	16,009,219	121,112,743	492,138

	As 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 years but less than 5 years	Total	Carrying amount
	RMB	RMB	RMB	RMB	RMB
Loans and borrowings	275,710,225	45,850,731	42,717,227	364,278,183	352,312,814
Trade and other payables	374,539,060	—	—	374,539,060	374,539,060
Lease liabilities	3,417,358	1,552,556	1,164,417	6,134,331	5,827,692
	653,666,643	47,403,287	43,881,644	744,951,574	732,679,566
Financial guarantees issued and payment commitments maximum exposure *(Note 30)*	162,477,907	120,793,908	60,808,033	344,079,848	3,057,538

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. The Group's interest-bearing financial instruments at variable rates as at 31 December 2022, 2023 and 2024 are primarily the cash at bank and borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

(i) The Group's interest rate profile as monitored by management is set out below.

	As at 31 December					
	2022		2023		2024	
	Interest rate		Interest rate		Interest rate	
	%	RMB	%	RMB	%	RMB
Fixed rate:						
Lease liabilities	4.18%	10,683,136	3.39%	22,481,103	4.3%–6.2%	5,827,692
Short-term loans and borrowings	3.00%–4.70%	91,907,758	3.00%–4.35%	99,233,327	3.2%–3.7%	265,868,955
Long-term loans and borrowings	4.00%–4.35%	50,467,841	3.85%–4.90%	53,994,198	2.8%–3.9%	79,223,985
Other borrowings	9.52%	9,000,000	/	—	5.98%	7,219,874
Financial instruments issued to investors	6.20%–8.00%	28,869,927	/	—	/	—
		190,928,662		175,708,628		358,140,506
Variable rate:						
Cash and cash equivalents	0.25%	270,260,321	0.25%	422,072,291	0.25%	199,254,000
Pledged bank deposits	0.25%	4,700,000	0.25%	5,278,000	0.25%	4,208,000
		274,960,321		427,350,291		203,462,000

(ii) Sensitivity analysis

At 31 December 2022, 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax by approximately RMB1,909,287, RMB1,757,086 and RMB3,581,405 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Recurring fair value measurement				
Financial assets measured at FVOCI				
— Unlisted equity securities	18,938,509	—	—	18,938,509

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Recurring fair value measurement				
Financial assets measured at FVOCI				
— Unlisted equity securities	19,093,387	—	—	19,093,387

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Recurring fair value measurement				
Financial assets measured at FVOCI				
— Unlisted equity securities	41,734,716	—	—	41,734,716

During the years ended 31 December 2022, 2023 and 2024, 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 the Relevant Periods in which they occur.

Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined based on medium market multiples (e.g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate.

As at 31 December 2022, 2023 and 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack marketability by 1% would have decrease/increase the Group's loss by RMB25,091, RMB24,839 and RMB239,891 respectively.

The movement during the year in balance of Level 3 fair value measurement is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Unlisted equity securities:			
At 1 January	300,000	18,938,509	19,093,387
Additional securities acquired	7,663,200	—	—
Transferred from an associate *(Note 12)*	—	—	22,739,600
Transferred to associates	—	(476,654)	—
Disposals	—	—	(1,500,000)
Changes in fair value	10,975,309	631,532	1,401,729
At 31 December	18,938,509	19,093,387	41,734,716

The net gains arising from remeasurement of unlisted equity securities are presented in the "Other comprehensive income" line item in the consolidated statements of profit or loss and other comprehensive income.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022, 2023 and 2024.

30 FINANCIAL GUARANTEE ISSUED

Certain customers of the Group finance their purchase of the Group's products through finance leases provided by third-party leasing companies. The Group undertakes the joint liability guarantee for these customers. In the event of customer default, the Group is required to make payments to the third-party leasing companies for the outstanding amounts due from the customers. At the same time, the Group is entitled to repossess and purchase the leased products, and retain any net proceeds in excess of the guarantee payments made to the leasing companies. The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 1 to 4 years.

The initial fair value of the financial guarantees upon the initial recognition was immaterial, which was measured based on the future net cash outflow. Subsequently, the financial guarantee contract was measured at the higher of the initial recognised amount and the expected credit loss allowance. As at 31 December 2022, 2023 and 2024, the Group's maximum exposure to such guarantees was RMB17,384,570, RMB121,112,743 and RMB344,079,848, respectively. During the Relevant Periods, no customer default incurred.

31 COMMITMENTS

Purchase and capital commitments

Capital commitments outstanding as at 31 December 2022, 2023 and 2024 not provided for in the consolidated financial statements were as follows:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Contracted for	—	101,313,086	36,017,574

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationship of the related parties that had material transactions with the Group during the Relevant Periods

Name of related parties	Relationship
Mr. Chen Fangming	One of the Controlling Shareholders*
Shanghai Huansheng New Energy Technology Co., Ltd.	Associate (till August 2022)
Jiangxi Breton New Energy Technology Co., Ltd.	Associate (till December 2022)
Breton (Jinhua) New Energy Co., Ltd.	Associate
Breton Tianrun (Jiangsu) New Energy Co., Ltd.	Associate
Breton Tianyue (Ningxia) New Energy Co., Ltd.	Associate
Sichuan Breton Tianyi New Energy Technology Co., Ltd.	Associate
Moudi Smart Technology Co., Ltd.	Associate (till September 2024)
Shanxi Huanghe Green Energy Technology Co., Ltd.	Associate
Shaanxi Lingbo Operation Technology Co., Ltd.	Associate
Lituo (Shandong) New Energy Technology Co., Ltd.	Associate
Chongqing Changling Technology Co., Ltd.	Associate
Henan Breton Construction Machinery Co., Ltd.	Associate
Breton Jungang (Shandong) Energy Technology Co., Ltd.	Associate
Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd.	Associate
Hunan Lvdian Breton New Energy Co., Ltd.	Associate
Xinjiang Breton New Energy Technology Co., Ltd.	Associate (till October 2023)
Shanghai Yijin Investment Co., Ltd. ("Shanghai Yijin")	One of the Controlling Shareholders*
Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership)	Shareholder
Suzhou Zhongding No.5 Qinglan Equity Investment Fund Partnership (Limited Partnership)	Shareholder

* The controlling shareholders comprise Mr. Chen Fangming, Shanghai Fangao, Shanghai Cloud Tribe Yijin Venture Capital Center (limited Partnership) (上海雲部落易津創業投資中心(有限合夥)), Shanghai Cloud Tribe Yijin Venture Capital Management Co., Ltd. (上海雲部落易津創業投資管理有限公司), Shanghai Yijin, Shanghai Yijin Venture Capital Management Co., Ltd. (上海易津創業投資管理有限公司), and Shanghai Yijin Investment Management Firm (Limited Partnership) (上海易津投資管理事務所(有限合夥)) ("the Controlling Shareholders").

