



首钢朗泽

Shougang LanzaTech

北京首钢朗泽科技股份有限公司

BEIJING SHOUGANG LANZATECH TECHNOLOGY CO., LTD.

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

Stock Code : 2553

GLOBAL
OFFERING

Sole Sponsor, Overall Coordinator,
Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

FOSUN INTL SECURITIES

邁時資本
MAXA CAPITAL

中銀國際 BOCI

建銀國際
CCB International

DBS

民銀資本
CIBC CAPITAL HOLDINGS LIMITED

浙商國際
ZHENZHANG INTERNATIONAL

中國銀河國際
CHINA GALAXY INTERNATIONAL

富途證券

利弗莫尔证券
LIVERMORE HOLDINGS LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.



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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 20,159,800 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 2,016,000 H Shares (subject to reallocation)
Number of International Offer Shares	: 18,143,800 H Shares (subject to the Over-allotment Option and reallocation)
Maximum Offer Price	: HK\$18.88 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong 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	: 2553

*Sole Sponsor, Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager*



Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers

FOSUN INTL SECURITIES



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 "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" 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.

The Offer Price is expected to be determined by agreement between the Overall Coordinator (for itself and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or about Monday, July 7, 2025 and, in any event, not later than 12:00 noon on Monday, July 7, 2025. The Offer Price is expected to be not more than HK\$18.88 per Offer Share and is expected to be not less than HK\$14.50 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$18.88 for each Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price is lower than HK\$18.88. If, for any reason, the Overall Coordinator (for itself and on behalf of the Underwriters) and we are unable to reach an agreement on the Offer Price on or before Monday, July 7, 2025, the Global Offering will not proceed and will lapse.

The Overall Coordinator (for itself 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 indicative Offer Price range below that stated in this prospectus (which is HK\$14.50 to HK\$18.88) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.bjslgt.com, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Please refer to "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting."

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 United States persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

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 at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.bjslgt.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

June 30, 2025

IMPORTANT

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 printed copies of this Prospectus 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.bjsglt.com. You may download and print from these website addresses if you want a printed copy of this Prospectus.

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

- (1) apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to submit electronic application instruction(s) on your behalf through HKSCC’s FINI system in accordance with your instructions.

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.

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 stated above.

Please refer to “How to Apply for Hong Kong Offer Shares” in this Prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be made for a minimum of 200 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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 H 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	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
200	3,814.08	4,000	76,281.62	60,000	1,144,224.29	400,000	7,628,161.92
400	7,628.16	5,000	95,352.02	70,000	1,334,928.33	500,000	9,535,202.40
600	11,442.25	6,000	114,422.43	80,000	1,525,632.39	600,000	11,442,242.88
800	15,256.32	7,000	133,492.84	90,000	1,716,336.43	700,000	13,349,283.35
1,000	19,070.41	8,000	152,563.24	100,000	1,907,040.48	800,000	15,256,323.85
1,200	22,884.48	9,000	171,633.64	120,000	2,288,448.58	900,000	17,163,364.32
1,400	26,698.56	10,000	190,704.05	140,000	2,669,856.67	1,008,000 ⁽¹⁾	19,222,968.04
1,600	30,512.66	20,000	381,408.10	160,000	3,051,264.77		
1,800	34,326.73	30,000	572,112.14	180,000	3,432,672.87		
2,000	38,140.81	40,000	762,816.19	200,000	3,814,080.95		
3,000	57,211.21	50,000	953,520.25	300,000	5,721,121.45		

(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) 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.

EXPECTED TIMETABLE⁽¹⁾

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 Company's website at www.bjsplt.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Monday,
June 30, 2025

Latest time to complete electronic applications under the
HK eIPO White Form service through the
designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Friday,
July 4, 2025

Application lists open⁽³⁾ 11:45 a.m. on Friday,
July 4, 2025

Latest time to (a) complete payment of **HK eIPO**
White Form applications by effecting Internet banking
transfers(s) or PPS payment transfer(s) and (b) give
electronic application instructions to HKSCC 12:00 noon on Friday,
July 4, 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 through the **HKSCC EIPO** channel, 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, as this may vary by broker or custodian.

Application lists close⁽³⁾ 12:00 noon on Friday,
July 4, 2025

Expected Price Determination Date⁽⁵⁾ on or before 12:00 noon on Monday,
July 7, 2025

Announcement of the final 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 allocation of the Hong Kong Offer Shares
to be published on the website of the Stock Exchange at
www.hkexnews.hk and the Company's website at
www.bjsplt.com no later than 11:00 p.m. on Tuesday,
July 8, 2025

EXPECTED TIMETABLE⁽¹⁾

Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) 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), including:

- in the announcement to be posted on our website and the website of the Stock Exchange at www.bjsplt.com and www.hkexnews.hk, respectively 11:00 p.m. on Tuesday, July 8, 2025
- from the "Allotment Results" page at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 9, 2025 to Monday, July 14, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁶⁾⁽⁹⁾ Tuesday, July 8, 2025

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price per Offer Share is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before⁽⁸⁾⁽⁹⁾ Wednesday, July 9, 2025

Dealings in H Shares on the Stock Exchange expected to commenced at 9:00 a.m. on Wednesday, July 9, 2025

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All times and dates refer to Hong Kong local times and dates.
- (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/are a tropical cyclone warning signal number 8 or above, Extreme Conditions and/or a “black” rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025, the application lists will not open or close on that day. For further details, please refer to “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements” of this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via **HKSCC EIPO channel** or instructing your broker or custodian to apply on your behalf via **HKSCC EIPO channel** should refer to “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels” of this prospectus.
- (5) The Price Determination Date is expected to be on or before Monday, July 7, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and us by 12:00 noon on Monday, July 7, 2025, the Global offering will not proceed and will lapse.
- (6) The H Share certificates are expected to be issued on Tuesday, July 8, 2025 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Wednesday, July 9, 2025. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of the H Share certificates and before they become valid do so entirely of their own risk.
- (7) None of the website or any of the information contained on the websites forms part of this prospectus.
- (8) **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applications if the Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- (9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

EXPECTED TIMETABLE⁽¹⁾

Any uncollected H Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies".

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and H Share certificates.

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

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IMPORTANT NOTICE TO 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 subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. 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.

You should rely only on the information contained in this prospectus to make your investment decision. 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 made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of our or their respective directors or advisers, or any other person or party involved in the Global Offering. Information contained in our website, located at www.bjsplt.com does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section entitled “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a company in the carbon capture, utilization and storage industry, also known as CCUS industry, mainly focusing on producing low-carbon products including ethanol and microbial protein through carbon capture and utilization technologies and providing low-carbon integrated solutions. Since our establishment in 2011, we have been cultivating in the CCUS industry. According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. We have achieved a number of breakthrough innovations applying our synthetic biotechnology to industrial production. For instance, we have completed the world’s first set of industrial devices for producing ethanol and microbial protein through bio-fermentation processes by utilizing the carbon-containing industrial off-gas generated by steel and ferroalloy mills and developed second-generation carbon negative technology that utilizes carbon dioxide, carbon monoxide and hydrogen as raw gas components for the conversion of ethanol and microbial protein. As of the Latest Practicable Date, we had successfully commissioned four large-scale production facilities across China, which demonstrates our ability to achieve replication of our proprietary technology on an industrial scale.

Our ethanol can be used in automotive fuel, as well as raw materials for the production of perfumes, sports fashion, cleaning agents, packaging materials and other products. Our microbial protein is China’s first novel feed protein raw material. In 2021, we received the first new product certificate for feed and feed additives under the category of Feed Raw Material ever issued by the Ministry of Agriculture and Rural Affairs of the PRC in its history (New Feed Certificate [2021] No. 01). It was also recognized as a significant novel scientific and technological achievement in agriculture and rural areas by the Chinese Society of Agricultural Sciences. Our technology also helps to reduce the space and time constraints of traditional agricultural planting and breeding and creates a new path to obtaining high-quality protein through industrial production. As a result of the low-carbon products and services we provide, the government authorities have been supportive to us, which is a driver on the development of our business and technologies.

SUMMARY

OUR BUSINESS MODEL

Our business model mainly consists of (i) product sales, which mainly include the sales of ethanol and microbial protein, and (ii) the provision of low-carbon integrated solutions to industrial clients.