(b) Transactions with related parties

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Sales of products and rental income			
Breton (Jinhua) New Energy Co., Ltd.	—	7,058,337	4,068,510
Breton Tianrun (Jiangsu) New Energy Co., Ltd.	—	31,679,227	38,275,794
Breton Tianyue (Ningxia) New Energy Co., Ltd.	—	5,948,496	3,287,018
Breton Jungang (Shandong) Energy Technology Co., Ltd.	—	—	4,177,893
Moudi Smart Technology Co., Ltd.	—	3,851,097	294,478
Shanxi Huanghe Green Energy Technology Co., Ltd.	17,727,487	36,637,359	42,707,258
Shaanxi Lingbo Operation Technology Co., Ltd.	5,814,159	36,071,593	2,718,179
Sichuan Breton Tianyi New Energy Technology Co., Ltd.	—	—	7,259,987
Chongqing Changling Technology Co., Ltd.	—	2,745,133	1,045,712
Henan Breton Construction Machinery Co., Ltd.	901,988	22,036,966	6,928,543
Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd.	—	—	70,899,022
Hunan Lvdian Breton New Energy Co., Ltd.	—	—	86,935,889
Xinjiang Breton New Energy Technology Co., Ltd.	4,781,915	28,231,946	—
	29,225,549	174,260,154	268,598,283

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Interest expense			
Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership)	530,882	—	—
Suzhou Zhongding No.5 Qinglan Equity Investment Fund Partnership (Limited Partnership)	45,940	—	—
Shanghai Yijin Investment Co., Ltd.	333,073	—	—
	909,895	—	—

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Repayment of loans and borrowings			
Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership)	7,362,857	—	—
Suzhou Zhongding No.5 Qinglan Equity Investment Fund Partnership (Limited Partnership)	637,143	—	—
Shanghai Yijin Investment Co., Ltd.	19,000,000	—	—
	27,000,000	—	—

(c) Balance with related parties

Trade and other receivables

Trade in nature:

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Breton (Jinhua) New Energy Co., Ltd.	—	6,744,500	3,312,000
Breton Jungang (Shandong) Energy Technology Co., Ltd.	—	—	1,975,275
Breton Tianrun (Jiangsu) New Energy Co., Ltd.	—	19,861,295	33,273,188
Breton Tianyue (Ningxia) New Energy Co., Ltd.	—	5,850,000	1,015,598
Moudi Smart Technology Co., Ltd.	—	4,209,099	—
Shanxi Huanghe Green Energy Technology Co., Ltd.	7,439,000	31,694,812	36,464,590
Shaanxi Lingbo Operation Technology Co., Ltd.	3,120,000	39,079,565	37,087,136
Sichuan Breton Tianyi New Energy Technology Co., Ltd.	—	—	5,358,757
Chongqing Changling Technology Co., Ltd.	—	4,136,000	1,376,000
Henan Breton Construction Machinery Co., Ltd.	1,019,246	17,731,565	10,259,109
Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd.	—	—	25,953,141
Hunan Lvdian Breton New Energy Co., Ltd.	—	—	64,089,446
Xinjiang Breton New Energy Technology Co., Ltd.	3,490,827	—	—
	15,069,073	129,306,836	220,164,240

Trade and other payables

Trade in nature:

	As at 31 December		
	2022	**2023**	**2024**
	RMB	**RMB**	**RMB**
Breton (Jinhua) New Energy Co., Ltd.	—	—	50,000
Breton Tianrun (Jiangsu) New Energy Co., Ltd.	—	20,000	70,619
Shaanxi Lingbo Operation Technology Co., Ltd.	442,478	707,965	707,965
Henan Breton Construction Machinery Co., Ltd.	340,910	1,175,912	454,737
Shanxi Huanghe Green Energy Technology Co., Ltd.	1,265,310	1,726,089	456,827
Xinjiang Breton New Energy Technology Co., Ltd.	542,705	—	—
Hunan Lvdian Breton New Energy Co., Ltd.	—	—	1,336,585
Hebei Lvyuan Tiancheng New Energy Technology Co., Ltd.	—	—	10,197,171
Breton Jungang (Shandong) Energy Technology Co., Ltd.	—	—	290,000
	2,591,403	3,629,966	13,563,904

Non-trade in nature:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Xinjiang Breton New Energy Technology Co., Ltd.	227,650	—	—

Contract liabilities

Trade in nature:

	As at 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Sichuan Breton Tianyi New Energy Technology Co., Ltd.	—	1,139,823	13,274
Breton (Jinhua) New Energy Co., Ltd.	—	—	75,221
Breton Tianyue (Ningxia) New Energy Co., Ltd.	—	—	2,075
Henan Breton Construction Machinery Co., Ltd.	—	752,212	—
Shanxi Huanghe Green Energy Technology Co., Ltd.	2,402,302	77,892	48,693
Breton Tianrun (Jiangsu) New Energy Co., Ltd.	—	1,915	115,990
Shaanxi Lingbo Operation Technology Co., Ltd.	—	7,522	—
Xinjiang Breton New Energy Technology Co., Ltd.	382,567	—	—
	2,784,869	1,979,364	255,253

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB	RMB	RMB
Salaries, allowances and benefits in kind	2,193,793	4,028,466	4,563,985
Discretionary bonuses	201,546	266,425	744,875
Contributions to retirement benefit schemes	172,116	375,901	319,988
Equity-settled share-based payment	8,380,938	12,912,211	17,453,277
	10,948,393	17,583,003	23,082,125

(e) Guarantee provided by related parties

As disclosed in Note 22, the bank loans and other borrowings of RMB119,575,599, RMB65,840,000 and nil as at 31 December 2022, 2023 and 2024, respectively, were guaranteed by one of the Controlling Shareholders.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Relevant Periods, and which have not been adopted in preparing the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements Basis for conclusions on IFRS 18 Illustrative examples on IFRS 18*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

34 SUBSEQUENT EVENTS

There was no material non-adjusting event after reporting period up to the date of this report.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries that comprise the Group in respect of any period subsequent to 31 December 2024.

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below for the purpose to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2024 as if it had taken place on December 31, 2024.

The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of December 31, 2024 or at any future date.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of December 31, 2024(1)	Estimated net proceeds from this Global Offering(2)	Unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company Per H Share(3)	
	RMB	*RMB(4)*	*RMB*	*RMB(4)*	*HK$(4)*
Based on an Offer Price of HK$18.00 per H Share	679,320,057	170,449,982	849,770,039	2.33	2.51

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2024 is arrived at after deducting intangible assets of RMB2,960,937 from the total equity attributable to equity shareholders of the Company of RMB682,280,994 as at December 31, 2024, as shown in the Accountants' Report as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offerings are based on the indicative Offering Price of HK$18.00 per H Share and 13,000,000 H Shares expected to be issued under the Global Offering, after deduction of the underwriting commissions and other listing related expenses paid or payable by the Company (excluding the listing expense of RMB33,149,491 charged to profit or loss prior to December 31, 2024), and takes no account of any shares that may be issued upon issued upon exercise of the Over-Allotment Option or pursuant to the Restricted Shares Scheme.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company by 364,709,265 Shares, being the number of shares expected following the completion of the Global Offering (excluding 14,942,497 shares held for Restricted Shares Scheme as shown in Note 28(f)(iv) to the Accountants' Report set out in Appendix I to this prospectus), and does not take into any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the Restricted Shares Scheme.

(4) For illustrative purpose, the estimated net proceeds from the Global Offering is converted from Hong Kong dollar into Renminbi and the unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company per Share is converted from Renminbi into Hong Kong dollar at the exchange rate of HK$1.00 to RMB0.9289, the exchange rate set by PBOC prevailing on the Latest Practicable Date. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at the rate or at any other date.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets attributable to equity shareholder of the Company to reflect any trading results or other transactions entered into subsequent to December 31, 2024.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF BRETON TECHNOLOGY CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Breton Technology Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at December 31, 2024 and related notes as set out in Part A of Appendix II to the prospectus dated 25 April 2025 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2024 as if the Global Offering had taken place at December 31, 2024. As part of this process, information about the Group's financial position as at December 31, 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
25 April 2025

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no legal or tax comments or suggestions will be made accordingly. The discussion has no intention to deal with all possible tax consequences resulting from the investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this prospectus, which is fully subject to change or adjustment and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was promulgated on September 10, 1980 and most recently amended on August 31, 2018 by the Standing Committee of the National People's Congress (the "NPC"), and came into effect on January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended by the State Council on December 18, 2018 and came into effect on January 1, 2019 (collectively the "IIT Law"), dividends distributed by PRC enterprises are generally subject to a withholding individual income tax levied at a flat rate of 20%. Moreover, pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《財政部、國家稅務總局、證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance (the "MOF"), the State Taxation Administration (the "STA") and CSRC on September 7, 2015, where an individual acquires stocks of a listed enterprise from public offering of the enterprise or from the stock transfer market and holds the stocks for more than one year, the income from dividends distributed by the enterprise shall be exempt from individual income tax for the time being; if the individual holds the stocks for one month or less, the income from dividends distributed by the enterprise shall be fully taxable; if the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends distributed by the enterprise shall be taxable; the aforesaid income is subject to an individual income tax at a flat rate of 20%.

For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Indeed, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances. However, pursuant to the Circular of the MOF and the STA on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Deepening the Division of Key Work for Income Distribution System Reform (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). Pursuant to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the STA should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the STA.

Pursuant to the Notice of the STA on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the STA on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Central People's Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on January 20, 2025 (collectively the "EIT Law"), a non-resident enterprise is generally subject to a 10% enterprise income tax (the "EIT") on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation. Notice of the STA on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was promulgated by the STA and came into effect on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) that was promulgated by the STA on July 24, 2009, further provides that any Chinese resident enterprise listed on any overseas stock exchange must withhold EIT at a rate of 10% on dividends distributed to non-PRC resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Central People's Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxation on Share Transfer

Value-added Tax and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the "Circular 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to value-added Tax ("VAT") and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer, while the transfer of financial products by individuals is exempt from VAT.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge.

Income Tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the STA on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The STA has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the MOF, STA and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Tax policies for Shanghai-Hong Kong Stock Connect

On October 31, 2014, the MOF, the STA and the CSRC jointly promulgated the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "Shanghai-Hong Kong Stock Connect Taxation Policy"). Pursuant to the Shanghai-Hong Kong Stock Connect Taxation Policy, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income and EIT is levied on such income in accordance with the law. The income from dividends and bonus obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. Among them, EIT will be exempt according to law for income from dividends and bonus obtained by resident enterprises of the Mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the Mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) that came into effect on December 5, 2019, from December 5, 2019 to December 31, 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is exempt from individual income tax. For dividends and bonus obtained by individual investors of the Mainland of China investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation Limited (the "CSDCC") for provision by the CSDCC to the H-share companies the register of individual investors of the Mainland of China. The H-share companies shall withhold individual income tax at a rate of 20%. According to the Announcement on the Extension of Relevant Preferential Policies for Individual Income Tax (《關於延續實施有關個人所得稅優惠政策的公告》) issued by MOF and the STA on January 16, 2023 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the above-mentioned individual income tax policy shall continue to apply during the period from January 1, 2023 to December 31, 2027.

Tax policies for Shenzhen-Hong Kong Stock Connect

On November 5, 2016, the MOF, the STA and the CSRC jointly issued the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "Shenzhen-Hong Kong Stock Connect Taxation Policy"). Pursuant to the Shenzhen-Hong Kong Stock Connect Taxation Policy, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. The income from dividends and bonus obtained by corporate investors of the Mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. EIT is exempt according to law for income from dividends and bonus obtained by resident enterprises of the Mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the Mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) that came into effect on December 5, 2019, from December 5, 2019 to December 31, 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are exempt from individual income tax. For dividends and bonus obtained by individual investors of the Mainland of China investing in the H Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to the CSDCC for provision by the CSDCC to the H-share companies the register of individual investors of the Mainland of China, and the H-share companies shall withhold individual income tax at a rate of 20%. Pursuant to the Announcement on the Extension of Relevant Preferential Individual Income Tax Policies (《關於延續實施有關個人所得稅優惠政策的公告》) that came into effect on January 16, 2023 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the preferential IIT policies stated in the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region shall continue to be in effect from January 1, 2023 to December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated on June 10, 2021 which took effect on July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and shall pay stamp tax in accordance with the provisions of this law; where entities or individuals, outside the territory of the PRC, conclude taxable certificates that are used within the territory of the PRC, they shall pay stamp tax in accordance with the provisions of this law. Thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

2. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the "SAFE"), with the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations. The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996, implemented on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items. Consequently, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but remains to be not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local counterparts is obtained.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the SAFE at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE, implemented on June 9, 2016 and was amended on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions.

The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations. The Circular on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "Circular 37") was promulgated and implemented by the SAFE on July 4, 2014. According to Circular 37, domestic residents, individuals and entities shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase/decrease, equity transfer or swap, merge and spin-off.

The subsequent foreign exchange business (including remittance of profits and dividend) of a domestic resident who fails to comply with the registration requirements as set out in Circular 37 may be restricted. Domestic residents that have made contributions to special purpose vehicles with domestic and overseas legal assets or equities without the required registration of foreign exchange for offshore investment prior to the implementation of Circular 37 shall issue a letter of explanation to the SAFE containing specific reasons. The SAFE shall make a post-registration following the principles of legality and rationality and impose administrative penalties in case of suspected violation of the Regulations on Foreign Exchange Control of the PRC.

According to the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration Applicable to Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks and the foreign exchange authorities shall indirectly regulate the foreign exchange registration of direct investment through banks. The banks that have obtained financial institution identification codes from foreign exchange authorities and have connected to the Capital Account Information System with the local foreign exchange authorities may directly handle the registration under Circular 37.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023年修正)》) (the "Legislation Law"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State according to the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The NPC may authorize the SCNPC to formulate relevant laws, and the SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the Audit Administration and institutions required by law as well as organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization construction, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 revision) (《中華人民共和國民事訴訟法(2023年修訂)》) (the "Civil Procedure Law"), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018 respectively and the latest revision of which was issued on December 29, 2023 and took effective on July 1, 2024;

- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was latest amended on December 15, 2023 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association" in this document.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method with offering and issuing shares to the public shall file the approval issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Overseas Listing Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish the prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days from the date of the resolution on the reduction;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;

- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the Company Law and the Guidance for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of the structure;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;

- when the board of supervisors proposes; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates.

Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 3% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the Articles of Association, as well as other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;

- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Guidance for Articles of Association.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the PRC Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;

- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or

- other acts in violation of their fiduciary duty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports. When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association occurred; (ii) the shareholders' general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to apply for deregistration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall also file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "Arrangement") promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, the Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In respect of judgments for the award of property, reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. the scope of recognition and enforcement by the courts of the Mainland and of the HKSAR shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and **SFC** issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is expected to be implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as "Shanghai-Hong Kong Stock Connect") by the Shanghai Stock Exchange (hereinafter referred to as "SSE"), the Stock Exchange, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as "CSDCC") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A + H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by SFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and SFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC amended the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

This Appendix contains a summary of the principal provisions of the Articles of Association adopted by the Company, which will become effective on the date on which the H Shares are listed on the Hong Kong Stock Exchange. The main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association of the Company, and therefore it may not contain all the information that is important for potential investors.

SHARES AND REGISTERED CAPITAL

Shares of the Company shall take the form of share certificates. The shares issued by the Company shall be denominated in RMB. The par value per share is RMB1.00.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights.

Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares for which it or he or she subscribes for.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Capital Increase

The Company may, based on its business and development needs and in accordance with the laws and regulations, increase its capital in the following ways, subject to separate resolutions of the shareholders' general meeting:

1. Public offering of shares;
2. Non-public issuance of shares;
3. Shares placing to its existing shareholders;
4. distributing bonus shares to its existing shareholders;
5. Conversion of capital reserve into share capital;
6. other means as is stipulated by laws, administrative regulations, or as approved by relevant regulatory authorities.

Capital reduction

The Company may reduce its registered capital. When the company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law and other relevant regulations and the Articles of Association.

Shares repurchase

The Company shall not buy back its shares, except in one of the following circumstances:

1. reducing the registered capital of the Company;

2. merging with another company that holds shares in the Company;

3. using shares for employee stock ownership plan or equity incentives;

4. shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;

5. to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

6. where it is necessary for the Company to preserve its value and shareholders' interest;

7. other circumstances recognized by laws, administrative regulations and other relevant regulations.

The Company may repurchase its shares through offer, public centralized trading or other methods recognized by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and relevant regulatory authorities.