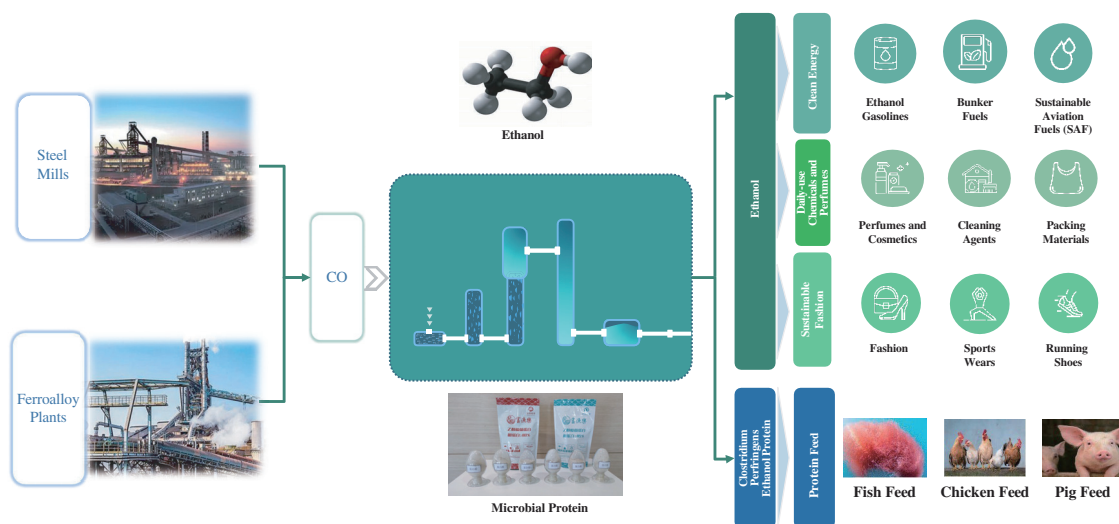
The main raw material required for the production is carbon-containing industrial off-gas generated during the production processes of steel and ferroalloy mills. Our production process mainly consists of purification of gas components, bio-fermentation, distillation and protein separation. We sell ethanol and microbial protein products to domestic and overseas customers through direct sales or distribution.

We are also actively exploring new ways to diversify our revenue, including licensing out our technology through low-carbon integrated solutions business to industrial clients. We believe this new business model facilitates the rapid replication of our technology, thus enabling us to achieve growth in our business scale. We entered into a technology licensing agreement with Mingtuo in March 2024, pursuant to which we are entitled to receive fees for licensing our technologies to Mingtuo and fees for our technical services. As of the Latest Practicable Date, we signed memoranda of understanding with three potential new customers regarding our low-carbon integrated solutions. We believe the expansion of our low-carbon integrated solutions business will enable us to increase our profitability due to its higher profit margin. Please refer to “Business — Our Products — Our Low-carbon Integrated Solutions” for further details.

Our products and solutions

Our revenue increased by 52.1% from RMB389.5 million in 2022 to RMB592.6 million in 2023 and decreased by 4.9% to RMB563.6 million in 2024. Our primary revenue is derived from the sale of ethanol and microbial protein, as well as by-products such as biogas and crude alcohol. We also offer low-carbon integrated solutions to industrial clients seeking to implement our proprietary synthetic biotechnology in their facilities. Our technology and services reflect our commitment to sustainability by transforming carbon-containing industrial off-gas into valuable resources. Through this innovative approach, we actively contribute to carbon reduction efforts and promote sustainable economy initiatives across various industries. Please refer to “Financial Information” for further details.

SUMMARY



The following table reflects the revenue generated by our main products and services, along with their respective proportions:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Revenue from sales of products						
Ethanol	328,825	84.4	499,730	84.3	440,415	78.1
Microbial protein	53,549	13.7	86,533	14.6	90,823	16.1
Other products	7,138	1.9	6,288	1.1	6,242	1.1
Revenue from low-carbon integrated solutions	—	—	—	—	26,131	4.7
Total	<u>389,512</u>	<u>100.0</u>	<u>592,551</u>	<u>100.0</u>	<u>563,611</u>	<u>100.0</u>

The following table sets forth the sales volume and the average selling prices of our ethanol and microbial protein for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(tons)</i>	<i>(RMB per ton)</i>	<i>(tons)</i>	<i>(RMB per ton)</i>	<i>(tons)</i>	<i>(RMB per ton)</i>
Ethanol	54,303.7	6,055.3	83,225.9	6,004.5	86,868.9	5,069.9
Microbial protein	6,476.0	8,268.8	10,174.1	8,505.2	10,742.6	8,454.5

SUMMARY

Research and Development

We have established a comprehensive R&D system that integrates product innovation, technology development and commercialization. Our approach combines independent research, strategic licensing arrangements and scientific collaboration, which enables us to remain at the forefront of synthetic biotechnology and the CCUS industry. This system encompasses the entire R&D process from strain construction, fundamental research, pilot-scale experiment to industrial application, which leads to smooth scaling and technological upgrades while maintaining our position in sustainable technologies.

Through R&D, engineering transformation and commercial application, we have mastered the core engineering transformation technologies in respect of our synthetic biotechnology in six key areas: purification of gas components, bio-fermentation, distillation dehydration, protein separation, wastewater treatment and waste heat recovery. As of the Latest Practicable Date, we owned 241 granted patents and had applied for the registration of 102 patents. Through independent research, strategic licensing arrangements and scientific collaboration, we have developed a complete intellectual property system that supports our efforts to commercialize and industrialize our synthetic biotechnology. Our research and development expenses were approximately RMB29.5 million, RMB35.9 million and RMB42.0 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing approximately 7.6%, 6.1% and 7.5% of our total revenue for the periods indicated. With our strong R&D and innovation capabilities, we have received multiple innovation awards and recognitions. Please refer to “Business — Awards and Recognitions” for further details.

Our first-generation carbon reduction technology transforms carbon monoxide from industrial off-gas into ethanol and microbial protein, which can be used to utilize the industrial off-gas from sources such as steel, ferroalloys, calcium carbide, silicon carbide and phosphorus chemical industries. Conventionally, such industrial off-gas is usually burned to obtain its thermal energy or used for power generation.

Following the successful industrialization of our first-generation carbon reduction technology, we have developed second-generation carbon negative technology that utilizes carbon dioxide, carbon monoxide and hydrogen as raw gas components for the conversion of ethanol and microbial protein. Our second-generation carbon negative technology was developed after four years of pilot-scale experiment and R&D including adaptive studies on fermentation strains, adjustments to nutrient formulations, improvements to product process flows and optimization of equipment selection and represents a technological break-through from first-generation technology. Our second-generation carbon negative technology can be used to utilize the industrial off-gas from sources such as steel mills, biomass gasification, petrochemical and coal coking. Our second-generation technology has completed the hundred-ton level pilot-scale experiment and has passed the scientific achievement appraisal conducted by the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會), with results indicating it is “internationally leading.”

SUMMARY

With our first-generation carbon reduction technology, we are able to achieve approximately one-third reduction in carbon dioxide emissions from the industrial off-gases. Each ton of ethanol produced with our second-generation carbon negative technology can directly consume 0.5 ton of carbon dioxide, and the carbon fixation rate can be increased to 93.5%. In the context of our gas fermentation technologies, the carbon fixation rate refers to the proportion of carbon sources (such as CO and CO₂) consumed by fermentation strains that are converted into organic compounds like ethanol and acetic acid. Carbon fixation rate is a quantitative measure of the level of carbon reduction that each technology can achieve. A higher carbon fixation rate indicates a greater proportion of inorganic carbon being transformed into organic carbon. The table below sets out the performance comparison (including the carbon fixation calculation) for our first-generation and second-generation technologies.

	First-generation carbon reduction technology¹	Second-generation carbon negative technology²
Reaction equation	$6\text{CO} + 3\text{H}_2\text{O} \rightarrow \text{C}_2\text{H}_5\text{OH} + 4\text{CO}_2$	$3\text{CO} + 9\text{H}_2 + \text{CO}_2 \rightarrow 2\text{C}_2\text{H}_5\text{OH} + 3\text{H}_2\text{O}$
Input	Six molecules of CO Zero molecule of CO ₂	Three molecules of CO One molecule of CO ₂
Output	One molecule of C ₂ H ₅ OH Four molecules of CO ₂	Two molecules of C ₂ H ₅ OH No CO ₂
Carbon atoms being fixed . . .	1-4/6=33%	100% ²
CO ₂ consumed directly per ton of ethanol produced	0 ton	0.5 ton
CO ₂ reduced in comparison with combustion ³ . .	4.36 tons	4.34 tons

1. First-generation carbon reduction technology consumes six molecules of carbon monoxide (CO), which, upon combustion of the resulting products, releases six molecules of carbon dioxide (CO₂). After completion of the fermentation process, only four molecules of CO₂ are emitted. This results in a theoretical carbon fixation rate of 33%.
2. Second-generation carbon negative technology, on the other hand, consumes three molecules of CO and one molecule of CO₂. Combustion of the products would release a total of four molecules of CO₂. However, with this second-generation technology, all the carbon is retained within the final products. This leads to a theoretical carbon fixation rate of 100%, indicating the potential for direct CO₂ capture. In practice, the carbon fixation rate is calculated by measuring the amount of inorganic carbon consumed during the fermentation process and the amount of organic carbon produced. The actual carbon fixation rate is below 100% (i.e. 93.5%) due to the fact that the calculation only accounts for the key products that are fixed, specifically ethanol, microbial protein, and acetic acid. During the fermentation process, the fixed carbon dioxide also yields additional substances, including butanediol, lactic acid, and various other alcohols, which were not incorporated into the calculation.
3. In comparison with the CO₂ emissions generated from burning the same type and volume of industrial off-gas.

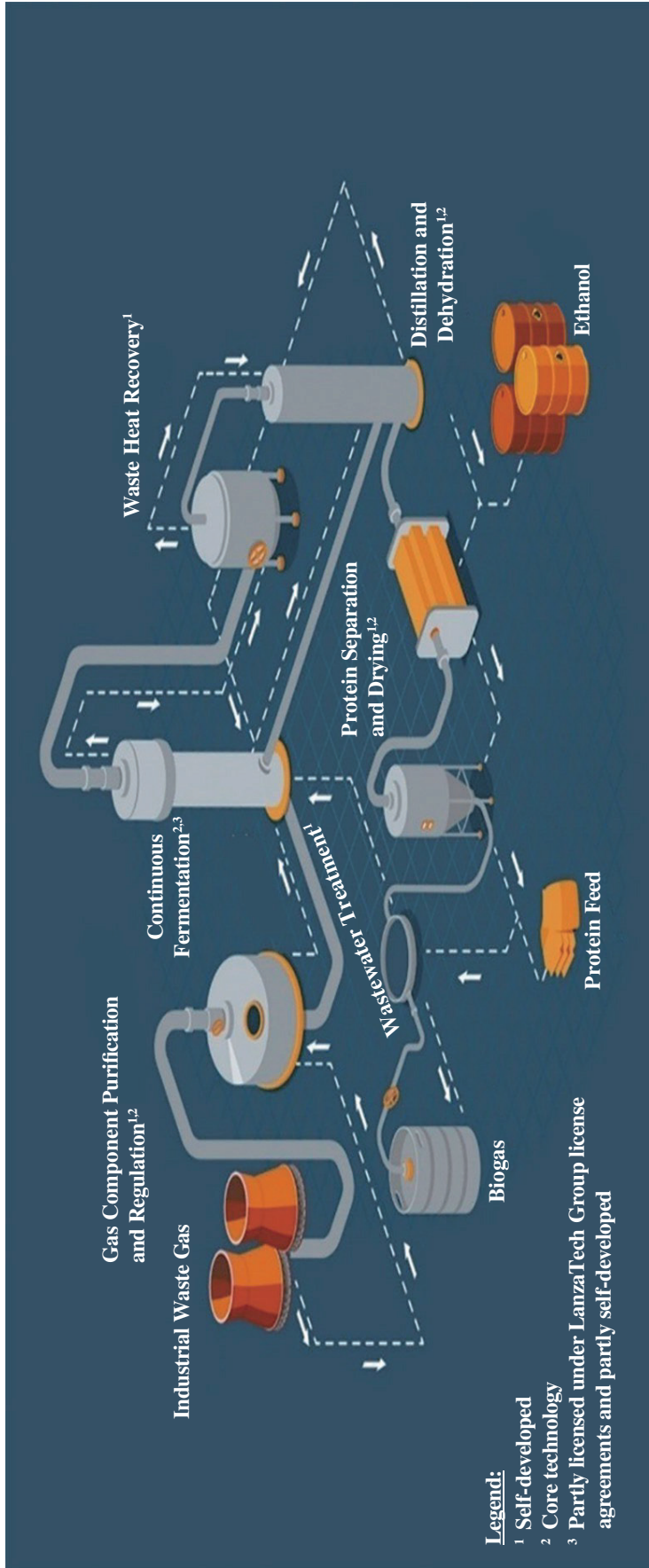
SUMMARY

After years of research and development, we successfully applied our synthetic biotechnology to industrial production. According to Frost & Sullivan, as of the Latest Practicable Date, our technology is the only validated synthetic biotechnology pathway to achieve commercialization and scalability of the production of ethanol and microbial protein by converting carbon-containing industrial off-gas in the CCUS industry globally, and comparing with other technological pathways, synthetic biotechnology offers advantages in supporting ESG development and accelerating the transition from CCS to CCUS. In addition, downstream products of carbon capture methods like carbon absorption are mainly basic chemical products such as soda ash and baking soda. In contrast, synthetic biotechnology produces environmentally friendly and higher-value products, such as ethanol and microbial protein.

We obtained certain intellectual properties for the bio-fermentation through external technology licensing from LanzaTech Hong Kong, which has granted us rights for its gas fermentation technology utilizing industrial off-gas in mainland China. Please refer to “Business — Research and Development — Licensing Agreements with LanzaTech Group” for further details.

Production

We adopt a vertically integrated production process. Our production model aims to effectively convert carbon-containing industrial off-gas into high-value products through six key steps: (i) gas component purification and regulation, (ii) continuous fermentation, (iii) distillation and dehydration, (iv) protein separation and drying, (v) waste heat recovery and (vi) wastewater treatment. The diagram below illustrates the key aspects of our production model during the Track Record Period.



SUMMARY

As of the Latest Practicable Date, we operated four production facilities across three provinces in the PRC: Hebei Shoulang Phase I production facility, Shoulang Jiyuan production facility, Ningxia Binze production facility and Guizhou Jinze production facility. Each of these production facilities produces both ethanol and microbial protein and they have a total annual production capacity of 210,000 tons of ethanol and 23,200 tons of microbial protein. The Hebei Shoulang Phase I production facility is located in Hebei Province, and the project commenced operations in 2018, establishing the world's first large-scale industrial fermentation facility for steel industrial off-gases according to Frost & Sullivan. In 2022, the Shoulang Jiyuan project was launched in Ningxia Province, creating the world's first industrial fermentation facility for ferroalloy mill off-gas according to Frost & Sullivan, which was rapidly replicated in the Ningxia Binze and Guizhou Jinze projects in 2022 and 2023. Our production facilities typically take an average of one and half years from initiation to completion, demonstrating a strong advantage in industrialization with a rapid transition from construction to stable production. As of the Latest Practicable Date, our production facilities occupied land with a site area of approximately 339,681 square meters in total and had an aggregate gross floor area of approximately 83,627 square meters. Except for Hebei Shoulang Phase I production facility that utilizes steel plant industrial off-gas as raw materials, the rest of our production facilities utilize ferroalloy industrial off-gases. The diversified sources of raw material highlight our ability to adapt our production technology to different industrial off-gas compositions, enhancing operational flexibility and scalability. All of our current production facilities (namely, Hebei Shoulang Phase I production facility, Shoulang Jiyuan production facility, Ningxia Binze production facility, Guizhou Jinze production facility) adopt first-generation carbon reduction technology.

The table below lists detailed information about each of our major production facilities during the Track Record Period:

Location of production facilities	Site area	Main products sold	Types of industrial off-gases as raw materials
	<i>(s.q.m)</i>		
Hebei Shoulang Phase I production facility, Steel and Electricity Park, Caofeidian Industrial Zone (曹妃甸工業區鋼電園區), Hebei	59,999.99 (leased)	Ethanol and microbial protein	Steel

SUMMARY

Location of production facilities	Site area	Main products sold	Types of industrial off-gases as raw materials
	<i>(s.q.m)</i>		
Shoulang Jiyuan production facility, Ningxia Pingluo Industrial Park (寧夏 平羅工業園區), Ningxia	84,860.00 (owned)	Ethanol and microbial protein	Ferroalloy
Ningxia Binze production facility, Ningxia Pingluo Industrial Park (寧夏 平羅工業園區), Ningxia	99,998.00 (owned)	Ethanol and microbial protein	Ferroalloy
Guizhou Jinze production facility, Guizhou Suiyang Coal-Electricity- Manganese Circular Economy Integrated Industrial Park (貴州 綏陽煤電錳循環經濟 一體化產業園), Guizhou	94,822.93 (owned)	Ethanol and microbial protein	Ferroalloy

SUMMARY

The table below summarizes the production capacity, actual output, and capacity utilization rate of our four production facilities for ethanol and microbial protein in 2022, 2023, and 2024.