Where the Company repurchases its shares under the circumstances set out in items 1 and 2 above, a resolution shall be passed at the general meeting of the Company. Where the Company repurchases its shares under the circumstances set out in items 3, 5 and 6 above, a resolution may be passed at a Board meeting attended by more than two-thirds of the directors.

Where the Company repurchases its shares under the circumstances set out in item 1 above, such shares shall be cancelled within 10 days from the date of repurchase; where the Company repurchases its shares under the circumstances set out in items 2 and 4, such shares shall be transferred or cancelled within 6 months; where the Company repurchases its shares under the circumstances set out in items 3, 5 and 6, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

Where relevant laws, regulations, normative documents and the securities regulatory rules of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

Transfer of Shares

Shares issued by the Company prior to the public offering of shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on the Hong Kong Stock Exchange.

Directors, supervisors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of shares of the same class of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

There are no provisions in the Articles of Association relating to dividends and other methods of distribution of the Company.

REGISTER OF MEMBERS

The Company shall establish a register of shareholders in accordance with the evidence provided by the securities registration authority.

When the Company convenes a general meeting, distributes dividends, conducts liquidation or engages in other activities that require the confirmation of the identity of shareholders, the Board or the convener of the general meeting shall determine the record date. Shareholders whose names appear on the register of shareholders after the close of trading on the record date shall be the shareholders entitled to relevant interests.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

There are no provisions in the Articles of Association relating to variation of rights of existing Shares or classes of Shares of the Company.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders of the ordinary shares of the Company shall enjoy the following rights:

1. to receive dividends and other distributions in proportion to the number of shares held;

2. to request, summon, preside over, attend or appoint a proxy to attend shareholders' general meetings in accordance with the laws, and to exercise the corresponding voting rights;

3. to supervise the operation of the Company, making suggestions or enquiries;

4. to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;

5. to review the Articles of Association, the register of members, counterfoils of corporate bonds, minutes of general meetings, resolutions of the Board meetings, resolutions of the Supervisory Board meetings and financial and accounting reports;

6. in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

7. to request the Company to buy back the shares of shareholders objecting to resolutions of the general meeting concerning merger or division of the Company;

8. other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

1. to abide by laws, administrative regulations and the Articles of Association;

2. to pay subscription monies according to the number of shares subscribed and the method of subscription;

3. not to make divestment unless in the circumstances stipulated by laws and regulations;

4. not to abuse the rights of shareholders to damage the interests of the Company or that of other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;

5. 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.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders and de facto controllers of the Company shall not use their connected relations to damage the interests of the Company. If the violation causes losses to the Company, it shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a capital contributor in strict compliance with the laws. The controlling shareholder shall not damage the legitimate rights and interests of the Company and public shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not use its controlling status to damage the interests of the Company and public shareholders.

GENERAL MEETING

General Provisions of General Meetings

The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers:

1. to decide on the Company's business policies and investment plans;
2. to elect and replace directors and supervisors who are not employee representatives and to decide on matters relating to the remuneration of directors and supervisors;
3. to consider and approve the reports of the Board;
4. to consider and approve the report of the Supervisory Board;
5. to consider and approve the annual financial budgets and final accounts of the Company;
6. to consider and approve the Company's profit distribution plans and loss recovery plans;
7. to resolve on the increase or reduction of the registered capital of the Company;
8. to resolve on the issue of corporate bonds;
9. to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
10. amendments to the Articles of Association;
11. to resolve on the appointment and dismissal of the accounting firm of the Company;
12. to consider and approve the proposal raised by shareholders who, individually or in the aggregate, hold 3% of more of the total number of voting shares of the Company;
13. to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be decided by the general meeting.

General meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(1) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

(3) when shareholders individually or jointly holding 10% or more of the Company's shares so request in writing;

(4) when deemed necessary by the Board;

(5) when proposed by the Supervisory Board;

(6) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Summoning of General Meetings

General meetings shall be summoned by the Board.

The independent non-executive Directors are entitled to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving the proposal from the independent non-executive Directors.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Supervisory Board shall have the right to propose to the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any changes to the original proposal made in the notice shall be approved by the Supervisory Board.

If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receiving the proposal, the Board shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the Supervisory Board may summon and preside over the meeting on its own.

Shareholders individually or jointly holding 10% or more of the Company's voting shares shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's voting shares shall have the right to propose to the Supervisory Board to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the Supervisory Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within five days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Supervisory Board fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Supervisory Board will not convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the Company's voting shares for more than 90 consecutive days may summon and preside over the meeting by themselves.

Proposals at General Meetings

When the Company convenes a general meeting, the Board, the Supervisory Board and shareholders individually or jointly holding more than 3% of the Company's shares shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding 3% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 working days before a general meeting is convened. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal to announce the contents of the provisional proposal.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals after issuing the notice of the general meeting.

Notice of General Meetings

The convener shall notify all shareholders by way of written notice at least 21 days before the annual general meeting and shall notify all shareholders by way of written notice 15 days (but not less than 10 business days) before the extraordinary general meeting.

Provided that the relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed are met, and the relevant procedures are followed, the company may issue notices for general meetings of shareholders through the company website and/or designated websites specified by Hong Kong Stock Exchange, or in any other manner permitted by the Listing Rules and the Articles of Association.

Convening of General Meetings

All shareholders registered on the record date or their proxies are entitled to attend the general meeting. They shall speak and exercise their voting rights in accordance with the relevant laws, regulations, the Listing Rules and the Articles of Association.

Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual shareholders shall produce their valid identity cards and the power of attorney of the shareholder.

Shareholder that is a legal person shall be represented at the meeting by its legal representative or a proxy appointed by it. If a legal representative attends the meeting, he/she should produce his/her identity card and valid proof that he/she is a legal representative; if a proxy attends the meeting, the proxy should produce his/her identity card and a written power of attorney issued by the legal representative of the legal person shareholder in accordance with the law (unless a shareholder is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or its nominee (hereinafter referred to as a "Recognized Clearing House")).

If the shareholder is a Recognized Clearing House (or its nominee), the shareholder may authorize one or more persons as it thinks fit to act as its representative (s) at any shareholders' general meeting or any class shareholders' meeting; however, if more than one person are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is authorized, and the power of attorney shall be signed by the authorized personnel of the Recognized Clearing House. The person so authorized may attend the meeting on behalf of the Recognized Clearing House (or its nominee) to exercise the rights (without being required to present share certificate, notarized authorization and/or further evidence to prove that he/she is duly authorized) as if he/she was an individual shareholder of the Company.

The proxy form shall contain a statement that in the absence of instructions from the shareholder the proxy may vote as he/she thinks fit.

If the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The instrument appointing a proxy, the notarized power of attorney or other authorization documents shall be placed at the domicile of the Company or at such other place as specified in the notice convening the meeting.

If the principal is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body to act as its representative may attend the general meeting of the Company.

Resolutions of General Meetings

Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting.

The following matters shall be approved by ordinary resolutions at a general meeting:

1. work reports of the Board and the Supervisory Board;

2. profit distribution plans and loss recovery plans formulated by the Board;

3. appointment and removal of members of the Board and the non-employee representative members of the Supervisory Board, their remuneration and method of payment;

4. annual budget, final accounts, balance sheets and profit and loss accounts and other financial statements of the Company;

5. annual reports of the Company;

6. external guarantee as stipulated in the Articles of Association;

7. to consider and approve the change in use of proceeds;

8. to make a resolution on the appointment, dismissal or non-renewal of the accounting firm by the Company;

9. matters other than those required by the laws, administrative regulations or the Articles of Association to be adopted by special resolution.