Plant name	Products	For the year ended 31 December 2024			For the year ended 31 December 2023			For the year ended 31 December 2022		
		Annual production capacity ⁽²⁾⁽³⁾ (ton)	Actual output (ton)	Capacity utilization rates ⁽¹⁾	Annual production capacity ⁽²⁾⁽³⁾ (ton)	Actual output (ton)	Capacity utilization rates ⁽¹⁾	Annual production capacity ⁽²⁾⁽³⁾ (ton)	Actual output (ton)	Capacity utilization rates ⁽¹⁾
Hebei Shoulang phase I production facility ⁽⁴⁾ . . .	Ethanol	45,000	27,042.65	60.09%	45,000	27,326.51	60.73%	45,000	28,770.65 ⁽⁵⁾	63.93%
	Microbial protein	5,000	3,125.83	62.52%	5,000	3,280.74	65.61%	5,000	3,332.84	66.66%
Shoulang Jiyuan production facility ⁽⁶⁾	Ethanol	45,000	19,549.04	43.44%	45,000	13,407.12	29.79%	33,750	19,839.53	58.78%
	Microbial protein	5,000	2,472.72	49.45%	5,000	1,963.19	39.26%	3,750	2,325.47	62.01%
Ningxia Binze production facility ⁽⁷⁾	Ethanol	60,000	23,758.38	39.60%	60,000	30,880.68	51.47%	10,000	5,708.32	57.08%
	Microbial protein	6,600	3,262.03	49.42%	6,600	3,885.06	58.86%	1,100	622.34	56.58%
Guizhou Jinze production facility ⁽⁸⁾	Ethanol	60,000	18,046.03	30.08%	30,000	14,949.58	49.83%	Construction		
	Microbial protein	6,600	1,835.48	27.81%	3,300	1,103.20	33.43%	phase ⁽⁹⁾		

Notes:

- (1) The capacity utilization rate is calculated by dividing the actual output by the production capacity, excluding the production capacity for the corresponding period when the relevant project was not put into production in the year. The production capacity has not been calculated in the year or period when the project was under construction or has not been officially put into operation.
- The main reason for the low utilisation rates of our production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze during the Track Record Period is that the volume of industrial off-gas that our suppliers sold to these production facilities was significantly lower than the volume required for reaching their full designed capacity. For further details regarding the reasons that our suppliers cannot supply sufficient industrial off-gases to us, please refer to notes (6) to (8) below and “— Business Sustainability — Our Upstream Industrial Off-gas supply and its Impact on Our Financial Performance”. Please see the analysis in note (4) below for further details about the production utilization rate for Hebei Shoulang Phase I production facility.
- (2) The annual production capacity of ethanol is based on 8,000 hours of operation per year. The production actual output is significantly influenced by the volume, stability of supply and carbon monoxide concentration of the upstream industrial off-gas. A sufficient volume of industrial off-gas with a high CO concentration that is supplied to us in a stable manner positively impacts the production actual output.
- (3) The annual production capacity of microbial protein is calculated based on a certain percentage of ethanol production capacity of each project.
- (4) – (9) Please refer to “Business — Production — Production Capacity and Utilization Rate” for further details.

SUMMARY

We plan to further expand our production capacity and promote the industrialization of our second-generation carbon negative technology in order to improve our product competitiveness and profit levels. As of the Latest Practicable Date, we had commenced the Hebei Shoulang Phase II project, a brand-new project which adopts our second-generation carbon negative technology that utilizes carbon dioxide, carbon monoxide and hydrogen to produce ethanol and microbial protein products. This technology achieves more efficient utilization of industrial off-gas without emitting carbon dioxide during fermentation and can directly consume 0.5 tons of carbon dioxide per ton of ethanol produced according to China Petroleum and Chemical Industry Federation’s scientific achievement appraisal. The implementation of the Hebei Shoulang Phase II Project will facilitate the commercialization of our second-generation negative carbon technology, expanding its application scenarios and broadening our customer base. We also plan to provide our second-generation negative carbon technology to other industrial clients for integration into their production facilities, thereby broadening the application of our technology and generating revenue from licensing fees. Please refer to “Business — Production — Production Facilities — Future Facility” for further details.

Sales and marketing

During the Track Record Period and in terms of product sales, we primarily focused on the sales and promotion of two main products: ethanol and microbial protein. We adopted a dual sales strategy that combines direct sales with distributorships to effectively cover various customer segments. This strategy allows us to implement different sales approaches based on the market demands and conditions of different regions, so that we are able to meet the needs of diverse markets in a flexible and efficient manner. Our ethanol products are sold directly to major domestic oil and gas companies, as well as through distributors in the PRC and overseas. Our ethanol sales network covers most regions in China where ethanol fuel is used for vehicles. Our microbial protein products are also sold using a combination of direct sales and distributorship methods to livestock feed manufacturers.

In relation to the marketing activities for our low-carbon integrated solutions, we locate our potential clients by identifying industrial companies who produce the industrial off-gas that can be utilized by our synthetic biotechnology and then conduct targeted marketing towards such companies including distributing marketing materials and conducting site visits. We also acquire clients through referrals and introductions from industry peers and word of mouth marketing.

SUMMARY

The table below outlines the detailed sales revenue of our ethanol and microbial protein during the Track Record Period, categorized by sales channels.

	For the year ended December 31,					
	2022		2023		2024	
	<i>RMB'000,000</i>	%	<i>RMB'000,000</i>	%	<i>RMB'000,000</i>	%
Distributors	266.2	69.6	456.2	77.8	342.9	64.6
Direct sales	116.2	30.4	130.1	22.2	188.3	35.4
Total	<u>382.4</u>	<u>100.0</u>	<u>586.3</u>	<u>100.0</u>	<u>531.2</u>	<u>100.0</u>

For the years ended December 31, 2022, 2023 and 2024, our annual ethanol sales volume as a percentage of production was 100.0%, 96.1% and 98.3%, respectively. During the Track Record Period, we did not have any long-aging inventory and had a turnover day of around 30 days. We believe that this is strong proof that there is a readily available market for our products and our future increased products production volume can be absorbed by the market. For further details, please refer to “Business — Business Sustainability — Path to Profitability — Increase our revenue by increasing the production volume of our products”.

DEVELOPMENT OPPORTUNITIES

Faced with the threat of significant greenhouse gas emissions and severe climate change, major economies around the world have formulated carbon reduction policies to cope with climate change. According to Frost & Sullivan, the annual investment in the global CCUS industry is expected to increase from USD12.6 billion in 2023 to USD76.8 billion in 2028 and is expected to grow at a CAGR of 43.5% during this same period. As the country with the largest carbon emissions, the annual investment in China’s CCUS industry is expected to increase from RMB21.6 billion in 2023 to RMB99.3 billion in 2028 and is expected to grow at a CAGR of 35.7% during this same period.

The PRC government restricts the increase in the production of fuel ethanol using corn as raw material which makes it increasingly difficult for grain ethanol to satisfy the incremental market demand for fuel ethanol in China. For details, please see “Regulatory Overview — Regulations On Clean Production and Renewable Energy — Regulatory policy on strict control of grain-based fuel ethanol”. According to Frost & Sullivan, China’s fuel ethanol market will continue to grow in the next few years. It is estimated that from 2024 to 2029, the CAGR of China’s fuel ethanol output market will reach 5.5%. Although there is a rapid growth and increasing consumer preference in recent years for electric vehicles over traditional fuel-powered vehicles which are mainly powered by ethanol-blended gasoline, data from the China Passenger Car Association indicates that the sales volume of fuel-powered vehicles in China reached 14.7 million units in 2024 which accounted for approximately 53% of the total sales of passenger vehicles and that the stock of fuel-powered vehicles is expected to remain above 200 million units over the next five years according to Frost & Sullivan. Electric vehicles’ limitations in range and refueling infrastructure have kept fuel-powered vehicles in

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wide use across various scenarios. As a result, short-term demand for gasoline and other petroleum-based fuels remains strong. According to data published by the MOFCOM, China's gasoline consumption increased from approximately 116 million tons in 2020 to 177 million tons in 2024, with a CAGR of 11.1%. Meanwhile, the advancement of technologies such as sustainable aviation fuel (SAF) is expected to further expand the potential applications of fuel ethanol. Against the backdrop of China's policy of cracking down on the production of coal-based ethanol and strictly controlling the growth of grain ethanol, the future incremental market for fuel ethanol will present a significant opportunity for our business as such market will only be accessible by the producers of ethanol with low-carbon and sustainable attributes.

In addition, our SAF facility, which is expected to be operational by 2026 in Baotou, Inner Mongolia, China, will enable us to capture the significant market opportunities in the SAF sector. As a major source of carbon emissions in the transportation sector, the aviation industry is trending toward a green transformation, with the adoption of SAF being the primary path for carbon reduction. SAF consumption is expected to increase steadily, driving market growth. According to Frost & Sullivan, the global SAF consumption market size grew from RMB0.6 billion in 2020 to RMB18.7 billion in 2024, with a CAGR of 140.4% during this same period. It is expected that the global SAF consumption market size will continue to grow in the future, reaching RMB301.7 billion in 2029, with a CAGR of 74.4% from 2024 to 2029. China's SAF consumption market size grew from RMB4.7 million in 2022 to RMB187.7 million in 2024. It is expected that China's SAF consumption market size will continue to grow and reach RMB6.5 billion in 2029, with a CAGR of 130.2% from 2024 to 2029.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- We successfully applied synthetic biotechnology to the CCUS industry, which enables us to enjoy first-mover advantage.
- We are engaged in carbon conversion and utilization with validated technology for commercialization and scalability, and we are continuing to improve our production efficiency.
- We have successfully developed two major commercial products and gained a stable customer base by leveraging our distinctive sustainable and low-carbon environmental attributes.
- Our gas fermentation technology and one-stop R&D platform from microbial strains breeding to industrial application enable us to achieve continuous advancement from first-generation carbon reduction technology to second-generation negative carbon technology.

SUMMARY

- We have achieved growth by rapid replication of our technology to new projects and through our flexible business models.
- Our visionary management team and Shareholders with diverse and strong backgrounds form a corporate structure that combines sound management practices and corporate vitality.

Please refer to “Business — Our Competitive Strengths” for further details.

OUR STRATEGIES

We plan to further implement the following strategies:

- Vigorously expanding into SAF production;
- Maintaining our position in gas fermentation technology and expanding our downstream products portfolio through continuous R&D;
- Actively exploring the opportunities to expand our low-carbon integrated solutions; and
- Actively participating in China’s carbon trading market.

Please refer to “Business — Our Strategies” for further details.

COMPETITION

According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. The global CCUS industry is still in its early stages with limited competition. We face competition from a small number of players, including technology service-oriented companies, product-oriented companies, and energy giants with in-house CCUS facilities. We believe that our synthetic biotechnology gives us a competitive advantage. Our ability to produce both ethanol and microbial protein from industrial off-gas further strengthens our position. We believe that the CCUS industry presents significant barriers to entry, including technological capabilities, production qualifications, and stable access to raw materials. Our ongoing focus on research and development provides us with a strong competitive edge.

As for fuel ethanol, China’s market is primarily dominated by central state-owned enterprises, with feedstocks mainly consisting of food-based raw materials (such as corn and wheat) and non-food-based alternatives (such as cassava, non-edible rice, and cellulosic biomass). We are the only company utilizing industrial off-gas as a feedstock in fuel ethanol production. In terms of market share, we ranked among the top six players in China’s fuel ethanol market in 2024.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, we primarily sold ethanol and microbial protein. Our ethanol products are sold directly to major domestic oil and gas companies, as well as through distributors in PRC and overseas. Our microbial protein products are also sold using a combination of direct sales and distributorship methods to livestock feed manufacturers. Revenue generated from our five largest customers for each year during the Track Record Period accounted for 82.1%, 86.0% and 78.9% of our total revenue for the respective year. Revenue generated from our largest customer for each year during the Track Record Period accounted for 37.5%, 46.5% and 26.3% of our total revenue for the respective year.

During the Track Record Period, we primarily used domestic suppliers to procure a wide range of goods and services including raw materials, utilities and energy, auxiliary materials and other facilitating goods and services. Purchases from our five largest suppliers for each year during the Track Record Period accounted for 83.0%, 76.7% and 76.8% of our total purchases for the respective year. Purchases from our largest supplier for each year during the Track Record Period accounted for 45.1%, 27.3% and 23.6% of our total purchases for the respective year. We rely on a few selected major suppliers for carbon-containing industrial off-gas, most of which are our connected persons. Purchases of carbon-containing industrial off-gas from our connected persons for each year during the Track Record Period accounted for 87.0%, 64.6% and 67.8% of our total purchases of carbon-containing industrial off-gas for the respective year. For further details of our connected persons and connected transactions, please refer to the section headed “Connected Transactions” in this prospectus.

According to Frost & Sullivan, the industrial off-gas required for a CCUS biosynthesis production facility is usually provided by one industrial off-gas supplier. We believe that we have a mutually beneficial relationship with our upstream industrial off-gas suppliers, as we rely on upstream industrial off-gas suppliers for stable supply, while they need us to achieve their environmental protection and carbon reduction goals and enjoy preferential policies (such as favorable electricity tariffs) as a result, and generate revenue from selling industrial off-gas to us.

KEY RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in “Risk Factors”. You should read that section in its entirety before you decide to invest in the Offer Shares. Some of the major risks we face include:

- We may encounter disruptions in the supply and quality of carbon-containing industrial off-gas, which may materially and adversely affect our business, financial condition (including the gross profit margin), results of operations and prospects.

SUMMARY

- Ethanol and microbial protein will remain to be the primary source of our revenue and profits and any significant adverse changes or fluctuations in the demand and market price for ethanol and microbial protein, which fall outside of our control, may have an adverse impact on our business performance.
- We may encounter increases in the cost of procuring carbon-containing industrial off-gas, which may materially and adversely affect our business, financial condition, results of operations and prospects.
- The Company has entered into licensing agreements with entities in the LanzaTech Group in relation to the licensing of certain intellectual property rights and trade secrets. If we fail to comply with our obligations in these agreements, we could be required to pay monetary damages or could lose the license rights that are important to our business.
- We recorded gross loss and net losses during the Track Record Period, and may not be able to successfully achieve or manage the growth of our business, nor achieve profitability in the near future.
- We recorded net current liabilities during the Track Record Period, which may continue if we are not able to implement our business plans successfully in the future. These, together with our current indebtedness and additional indebtedness which we may incur in the future, may materially and adversely affect our business, financial condition, results of operations, liquidity and prospects.

Please refer to “Risk Factors” for further details.

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Shougang Group was directly interested in approximately 26.54% of the total issued share capital of our Company; (ii) NZ Tang Ming was directly interested in approximately 9.48% of the total issued share capital of our Company; and (iii) Caofeidian Fund was directly interested in approximately 3.54% of the total issued share capital of our Company. It is expected that Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi will constitute a group of Controlling Shareholders of our Company upon Listing because:

- (i) Shougang Group and NZ Tang Ming are parties acting-in-concert pursuant to concert party agreements dated February 26, 2020 and December 21, 2022 entered into by and between Shougang Group and NZ Tang Ming; and

SUMMARY

- (ii) Caofeidian Fund is owned as to 72.00% of its economic interest by Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司), a wholly-owned subsidiary of Shougang Group and it is managed by its general partner and executive partner, Shoucheng Rongshi, which Shougang Group was the single largest shareholder of its ultimate beneficial owner and able to exert significant influence on it.

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), (i) Shougang Group will be directly interested in approximately 25.13% of the total issued share capital of our Company; (ii) NZ Tang Ming will be directly interested in approximately 8.98% of the total issued share capital of our Company; (iii) Shougang Group and NZ Tang Ming, together with shareholders of NZ Tang Ming, namely, Ms. Dong, Ms. Ye and Shouye Xinyuan, are parties acting-in-concert; and (iv) Caofeidian Fund will be directly interested in approximately 3.35% of the total issued share capital of our Company. Therefore, Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye and Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi will be interested in and control approximately 37.46% of the total issued share capital of our Company and constitute a group of controlling shareholders (as defined under the Listing Rules) of our Company upon the Listing. Please refer to “Relationship with Our Controlling Shareholders” for further details.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt or partially-exempt continuing connected transactions of our Company under the Listing Rules following the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, certain waivers from strict compliance with Chapter 14A of the Listing Rules in respect of these transactions. Please refer to “Connected Transactions” for further details.

During the Track Record Period, Shougang Jingtang, a subsidiary of Shougang Group, was both of our customer and supplier. We routinely procure industrial off-gas and energy medium from Shougang Jingtang while we also sold them biogas. For each of the years ended December 31, 2022, 2023 and 2024, Shougang Jingtang was our largest supplier, accounting for 45.1%, 27.3% and 23.6%, respectively, of our total purchases, and our total sales to Shougang Jingtang accounted for 1.7%, 0.9% and 1.0%, respectively, of our revenue. We entered into a long-term supply arrangement with Shougang Jingtang to ensure a stable and uninterrupted supply of carbon-containing industrial off-gas for our production process. We believe such arrangement reflects our mutual benefits. For our operations, it ensures the stability of critical raw material supplies. For Shougang Jingtang, it provides an effective channel for managing carbon-containing industrial off-gas generated from its operations while converting it into a stable revenue stream. We also entered into long-term lease agreements with Shougang Jingtang in relation to the land and certain buildings for our Hebei Shoulang Phase I production facilities. According to Frost & Sullivan, it is a common industry practice for production enterprises to establish production facilities near key raw material suppliers. This approach facilitates cost-efficient operations and logistical convenience while fostering mutual reliance and benefits between the production enterprises and their suppliers. We consider our relationship with Shougang Jingtang would not give rise to any material risk to

SUMMARY

our Group as we consider the relationship between our Group and Shougang Jingtang to be one of mutual reliance and beneficial to each other, and unlikely to be materially and adversely changed or terminated. Please refer to “Business — Overlapping of Major Customers and Suppliers” for further details.

Shougang Group and its associates have respectable experience and reputation in their respective areas of businesses, solid financial standing and have demonstrated themselves to be reliable customers and suppliers of the Company and its subsidiaries over the past years. Other than our transactions with Shougang Jingtang, we also from time to time procure goods such as parts and equipment and services such as financial services, construction services, testing and inspection services and other general services from Shougang Group and its associates in our ordinary course of business. We expect to continue to transact with Shougang Group and its close associates upon the Listing and certain of which will constitute continuing connected transactions of our Company under the Listing Rules. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — A1. Shougang Group Cooperation Framework Agreement”, “Connected Transactions — Non-exempt Continuing Connected Transactions — A2. Shougang Jingtang Supply Framework Agreement” and “Connected Transactions — Non-exempt Continuing Connected Transactions — B. Shougang Finance Financial Services Framework Agreement” for further details.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants’ Report set out in Appendix I to this prospectus, as well as the information set forth in “Financial Information” of this prospectus. Our financial information was prepared in accordance with IFRSs.