The following matters shall be approved by special resolutions at a general meeting:

1. increase or reduction of the registered capital of the Company and issuance of any class of shares, warrants and other similar securities;

2. issuance of corporate bonds;

3. division, merger, dissolution and liquidation of the Company;

4. amendments to the Articles of Association;

5. other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the Rules of Procedure of the General Meeting, and other matters considered by the general meeting, by way of ordinary resolution, to have a material impact on the Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiry of their terms of office. The term of office of the Directors shall be 3 years, and they may be re-elected and re-appointed.

The term of office of the Directors shall commence from the date of their appointment until the expiry of the term of the current session of the Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Power to allocate and issue Shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the Shareholders' General Meeting ("General Meeting" or "Shareholders' Meeting") in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

Compensation or payments for loss of office

There are no provisions in the Articles of Association relating to compensation or payments for loss of office.

Loans to Directors

There are no provisions in the Articles of Association relating to loans to directors.

The Board

The Company shall have a board of directors which shall be accountable to the general meeting. The Board shall consist of 11 Directors. Independent non-executive directors shall not be less than one-third of all board members.

The Board shall exercise the following powers:

1. to summon general meetings and report its work to the general meetings;

2. to implement the resolutions of the general meeting;
3. to decide on the Company's business plans and investment plans;
4. to formulate the Company's annual financial budgets and final accounts;
5. to formulate the Company's profit distribution plans and loss recovery plans;
6. to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and listing plans;
7. to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution and change of corporate form of the Company;
8. to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, entrusted wealth management and other matters in accordance with the laws, regulations, the securities regulatory rules of the place where the shares of the Company are listed and within the scope authorized by the general meeting;
9. to decide on the establishment of the Company's internal management structure;
10. to decide on the appointment or dismissal of the Company's manager, secretary to the Board, chief financial officer and other senior management, and decide on their remuneration, rewards and punishments;
11. to formulate the basic management system of the Company;
12. to formulate proposals for any amendment to the Articles of Association;
13. to manage the information disclosure of the Company;
14. to propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;
15. to listen to the work report of the general manager of the Company and inspect the work of the general manager;
16. other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

SENIOR MANAGEMENT

Manager

The manager shall be accountable to the Board and exercise the following powers:

1. to be in charge of the production, operation and management of the Company, organize the implementation of the resolutions of the Board and report to the Board;

2. to organize the implementation of the Company's annual business plan and investment plan;

3. to draft plans for the establishment of the Company's internal management structure;

4. to draft the basic management system of the Company;

5. to formulate the specific rules and regulations of the Company;

6. to propose to the Board to appoint or dismiss other senior management personnel of the Company;

7. to draft the salaries, benefits, rewards and punishments for the employees of the Company, and decide on the employment of the employees;

8. to exercise other powers conferred by the Articles of Association or the Board.

The manager is to attend board meetings.

SUPERVISORY BOARD

The Company shall have a Supervisory Board. The Supervisory Board shall consist of three Supervisors including one employee representative Supervisor and shall have one chairman. The chairman of the Supervisory Board shall be elected by more than two-thirds of the Supervisors.

The supervisory board shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third. The employee representatives of the Supervisory Board shall be democratically elected by the Company's employees at the employee representative assembly, employee meeting or otherwise.

The Supervisory Board exercises the following powers:

1. it shall review the regular reports of the Company prepared by the Board and to provide written review opinions;

2. to examine the financial affairs of the Company;

3. to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meetings;

4. to demand rectification from a Director or senior management when the acts of such persons are detrimental to the interests of the Company;

5. to propose the convening of extraordinary general meetings and to summon and preside over general meetings when the Board fails to perform the duty of summoning and presiding over general meetings under the Company Law;

6. to submit proposals to the general meeting;

7. to initiate proceedings against directors and senior management in accordance with the Company Law;

8. to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to appoint, in the name of the Company, a re-examination by the certified public accountants and practicing auditors at the expenses of the Company;

9. to investigate any irregularities identified in the operation of the Company; if necessary, to engage professional institutions such as accounting firms and law firms to assist its work at the expense of the Company;

10. to make recommendation on the preparation and amendment of profit distribution policy of the Company;

11. other functions and powers conferred by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed or the Articles.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements of the relevant state authorities.

The Company shall submit, disclose, and/or present annual reports, interim reports, preliminary performance announcements, and other regulatory documents in accordance with the laws, regulations, securities regulatory rules of the place where the Company's shares are listed and other normative documents.

NOTICES

Subject to the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, a notice of the Company shall be given in the following manner:

1. by hand;

2. by mail;

3. by way of announcement;

4. by fax or email;

5. by publication on the website of the Company and the websites designated by the stock exchange under the precondition of conforming to laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where the shares of the Company are listed and the Articles;

6. by other means specified in the Articles;
7. by other means agreed by the Company or the notified party in advance or accepted by the notified party after receipt of the notice;
8. other means stipulated by securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

As required by the Listing Rules, the company may provide or send company communications to H shares shareholders through the means designated the company and/or the Hong Kong Stock Exchange website, or by electronic means, provided that it complies with laws, administrative regulations, departmental rules, securities regulatory of the stock exchange on which the company's shares are listed, and the Article of Association.

Where a notice of the Company is published by way of announcement, the said notice shall be deemed as received by all relevant persons once it is published.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

1. the shareholders' general meeting resolves to dissolve the Company;
2. dissolution is necessary due to merger or division of the Company;
3. the Company is legally declared bankrupt because it is unable to repay its debts upon maturity;
4. the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
5. Where the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

Where the Company is dissolved pursuant to items 1, 4 and 5 above, a liquidation committee shall be established within 15 days after the occurrence of the cause of dissolution. The liquidation committee shall be composed of persons determined by the shareholders' general meeting through ordinary resolutions. If a liquidation committee is not established within the time limit, the creditors may apply to the people's court to designate relevant personnel to form a liquidation committee to carry out liquidation.

Where the Company is dissolved pursuant to item 3 above, the people's court shall, according to the relevant laws and regulations, organize shareholders, relevant institutions and professionals to establish liquidation committee and carry out liquidation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in a newspaper recognized by the CSRC or announce on the National Enterprise Credit Information Publicity System and the Company's website and stock exchange's website within 60 days.

If the liquidation committee discovers that the Company's assets are insufficient to repay its debts after cleaning up the Company's assets and preparing a balance sheet and an inventory of assets, it shall apply to the People's Court for a declaration of insolvency in accordance with the law.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statements and account books and, after verification of the Chinese certified public accountants, shall submit to the shareholders' general meeting or the relevant Authority for confirmation, and shall submit the same to the company registration authority, apply for cancellation of the company's registration, and publish an announcement on the termination of the company.

AMENDMENTS TO THE ARTICLES

The Company shall amend the Articles of Association in any of the following circumstances:

(1) After the amendments are made to the Company Law or relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed;

(2) there is a change in the Company's situation, which is inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the shareholders' general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of Our Company

Our Company was established as a limited liability company in the PRC on November 28, 2016, and was converted into a joint stock limited company on November 23, 2022 under the laws of the PRC. Our registered office is located at Room 208, 2/F, Block 3, No. 168 Shennan Road, Minhang District, Shanghai, PRC.

Our Company has established a place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Mr. Sun Kanghua and Ms. Shum Kit Han have been appointed as our Authorized Representatives for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in the Share Capital of Our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Major Subsidiaries" and Note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

Save as disclosed below, there has been no change in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

Breton (Hunan) Technology Co., Ltd. (博雷頓(湖南)科技有限公司)

On October 12, 2022, Breton (Hunan) Technology Co., Ltd. was established under the laws of the PRC with a registered capital of RMB300,000,000.

Breton (Lanxi) New Energy Engineering Machinery Co., Ltd. (博雷頓(蘭溪)新能源工程機械有限公司)

On January 28, 2023, Breton (Lanxi) New Energy Engineering Machinery Co., Ltd. was established under the laws of the PRC with a registered capital of RMB200,000,000.