SUMMARY

Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	389,512	592,551	563,611
Cost of sales	(335,459)	(574,839)	(656,956)
Cost of sales of goods and services . .	(328,895)	(504,687)	(594,296)
Maintenance and cultivation costs . .	(6,564)	(70,152)	(62,660)
Gross profit/(loss)	<u>54,053</u>	<u>17,712</u>	<u>(93,345)</u>
Finance income	6,925	5,801	2,259
Other income and gains	6,248	15,504	11,647
Selling and marketing expenses	(261)	(692)	(546)
Administrative expenses	(45,697)	(82,709)	(86,945)
Research and development expenses . .	(29,501)	(35,948)	(42,025)
Impairment losses on financial assets, net	(114)	(167)	(1,740)
Other expenses	(5,699)	(2,047)	(143)
Finance costs	(9,589)	(26,847)	(34,227)
Loss before tax	<u>(23,635)</u>	<u>(109,393)</u>	<u>(245,065)</u>
Income tax expense	(220)	(754)	(503)
Loss for the year	<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
Loss attributable to:			
Owners of the parent	(20,455)	(66,447)	(137,408)
Non-controlling interests	(3,400)	(43,700)	(108,160)
	<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)	<u>(0.07)</u>	<u>(0.18)</u>	<u>(0.38)</u>
Total comprehensive income for the year	<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
Attributable to:			
Owners of the parent	(20,455)	(66,447)	(137,408)
Non-controlling interests	(3,400)	(43,700)	(108,160)
	<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>

SUMMARY

Non-IFRS Measure

To supplement our consolidated financial statements presented in accordance with IFRS, we use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items, and provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as it helps management. However, the presentation of EBITDA (non-IFRS measure), may not be comparable to similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth the reconciliation from our loss for the year to our EBITDA (non-IFRS measure) for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(23,855)	(110,147)	(245,568)
Adjusted for:			
Income tax expenses	220	754	503
Net finance costs	2,664	21,046	31,968
Depreciation and amortization	54,086	102,521	130,633
EBITDA (non-IFRS measure)	<u>33,115</u>	<u>14,174</u>	<u>(82,464)</u>

Loss for the year

We recorded loss of RMB23.9 million, RMB110.1 million and RMB245.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. Our loss for the year in 2022 was primarily driven by (i) higher cost of sales of RMB335.5 million due to increased utility costs, depreciation and amortization, labor costs and costs of auxiliary materials, all resulting from the commencement of operations of our Shoulang Jiyuan and Ningxia Binze production facilities in 2022 and (ii) higher administrative expenses of RMB45.7 million, largely attributable to increased labor costs from a significant expansion in administrative personnel following the launch of the same production facilities. Our loss for the year in 2023 was primarily due to the respective increases in our (i) cost of sales from RMB335.5 million in 2022 to RMB574.8 million in 2023 as a result of the respective increases in costs of raw materials, utility costs and depreciation and amortization, all of which were attributable to the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023 and (ii) administrative expenses from RMB45.7 million in 2022 to RMB82.7 million in 2023

SUMMARY

as a result of the increase in labor costs attributable to increased number of administrative employees due to the commencement of operations of our Ningxia Binze and Guizhou Jinze production facilities, the increase in professional services fees in connection with the preparation for the A-Share listing plan and the increase in depreciation of office buildings in our production facilities. Our loss for the year in 2024 was primarily attributable to (i) a decrease in revenue from RMB592.6 million in 2023 to RMB563.6 million in 2024 due to a decrease of 15.6% in the average selling price of ethanol despite an increase of 4.4% in the sales volume of ethanol and (ii) an increase in cost of sales from RMB574.8 million in 2023 to RMB657.0 million in 2024 due to the increase in depreciation of our Guizhou Jinze production facility, which commenced operations in June 2023 and the increase in the costs of raw materials as a result of the combined effect of increases in the sales volume of our products and increase in the price of industrial off-gas sourced for our Shoulang Jiyuan and Ningxia Binze production facilities.

Revenue

During the Track Record Period, we generated revenue from contracts with our customers for the provision of the following types of goods and services: ethanol, microbial protein, other products which primarily include biogas and crude alcohol, and low-carbon integrated solutions. For the years ended December 31, 2022, 2023 and 2024, our revenue was RMB389.5 million, RMB592.6 million and RMB563.6 million, respectively. The increases in our revenue from RMB389.5 million in 2022 to RMB592.6 million in 2023 were primarily attributable to the respective increases in (i) our production volume, which in turn increased the sales volume of ethanol and microbial protein, as a result of the commencement of operations of several of our production facilities and (ii) the average selling prices of ethanol and microbial protein. The decrease in our revenue from RMB592.6 million in 2023 to RMB563.6 million in 2024 was primarily attributable to a decrease of 15.6% in the average selling price of ethanol despite an increase of 4.4% in the sales volume of ethanol.

Cost of sales

Our cost of sales consists of (i) cost of sales of goods and services, representing direct costs associated with the production of goods and provision of services and (ii) maintenance and cultivation costs, which primarily reflect, among others, depreciation of property, plant and equipment and utility costs that we incurred during (a) downtime due to upstream sudden production fault and upstream market conditions, (b) downtime due to our scheduled maintenance and technical reform and (c) the subsequent fermentation strains breeding and cultivation period. Our cost of sales was RMB335.5 million, RMB574.8 million and RMB657.0 million, respectively, for the years ended December 31, 2022, 2023 and 2024, which accounted for 86.1%, 97.0% and 116.6% of our total revenue for the respective years.

SUMMARY

Gross profit margins

Our overall gross profit margins were 13.9%, 3.0% and negative 16.6% for the years ended December 31, 2022, 2023 and 2024, respectively. Fluctuations in our gross profit margin are impacted by (i) suspensions and reductions in our production output as a result of maintenance and repair or temporary operation suspension of our upstream industrial off-gas suppliers due to unfavorable market conditions, (ii) fluctuations in the average selling prices of ethanol and microbial protein and (iii) changes in maintenance and cultivation costs, which were incurred during periods when no revenue was generated and therefore do not correspond to any revenue-generating activities.

For the year ended December 31, 2024, we were impacted by (i) insufficient upstream industry off-gas supply due to market conditions in the ferroalloy industry, which, aside from the impact of the pandemic in 2020, marked the lowest point of China's ferroalloy industry's sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the past seven years according to Frost & Sullivan, and (ii) a sharp decline in fuel ethanol prices, which, according to Frost & Sullivan, was caused by the entry into the market by a large amount of low-cost coal-based ethanol. However, our production had started to recover towards the end of 2024 and ethanol price also started to recover as government policies restricting coal-based ethanol started to take effect. Please refer to “—Recent Development and No Material Adverse Change” for further details.

Please refer to “Financial Information — Description of Major Components in Our Consolidated Statements of Profit or Loss and Other Comprehensive Income” for further details.

SUMMARY

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total current assets	637,474	330,278	284,590
Total non-current assets	2,158,413	2,350,235	2,275,982
Total assets	<u>2,795,887</u>	<u>2,680,513</u>	<u>2,560,572</u>
Total current liabilities	674,544	762,985	895,701
Total non-current liabilities	867,334	738,428	731,339
Total liabilities	<u>1,541,878</u>	<u>1,501,413</u>	<u>1,627,040</u>
Net current liabilities	(37,070)	(432,707)	(611,111)
Net assets	<u>1,254,009</u>	<u>1,179,100</u>	<u>933,532</u>
Equity attributable to owners of the parent			
Share capital	360,000	360,000	360,000
Reserves	641,955	579,243	441,972
	1,001,955	939,243	801,972
Non-controlling interests	252,054	239,857	131,560
Total equity	<u>1,254,009</u>	<u>1,179,100</u>	<u>933,532</u>

Our net assets decreased from RMB1,254.0 million as of December 31, 2022 to RMB1,179.1 million as of December 31, 2023, mainly due to loss for the year of RMB110.1 million, which was partially offset by capital injection from non-controlling shareholders in the amount of RMB31.3 million. Our net assets further decreased to RMB933.5 million as of December 31, 2024, mainly due to loss for the year of RMB245.6 million.

Our net current liabilities increased from RMB37.1 million as of December 31, 2022 to RMB432.7 million as of December 31, 2023, primarily due to a decrease in cash and cash equivalents from RMB503.9 million as of December 31, 2022 to RMB183.4 million as of December 31, 2023, reflecting payments for construction and equipment related to our production facilities.

Our net current liabilities increased from RMB432.7 million as of December 31, 2023 to RMB611.1 million as of December 31, 2024, primarily due to (i) an increase in the current portion of interest-bearing bank and other borrowings from RMB162.0 million as of December 31, 2023 to RMB270.0 million as of December 31, 2024 to supplement our working capital and (ii) an increase in trade and bills payables from RMB90.6 million as of December 31, 2023 to

SUMMARY

RMB207.7 million as of December 31, 2024 due to the increased procurement of goods or services, in line with the expansion of our operation, which were partially offset by (i) an increase in trade and bills receivables from RMB2.9 million as of December 31, 2023 to RMB41.5 million as of December 31, 2024 primarily because of income generated from patent royalties and the provision of technical services related to our low-carbon integrated solutions and (ii) a decrease in our other payables and accruals from RMB317.9 million as of December 31, 2023 to RMB242.9 million as of December 31, 2024, reflecting a decrease in amounts owed for construction and equipment fees related to our production facilities.

Summary of Consolidated Cash Flow Statements

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

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from/(used in) operating activities	104,633	(10,486)	19,308
Net cash used in investing activities . . .	(813,961)	(220,451)	(144,916)
Net cash from/(used in) financing activities	<u>1,046,508</u>	<u>(89,620)</u>	<u>53,428</u>
Net increase/(decrease) in cash and cash equivalents	337,180	(320,557)	(72,180)
Cash and cash equivalents at beginning of year	<u>166,748</u>	<u>503,928</u>	<u>183,371</u>
Total cash and cash equivalents at end of year	<u><u>503,928</u></u>	<u><u>183,371</u></u>	<u><u>111,191</u></u>

For the year ended December 31, 2024, we had net cash flows from operating activities of RMB19.3 million, resulting from our loss before tax of RMB245.1 million, adjustments for non-operating activity items of RMB181.9 million, changes in working capital of RMB80.6 million, interest received of RMB2.3 million and income tax paid of RMB0.4 million. Adjustments for non-operating activity items primarily include the adding back of (i) depreciation of property, plant and equipment of RMB119.5 million, (ii) finance costs of RMB34.2 million and (iii) write-down of inventories to net realizable value of RMB16.1 million. Changes in working capital primarily include (i) an increase in trade and bills payables of RMB117.2 million and (ii) an increase in trade and bills receivables of RMB40.1 million.

SUMMARY

For the year ended December 31, 2023, we had net cash flows used in operating activities of RMB10.5 million, resulting from our loss before tax of RMB109.4 million, adjustments for non-operating activity items of RMB140.2 million, changes in working capital of RMB44.0 million, interest received of RMB5.8 million and income tax paid of RMB3.1 million. Adjustments for non-operating activity items primarily included the adding back of (i) depreciation of property, plant and equipment of RMB97.1 million and (ii) finance costs of RMB26.8 million. Changes in working capital primarily included (i) an increase in inventories of RMB38.7 million, (ii) a decrease in other payables and accruals of RMB59.1 million and (iii) an increase in trade and bills payables of RMB52.7 million.

For the year ended December 31, 2022, we had net cash flows from operating activities of RMB104.6 million, resulting from our loss before tax of RMB23.6 million, adjustments for non-operating activity items of RMB64.3 million, changes in working capital of RMB55.9 million, interest received of RMB6.9 million and income tax refunded of RMB1.2 million. Adjustments for non-operating activity items primarily included the adding back of depreciation of property, plant and equipment of RMB48.9 million. Changes in working capital primarily included (i) a decrease in prepayments, other receivables and other assets of RMB34.0 million, (ii) an increase in trade and bills payables of RMB15.9 million and (iii) an increase in inventories of RMB11.1 million.

KEY FINANCIAL RATIOS

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

	As of December 31,		
	2022	2023	2024
Current ratio ⁽¹⁾ (Times)	0.9	0.4	0.3
Asset-to-liability ratio ⁽²⁾ (Times)	1.8	1.8	1.6
Gearing ratio ⁽³⁾ (%)	76.8	74.2	102.0
Debt to equity ratio ⁽⁴⁾ (%)	36.7	58.6	90.1

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities as of the dates indicated.
- (2) Asset-to-liability ratio equals total assets divided by total liabilities as of the dates indicated.
- (3) Gearing ratio equals total indebtedness (being interest-bearing bank and other borrowings and lease liabilities) divided by total equity as of the dates indicated.
- (4) Debt to equity ratio equals net debts divided by total equity as of the indicated. Net debts equal total indebtedness (being interest-bearing bank and other borrowings and lease liabilities) minus cash and cash equivalents.

SUMMARY

APPLICATION FOR LISTING 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 in issue immediately upon completion of the Global Offering and the conversion of Unlisted Shares into Shares, on the basis that, among other things, we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules. Our expected market capitalization comprising both Unlisted Shares and H shares of the Group at the time of the Listing, which, based on the low end of the Offer Price range, is approximately HK\$5,512 million.

PREVIOUS LISTING PLAN

In November 2022, Zhong De Securities Co., Ltd. (中德證券有限責任公司) (“**Zhong De**”), a qualified sponsor appointed by the Company, made a preliminary filing (上市輔導備案) with the Beijing Supervisory Commission of the CSRC (中國證券監督管理委員會北京監管局), which did not constitute a formal listing application with the CSRC as confirmed by our PRC Legal Advisor. On June 21, 2023, Zhong De received the Letter Regarding the Completion of Inspection and Acceptance Work for Tutoring Work by Zhong De from Beijing Supervisory Commission of the CSRC (the “**Completion of Inspection Letter**”). Pursuant to the Completion of Inspection Letter, Beijing Supervisory Commission of the CSRC confirmed that they finished the inspection and acceptance of the tutoring work in relation to the application for public offering and listing on the STAR Market of the Shanghai Stock Exchange of the Company and the Completion of Inspection Letter was valid until June 20, 2024. We submitted the A-share listing application to the Shanghai Stock Exchange on June 24, 2023.

Subsequent to the submission and up to the Latest Practicable Date, we had not received any acceptance notice or enquiries from the Shanghai Stock Exchange. We voluntarily submitted a letter of request to withdraw the said listing application to the Shanghai Stock Exchange on July 27, 2023, considering the then development of onshore and global capital markets and uncertainties regarding the timetable of an onshore A-share listing which may hinder our ability to capitalize on a window of opportunity. Furthermore, we observed that ESG considerations were increasingly capturing the interest of the Hong Kong market, aligning more closely with the Company’s business focus on ESG. Since (i) the validity of the Completion of Inspection Letter had expired, (ii) the Company plans to further expand to global business, and (iii) the Company considers that the Hong Kong Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas investors, the Company decided to pursue a Listing in Hong Kong.

Our Directors, to the best of their knowledge, information and belief, are not aware of any other matters relating to the A-share listing plan that may affect the Company’s suitability for listing on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange and investors. For further details, please refer to “History, Development and Corporate Structure — Previous Listing Plan”. Having considered the views of our Directors above and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on our Directors’ views above in any material respect.

SUMMARY

OFFERING STATISTICS

	Based on an Offer Price of HK\$14.50 per Share	Based on an Offer Price of HK\$18.88 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$5,512.3 million	HK\$7,177.4 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share ⁽²⁾	HK\$2.90	HK\$3.12

Notes:

- (1) The calculation of market capitalization is based on 380,159,800 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2024.

FUTURE PLANS AND USE OF PROCEEDS

We intend to use the net proceeds of HK\$284.4 million (equivalent to approximately RMB259.8 million), assuming an Offer Price of HK\$16.69 (being the mid-point of the Offer Price range) we will receive from this offering for the following purposes:

- Approximately 37.9% of net proceeds, or approximately HK\$107.9 million (equivalent to approximately RMB98.6 million), is expected to be used to fund the construction and development of our SAF production facilities in Baotou, Inner Mongolia, China over the next three years.
- Approximately 21.2% of net proceeds, or approximately HK\$60.4 million (equivalent to approximately RMB55.2 million), is expected to be used for our Hebei Shoulang Phase II facility over the next two years.
- Approximately 11.4% of net proceeds, or approximately HK\$32.4 million (equivalent to approximately RMB29.6 million), is expected to be used for research and development of our bacteria strains, production equipment and process as well as our intelligent production management systems to improve our production efficiency over the next three years.
- Approximately 14.1% of net proceeds, or approximately HK\$40.2 million (equivalent to approximately RMB36.7 million), is expected to be used for the technological upgrade of our four production facilities over the next three years.

SUMMARY

- Approximately 5.3% of net proceeds, or approximately HK\$15.1 million (equivalent to approximately RMB13.8 million), is expected to be used for the development of new products over the next three years.
- Approximately 10.0% of net proceeds, or approximately HK\$28.4 million (equivalent to approximately RMB26.0 million), is expected to be used for general corporate purposes and working capital needs.

Please refer to “Future Plans and Use of Proceeds” for further details.

DIVIDENDS

During the Track Record Period, no dividend was declared or paid by our Company. We do not have any pre-determined dividend payout ratio. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval in our Shareholders’ meeting. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. We cannot exclude the possibility that no dividend may be declared or distributed in any year after the Listing.