Breton (Wuhan) Technology Co., Ltd. (博雷頓(武漢)科技有限公司)

On March 1, 2023, Breton (Wuhan) Technology Co., Ltd. was established under the laws of the PRC with a registered capital of RMB300,000,000.

Breton (Wuhan) New Energy Equipment Co., Ltd. (博雷頓(武漢)新能源裝備有限公司)

On March 1, 2023, Breton (Wuhan) New Energy Equipment Co., Ltd. was established under the laws of the PRC with a registered capital of RMB100,000,000.

Breton ESG Pte. Ltd.

On November 29, 2023, Breton ESG Pte. Ltd. was incorporated under the laws of Singapore with an issued share capital of 10,000 Singapore dollars.

Breton (Hong Kong) Technology Limited

On November 4, 2024, Breton (Hong Kong) Technology Limited was incorporated under the laws of Hong Kong with an issued share capital of HK$100,000.

Breton (Beijing) Technology Co., Ltd. (博雷頓(北京)科技有限公司)

On November 25, 2024, Breton (Beijing) Technology Co., Ltd. was established under the laws of the PRC with a registered capital of RMB20,000,000.

Breton HK Holding Limited

On January 2, 2025, Breton HK Holding Limited was incorporated under the laws of Hong Kong with an issued share capital of HK$100,000.

Breton Corporation

On January 9, 2025, Breton Corporation was incorporated under the laws of Cayman with an authorized share capital of US$50,000 divided into 500,000,000 Shares of US$0.0001 each.

Breton Energy Technology Zambia Limited

On January 28, 2025, Breton Energy Technology Zambia Limited was incorporated in Republic of Zambia under the laws of Republic of Zambia with an issued share capital of 20,000 Kwacha.

VOIE LACTEE ENERGIE S.A.S

On February 6, 2025, VOIE LACTEE ENERGIE S.A.S was incorporated in Democratic Republic of the Congo under the laws of Democratic Republic of the Congo with an issued share capital of US$5,000.

4. Resolutions of Our Shareholders

Pursuant to a general meeting held on April 2, 2024, our Shareholders resolved that, among others:

(a) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares being listed on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the Global Offering (without taking into account of any H Shares which may be issued upon the exercise of the Over-Allotment Option), and the grant of the Over-allotment Option in respect of not more than 15% of the number of H Shares initially available under the Global Offering;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to our Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the Listing; and

(d) authorization of our Board or its authorized individual(s) to handle all matters relating, among other things, to the Global Offering, the issue and the listing of H Shares on the Stock Exchange.

5. Restriction on Share Repurchase

For details of the restrictions on share repurchase by our Company, see "Appendix V — Summary of Articles of Association."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the cornerstone investment agreement dated April 21, 2025 entered into among the Company, HongKong Xinwei Electronic Co., Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, pursuant to which HongKong Xinwei Electronic Co., Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of HK$38,500,000 (including the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

(b) the cornerstone investment agreement dated April 21, 2025 entered into among the Company, Changfeng Growth Equity Fund OFC, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, pursuant to which Changfeng Growth Equity Fund OFC agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of HK$25,000,000 (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares); and

(c) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Validity period
1	博雷顿	59072442	Company	PRC	1	February 27, 2032
2	博雷顿	66249381	Company	PRC	4	June 13, 2033
3	博雷顿	39742126	Company	PRC	7	March 6, 2030
4	博雷顿	33541605	Company	PRC	7	May 13, 2029
5	博雷顿	33537928	Company	PRC	9	May 13, 2029
6	博雷顿	34933162	Company	PRC	9	August 13, 2029
7	博雷顿	35162352	Company	PRC	12	August 13, 2029
8	博雷顿	67542021	Company	PRC	37	April 6, 2033
9	博雷顿	33525446	Company	PRC	42	May 13, 2029
10	Breton	69177910	Company	PRC	1	February 6, 2034
11	Breton	65939842	Company	PRC	4	March 6, 2033
12	Breton	35177577	Company	PRC	7	June 27, 2030
13	Breton	32812709	Company	PRC	9	February 6, 2030
14	Breton	34933171	Company	PRC	9	January 13, 2030
15	Breton	35167377	Company	PRC	39	August 20, 2029

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Validity period
16		33509467	Company	PRC	7	May 13, 2029
17		39749756	Company	PRC	7	March 6, 2030
18		33509742	Company	PRC	9	May 13, 2029
19		34934690	Company	PRC	9	August 6, 2029
20		33513587	Company	PRC	12	May 13, 2029
21		67539912	Company	PRC	37	April 13, 2033
22		33492119	Company	PRC	39	May 13, 2029
23		54317285	Company	PRC	39	January 27, 2032
24		33500454	Company	PRC	42	May 13, 2029
25		59081007	Company	PRC	1	March 13, 2032
26		49800153	Company	PRC	7	May 27, 2031
27		49808392	Company	PRC	9	May 27, 2031
28		73467389	Company	PRC	9	February 13, 2034
29		49801743	Company	PRC	12	September 6, 2031
30		67529937	Company	PRC	37	April 13, 2033
31		49783504	Company	PRC	39	August 27, 2031
32		49799742	Company	PRC	42	June 27, 2031

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Validity period
33	BRETON 博雷顿 BRETON 博雷顿	306423606	Company	Hong Kong	7, 12	December 11, 2033

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent number	Patent holder	Place of registration	Patent type	Patent application date
1	A battery electric vehicle drive motor torque control method (一種純電動車驅動電機扭矩控制方法)	201910591182.7	Company	PRC	Invention	July 2, 2019
2	A battery electric vehicle battery charging temperature control method (一種純電動汽車電池充電控溫方法)	202010450616.4	Company	PRC	Invention	May 25, 2020
3	A plug-in hybrid vehicle power control method, device and equipment (一種插電式混動力汽車動力控制方法、裝置及設備)	202010440261.0	Company	PRC	Invention	May 22, 2020
4	A high voltage insulation fault detection method, device, electronic equipment and system (一種高壓絕緣故障檢測方法、裝置、電子設備及系統)	202010446018.X	Company	PRC	Invention	May 22, 2020
5	A stiffness calibration method for the charging seat bracket of new energy electric heavy trucks (一種用於新能源電動重卡充電座支架的剛度校核方法)	202010452540.9	Company	PRC	Invention	May 26, 2020
6	A battery electric vehicle battery charging and temperature control system (一種純電動汽車電池充電控溫系統)	202010449421.8	Company	PRC	Invention	May 25, 2020
7	A battery electric vehicle battery remote preheating system, operation method and vehicle (一種純電動車電池遠程預熱系統、操作方法及車輛)	202010453943.5	Company	PRC	Invention	May 26, 2020

No.	Patent name	Patent number	Patent holder	Place of registration	Patent type	Patent application date
8	A battery electric vehicle battery remote preheating method (一種純電動車電池遠程預熱方法)	202010453944.X	Company	PRC	Invention	May 26, 2020
9	A plug-in hybrid vehicle power control device (一種插電式混動力汽車動力控制設備)	202011494486.0	Company	PRC	Invention	May 22, 2020
10	A device and method for vehicle battery pack replacement (一種車輛電池包更換的裝置及方法)	202110706569.X	Company	PRC	Invention	June 24, 2021
11	A plug-in hybrid vehicle power control device (一種插電式混動力汽車動力控制裝置)	202011494470.X	Company	PRC	Invention	May 22, 2020
12	An electric vehicle driving road condition real-time slope measurement method and measurement system (一種電動車輛行駛路況實時坡度的測量方法及測量系統)	202110699752.1	Company	PRC	Invention	June 23, 2021
13	A dual-source battery electric loader high-voltage system and control method (一種雙源純電動裝載機高壓系統及控制方法)	202111514420.8	Company	PRC	Invention	December 13, 2021
14	A control method for gear shifting cylinder of gearbox (一種變速箱換擋氣缸控制方法)	202110152566.6	Company	PRC	Invention	February 4, 2021
15	A method of battery swapping for railed mobile trolleys (一種有軌移動小車換電方法)	202110707950.8	Company	PRC	Invention	June 24, 2021
16	An electric accessory control method under low power and battery electric vehicles (一種低電量下電動附件控制方法及純電汽車)	202111226715.5	Company	PRC	Invention	October 21, 2021
17	A dual-source overhead line circuit control system and electric tractor trucks (一種雙源架線電路控制系統及電動牽引車)	202111319057.4	Company	PRC	Invention	November 9, 2021

No.	Patent name	Patent number	Patent holder	Place of registration	Patent type	Patent application date
18	A fuel cell power output control method for hydrogen-electric hybrid vehicles (一種氫電混動汽車用的燃料電池功率輸出控制方法)	202111465924.5	Company	PRC	Invention	December 3, 2021
19	Loader anti-skid strategy method, computer storage medium and electric loaders (裝載機防打滑策略方法、計算機存儲介質及電動裝載機)	202111321287.4	Company	PRC	Invention	November 9, 2021
20	A battery electric vehicle cooling and heating system with phase change energy storage device (一種帶有相變儲能裝置的純電動整車製冷製熱系統)	201910705237.2	Company	PRC	Invention	August 1, 2019
21	A battery electric vehicle cooling and heating system with phase change energy storage device (一種帶有相變儲能裝置的純電動車整車製冷製熱系統)	201921229898.4	Company	PRC	Utility model	August 1, 2019
22	An electric vehicle mechanical braking and energy recovery brake distribution system (一種電動汽車機械制動與能量回收制動分配系統)	202020140228.1	Company	PRC	Utility model	January 22, 2020
23	A control system for gear shifting cylinder of gearbox (一種變速箱換擋氣缸控制系統)	202120324684.6	Company	PRC	Utility model	February 4, 2021
24	Load-sensing loader control system and electric loaders (可感知載荷的裝載機控制系統及電動裝載機)	202122664358.2	Company	PRC	Utility model	November 2, 2021
25	An integrated drive control system for electric loaders (一種電動裝載機集成式驅動控制系統)	202220221733.8	Company	PRC	Utility model	January 26, 2022
26	A loader control system that saves energy and reduces consumption by reducing overflow pressure (一種通過降低溢流壓力來節能降耗的裝載機控制系統)	202320283312.2	Company	PRC	Utility model	February 22, 2023
27	A laminated battery box structure for engineering machinery (一種工程機械用的疊片電池箱體結構)	202320360740.0	Company	PRC	Utility model	March 2, 2023

No.	Patent name	Patent number	Patent holder	Place of registration	Patent type	Patent application date
28	A power electronic system integrating multi-module power distribution (一種集合多模塊配電的電力電子系統)	202321297082.1	Company	PRC	Utility model	May 26, 2023
29	A thermal management system for power and laminated batteries (一種動力域疊層電池的熱管理系統)	202321617416.9	Company	PRC	Utility model	June 25, 2023
30	Collaborative decision analysis neural network algorithm system design methods, systems and vehicles (協同決策分析神經網絡算法系統設計方法、系統及車輛)	202210198939.8	Company	PRC	Invention patent	March 2, 2022
31	A dual-motor driven pure electric loader four-wheel drive structure and control system (一種雙電機驅動純電動裝載機四驅結構及控制系統)	202111514237.8	Company	PRC	Invention patent	December 13, 2021
32	A water connection plug-in and a battery module with three-sided liquid-cooled liquid-heated liquid (一種水連接插件及三面液冷液熱的電池模組)	202322937471.2	Company	PRC	Utility model	October 31, 2023
33	A pure electric loader wire control system (一種純電動裝載機線控制動系統)	202323337265.4	Company	PRC	Utility model	December 8, 2023
34	A new energy batteries with BMS battery balance system (一種新能源電池用BMS電池均衡系統)	202421062024.5	Company	PRC	Utility model	May 16, 2024
35	Design methods, algorithm systems and vehicles for unmanned driving in multiple vehicles (多工種車輛無人駕駛協同作業設計方法、算法系統及車輛)	202210218210.2	Breton (Hunan) Technology Co., Ltd.	PRC	Invention patent	March 2, 2022

As of the Latest Practicable Date, we had applied for the following patents which we considered to be material to our business:

No.	Patent name	Application number	Applicant	Place of application	Patent type	Patent application date
1	An unmanned environment sensing and navigation method based on digital twin technology (一種基於數字孿生技術的無人駕駛環境感知與導航方法)	202310319686.X	Company	PRC	Invention patent	March 29, 2023
2	An unmanned environment sensing and navigation system based on digital twin technology (一種基於數字孿生技術的無人駕駛環境感知與導航系統)	202310319683.6	Company	PRC	Invention patent	March 29, 2023

Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business:

No.	Copyright	Place of registration	Owner	Registration date	Registered number
1	vehicle tracking and scheduling system (車輛跟蹤調度系統)	PRC	Company	April 12, 2019	2019SR0330331
2	vehicle operation monitoring and management system (車輛運營監控與管理系統)	PRC	Company	April 12, 2019	2019SR0330353
3	vehicle operation data monitoring platform (車輛運行數據監控平台)	PRC	Company	April 12, 2019	2019SR0330354
4	vehicle operation monitoring and safety management system (車輛運行監控與安全管理系統)	PRC	Company	April 12, 2019	2019SR0330330
5	Breton vehicle fleet management system (博雷頓車隊管理系統)	PRC	Company	July 31, 2019	2019SR0795466
6	Breton intelligent vehicle networking platform system (博雷頓智能車聯網平台系統)	PRC	Company	September 11, 2019	2019SR0944970
7	Breton dual motor e-powertrain control system for pure electric heavy truck (博雷頓純電重卡用雙電機動力總成控制系統)	PRC	Company	September 10, 2019	2019SR0942350

No.	Copyright	Place of registration	Owner	Registration date	Registered number
8	A vehicle monitoring system based on dump truck (一種基於礦卡的車輛監控系統)	PRC	Company	March 23, 2023	2023SR0386831
9	A vehicle statistics and analysis system based on dump truck (一種基於礦卡的車輛統計與分析系統)	PRC	Company	March 23, 2023	2023SR0386830
10	Breton Data Visualisation Large-screen Platform (博雷頓數據可視化大屏平台)	PRC	Company	March 23, 2023	2023SR0386829
11	Breton Telematics Data Management Central Platform (博雷頓車聯網數據管理中台平台)	PRC	Company	March 23, 2023	2023SR0386832
12	Vehicle multi-source integrated system software (整車多源整合系統軟件)	PRC	Company	February 20, 2019	2019SR0159103
13	Breton Smart IoT APP Software (博雷頓智慧物聯 APP 軟件)	PRC	Company	July 1, 2024	2024SA0053444
14	Breton Smart IoT APP Software (博雷頓智慧物聯 APP 軟件)	PRC	Company	August 8, 2024	2024SR1150622
15	Road condition data cleaning system for pure electric dump truck (純電動礦卡路況數據清洗系統)	PRC	Breton (Hunan) Technology Co., Ltd.	October 28, 2024	2024SR1625295
16	A configuration knowledge base system for pure electric dump truck based on large model (基於大模型的純電動礦卡車輛配置知識庫系統)	PRC	Breton (Hunan) Technology Co., Ltd.	October 28, 2024	2024SR1624542
17	Energy consumption status analysis system of pure electric dump truck (純電動礦卡整車能耗狀態分析系統)	PRC	Breton (Hunan) Technology Co., Ltd.	November 7, 2024	2024SR1726314

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain name which we considered to be material to our business:

No.	Domain name	Registered owner	Approval date
1	breton.top	Company	December 8, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' and Supervisors' Service Contracts

We have entered into a service contract with each of our Directors and Supervisors in respect of, among others, (i) term of service, (ii) termination, and (iii) dispute resolution mechanism. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group.

2. Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I — Notes to the Historical Financial Information — 8. Directors' Emoluments," none of our Directors or Supervisors received other remuneration or benefits in kind from our Company in respect of the years ended December 31, 2022, 2023 and 2024.

3. Disclosure of Interests

Interests of our Directors, Supervisors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option) and the conversion of the Unlisted Shares into H Shares, so far as our Directors are aware, none of our Directors, Supervisors or chief executive will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (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 are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once the H Shares are listed on the Stock Exchange.

Name	Position	Nature of interest	Number and description of Shares held	Approximate percentage of shareholding in the relevant type of Shares(1)	Approximate percentage of shareholding in the total share capital of our Company(1)
				(%)	(%)
Mr. Chen(2)	Executive Director, chairman of the Board, and general manager	Beneficial owner	15,550,502 Domestic Shares	11.24	4.10
			15,550,502 H Shares	6.45	4.10
		Interest in controlled corporation	42,251,198 Domestic Shares	30.53	11.13
			44,621,388 H Shares	18.50	11.75
Dr. Qiu Debo	Executive Director, and president of the Company	Beneficial owner	3,091,551 H Shares	1.28	0.81
Ms. Yang Hui	Executive Director, and director of public relations	Beneficial owner	2,576,293 H Shares	1.07	0.68

Notes:

(1) The calculation is based on the total number of 138,410,231 Unlisted Shares and 241,241,531 H Shares in issue upon Listing comprising (i) an aggregate of 228,241,531 Shares to be converted from the Unlisted Shares and (ii) 13,000,000 Shares to be issued pursuant to the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option) and the conversion of the Unlisted Shares into H Shares.

(2) Mr. Chen beneficially holds 15,550,502 Domestic Shares and 15,550,502 H Shares.

Mr. Chen is the general partner of Shanghai Fangao. Besides, the general partner of Cloud Tribe Yijin is Cloud Tribe Management, which is held as to 51% by Shanghai Yijin and 49% by Yijin Venture Capital Management. Yijin Venture Capital Management is held as to approximately 51.76% by Shanghai Yijin. Shanghai Yijin is held as to approximately 19.49% by Mr. Chen and approximately 80.51% by Shanghai Yijin Management, whose general partner is Mr. Chen. Therefore, by virtue of SFO, Mr. Chen is deemed to be interested in (i) the 42,251,198 Domestic Shares and 42,251,199 H Shares held by Shanghai Fangao and (ii) the 2,370,189 H Shares held by Cloud Tribe Yijin.

Interests of substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option) and the conversion of the Unlisted Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

4. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, see "Underwriting — Commission and Expenses."

Within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

5. Employee Incentive Schemes

In recognition of the contributions of the relevant persons (primarily comprise our employees) and to incentivize them to further promote our development, Shanghai Jifang, Shanghai Fangzhanbo and Shanghai Fangao, were established in the PRC as our incentive platforms (the "Incentive Platforms"). For further details of the Incentive Platforms, see "History, Development and Corporate Structure — Incentive Platforms."

We have adopted our employee incentive schemes in respect of the Incentive Platforms (the "Employee Incentive Schemes"). The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options or share awards by our Company to subscribe for the Shares after the Listing. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes.

Purpose

The purpose of the Employee Incentive Schemes is to fully stimulate the enthusiasm of the management members and personnel of our Group and to recognize the contribution to our Group by them.

Eligibility

Pursuant to the Employee Incentive Schemes, eligible participants of the Employee Incentive Schemes shall include:

- senior and middle level management members of our Group; and
- core technical personnel and key personnel of our Group recognized by the chairman of the Board.

Participation by Selected Participants

The general and executive partner of Shanghai Fangao is Mr. Chen and the general and executive partner of Shanghai Jifang and Shanghai Fangzhanbo is Mr. Liu Xingyu, who are responsible for the respective management of the Incentive Platforms.

The selected participants under the Employee Incentive Schemes (the "Participants") are granted awards in the form of economic interests in the Incentive Platforms and become indirectly interested in our Company through their respective interests as limited partners of the relevant Incentive Platforms upon acquisition of partnership interests in the relevant Incentive Platforms.

Restrictions on Transfers

Participants shall not transfer, pledge or otherwise encumber their respective interests in the Incentive Platforms unless otherwise permitted under the partnership agreements of the relevant Incentive Platforms.

Repurchase Arrangements

A Participant, who:

- is in violation of the laws and regulations, professional ethics and undertakings under his/her confidentiality agreement, or causes losses to our Company by seriously neglecting his/her duties;
- breaches the labor or service agreement entered into with our Group;
- is dismissed as a result of incompetence for the job, failure to pass the assessment, or violation of labor disciplines of our Group or non-competition undertakings;
- has not served as an employee in our Group for three continuous years or resigns before the Listing;
- does not fulfill his/her obligations under the Employee Incentive Schemes;
- is not in compliance with the restrictions on transfers as stated above; or
- is removed from his/her eligibility as a limited partner of the relevant Incentive Platforms,

shall transfer his/her interests in the Incentive Platforms to the general partners or the person appointed by the general partners, at a price that equals to his/her actual paid-in contribution plus interests, after deduction of dividends distributed.

As of the Latest Practicable Date, the Company did not have any disputes with resigned employees who used to be the Participants.

6. Disclaimers

(a) None of the Directors, Supervisors 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 prospectus, 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 the Group.

(b) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned in this prospectus.

(c) Save in connection with the Underwriting Agreements, none of the Directors, Supervisors nor any of the experts referred to "Qualifications of Experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

(d) None of our Directors or their respective close associates or our Shareholders who to the knowledge of our 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.

(e) Save as disclosed in this prospectus, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,000,000 to act as the sponsors to our Company in connection with the Listing.

4. Preliminary Expense

Our Company did not incur any material preliminary expense.

5. Promoters

The promoters of our Company are all then 42 shareholders of our Company as of November 4, 2022 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this prospectus, 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 Global Offering or the related transactions described in this prospectus.

6. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
CMB International Capital Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
AllBright Law Offices	Legal advisor as to PRC law
AllBright Law Offices	Legal advisor as to PRC cybersecurity and data privacy law
China Insights Industry Consultancy Limited	Independent industry consultant

7. Consents of Experts

Each of the experts referred to in "Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. 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. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

9. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2024, being the latest date of our consolidated financial statements as set out in Appendix I to this prospectus.

10. Binding Effect

This prospectus shall have the effect, if any application 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 as far as applicable.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;

(b) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or our subsidiaries;

(c) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(d) our Company has not issued nor agreed to issue any founder or management or deferred shares;

(e) there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong;

(f) there are no arrangements under which future dividends are waived or agreed to be waived;

(g) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(h) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to deal in on any stock exchange other than the Stock Exchange is being or is proposed to be sough;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) the English text of this prospectus shall prevail over its respective Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

1. the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 7. Consents of Experts;" and

2. a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.breton.top** during a period of 14 days from the date of this prospectus:

1. the Articles of Association;

2. the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

3. the audited consolidated financial statements of our Company for the years ended December 31, 2022, 2023 and 2024;

4. the report prepared by KPMG on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

5. the material contracts in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts;"

6. the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 7. Consents of Experts;"

7. the service contracts referred to in "Appendix VI — Statutory and General Information — C. Further Information about our Directors, Supervisors and Substantial Shareholders — 1. Particulars of Directors' and Supervisors' Service Contracts;"

8. the PRC legal opinion issued by AllBright Law Offices, our legal advisor as to PRC law, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;

9. the legal opinion issued by AllBright Law Offices, our legal advisor as to PRC cybersecurity and data privacy law;

10. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed "Industry Overview;" and

11. the PRC Company Law and the Trial Measures, together with their unofficial English translations.

BRETON
博雷顿

BRETON TECHNOLOGY CO., LTD.
博雷頓科技股份公司