LISTING EXPENSES

The estimated total listing expenses, which are non-recurring in nature, are RMB47.5 million (assuming an Offer Price of HK\$16.69 per Offer Share (being the mid-point of the indicative Offer Price range)), representing approximately 15.5% of the estimated gross proceeds from the Global Offering assuming that the Over-allotment Option is not exercised. The expenses consist of (i) underwriting-related expenses, including underwriting commissions and fees, of approximately RMB14.3 million, (ii) non-underwriting-related expenses of approximately RMB33.2 million, comprising (a) fees paid and payable to legal advisors and Reporting Accountants of RMB22.0 million and (b) other fees and expenses of RMB11.2 million. Among the estimated aggregate amount of our listing expenses, (i) RMB13.5 million had been recognized as our profit or loss for the year ended December 31, 2024, (ii) RMB18.3 million is expected to be recognized as our profit or loss for the year ending December 31, 2025 and (iii) RMB15.7 million is directly attributable to the issuance of new Shares and is expected to be accounted for as a deduction from equity upon the Listing.

SUMMARY

IMPACT OF THE COVID-19 OUTBREAK

The outbreak of COVID-19 pandemic and its recurrence have caused temporary disruption to our business operations to the extent that the construction of our Guizhou Jinze production facility had to be put on hold temporarily in 2022, which resulted in a four-month delay in its completion. However, the outbreak of COVID-19 had not caused any suspension of our production, and during the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not have any material adverse effect on our business operations and financial performance. Our revenue increased from RMB389.5 million in 2022 to RMB592.6 million in 2023. With the lifting of most restrictive measures in December 2022, we have not experienced any disruptions to our business operations due to the COVID-19 pandemic since that time. Please see “Risk Factors — Risks Relating to Our Business and Industry — We face risks related to health epidemics, natural disasters, terrorist activities, political unrest, financial or economic crises and other force majeure events, which could significantly disrupt our operations” for further details.

BUSINESS SUSTAINABILITY

During the Track Record Period, we incurred net losses of RMB23.9 million, RMB110.1 million and RMB245.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. For the year ended December 31, 2024, we recorded gross loss of RMB93.3 million.

Our Historical Losses and Our Growth History

Our development history can be mainly divided into three stages:

1. During the period from our establishment in November 2011 to 2017, we focused on R&D and successfully developed the first set of industrial production facility utilizing industrial off-gas from steel mills. During this period, we did not generate any revenue.
2. During the period from 2018 to 2021, we focused on the development of the Hebei Shoulang Phase I production facility, the production capacity of which was in the ramping-up phase and had not yet been fully realized. We also completed the R&D of the second-generation carbon negative technology during this period.
3. During the period from 2022 to 2024, building on the commercial success of Hebei Shoulang Phase I project, we developed three industrial production facilities utilizing industrial off-gas from ferroalloy mills and commenced the Hebei Shoulang Phase II project. Our production facilities usually take a few years to ramp up production and reach profitability.

SUMMARY

Our Upstream Industrial Off-gas Supply and Our Financial Performance during the Track Record Period

During the Track Record Period, we experienced suspension and reduction of the supply of industrial off-gas by our upstream suppliers due to repairs conducted by them as well as the adverse market conditions of the PRC ferroalloy industry.

In 2023, the production facilities of Shoulang Jiyuan and Guizhou Jinze were suspended for 56 days and 12 days respectively due to suspension of industrial off-gas supply by upstream suppliers. In 2024, the Guizhou Jinze production facility experienced a 14-day suspension due to gas supply interruption. During the Track Record Period, the upstream industrial off-gas suppliers of Hebei Shoulang Phase I production facility and Ningxia Binze production facility never experienced any sudden production fault. In 2023, after the sudden production fault of the industrial off-gas supplier of the Shoulang Jiyuan production facility was repaired, there was no suspension of industrial off-gas supply due to similar reasons in 2024. Guizhou Jinze's upstream gas supplier has completed the safety inspection and comprehensive maintenance of existing production facilities in the first quarter of 2025 and it is expected that the probability of repair caused by sudden failure will decrease in 2025. Based on our discussion with our industrial off-gas suppliers, their production plans for 2025 and 2026 remain stable, which is likely to lead to reliable gas supply. The management believe such production suspension is one-off event and is unlikely to reoccur in the future.

In 2024, the industrial off-gas suppliers of the Shoulang Jiyuan and Ningxia Binze production facilities suspended production activities in response to the unfavorable market environment, resulting in the interruption of the supply of industrial off-gas. In 2023 and 2024, the industrial off-gas supplier of the Guizhou Jinze production facility reduced production activities due to unfavorable market conditions, and accordingly reduced the supply of industrial off-gas to the Guizhou Jinze production facility. According to Frost & Sullivan, aside from the impact of the pandemic in 2020, 2024 marked the lowest point of China's ferroalloy industry's sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the past seven years, and China's ferroalloy industry will gradually recover in 2025 and 2026 (with the spot price of the ferroalloy forecasted to recover). Please refer to "Industry Overview — Overview of the Steel and Ferroalloy Industry — China Ferroalloy Spot Price" for further details. Therefore, we expect less situations where our upstream suppliers suspend or reduce gas supply due to the unfavorable market environment in 2025 and 2026.

In addition, our gross margin during the Track Record Period was also affected by the fuel ethanol price. While fuel ethanol prices remained stable in 2022 and 2023, they experienced a sharp decline in the second half of 2024 due to a large amount of low-cost coal-based ethanol entering into the fuel ethanol market.

SUMMARY

Path to Profitability

We believe the following factors and measures would support our growth and help us to achieve profitability in the future:

1. With the promotion and implementation of policies to restrict coal-based ethanol from entering the fuel ethanol market, ethanol prices will gradually recover
2. Increase our revenue by increasing the production volume of our products as the supply of industrial off-gas stabilized
3. Improve operational efficiency by lower our production cost
4. Expand our low-carbon integrated solutions business

Please see “Business — Business Sustainability” for further details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Update on Guizhou Jinze Production Facility

In the first quarter of 2025, the upstream industrial off-gas supplier for Guizhou Jinze production facility suspended its production due to the equity restructuring and Guizhou Jinze production facility carried out its annual maintenance during this period. As at the end of March of 2025, such upstream industrial off-gas supplier had resumed its production and started supplying industrial off-gas to Guizhou Jinze production facility. Guizhou Jinze production facility has resumed its production since April 1, 2025 and was in ramp-up phase to re-cultivate microbial strain for most of the time of April 2025, with an output of 100 tons of ethanol from the last few days of April, which is also the output for the entire first four months of 2025. The non-routine downtime for Guizhou Jinze production facility for the first four months of 2025 was 90 days (i.e. the entire first quarter of 2025). For details, please refer to “Business — Suppliers — Raw Materials — Guizhou Jinze production facility”. Our other three productions facilities, namely, Hebei Shoulang, Shoulang Jiyuan and Ningxia Binze, experienced no routine or non-routine downtime in the first four months of 2025.

SUMMARY

Operating Activities and Financial Performance of Our Production Facilities excluding Guizhou Jinze Production Facility

Capacity Utilization Rate

The table below sets out the production volume and capacity utilization rate for each of our production facilities excluding Guizhou Jinze production facility during the first four months of 2025:

<u>Production Volume</u>	<u>Hebei Shoulang Phase I production facility</u>	<u>Shoulang Jiyuan production facility</u>	<u>Ningxia Binze production facility</u>
Ethanol (ton)	9,781.4	9,760.1	12,085.7
Microbial protein (ton)	1,085.5	1,302.1	1,520.7
Utilization rate ⁽¹⁾ – ethanol (%)	65.2%	65.1%	60.4%
Utilization rate ⁽¹⁾ – microbial protein (%)	65.2%	78.2%	69.1%

(1) The capacity utilization rate is calculated by dividing the actual output by the production capacity.

In the first four months of 2025, our three production facilities, namely, Hebei Shoulang, Shoulang Jiyuan, and Ningxia Binze achieved a total ethanol production of 31,627.2 tons which remained stable as compared with average monthly production volume in the fourth quarter of 2024. The average ethanol capacity utilization rate of the abovementioned three production facilities in the first four months of 2025 was 63.3%, which remained stable compared with the average capacity utilization rate of 63.8% for the same three facilities in the fourth quarter of 2024. With the resumption of production of Guizhou Jinze production facility in April 2025, we expect the average utilization rate of our production facilities will improve in 2025 which will lead to reduction in unit cost as we benefit from economies of scale.

Selling Price

Our average selling price of ethanol started decreasing from the end of 2023 and reached the lowest point in November 2024. In January 2025, in order to improve the management of and promote the high-quality development of the circulation of refined oil, the General Office of the State Council issued the “Opinions of the General Office of the State Council on Promoting the High-quality Development of Refined Oil Circulation”, reiterating the need to severely crack down on illegal and irregular behaviors, and strictly prohibiting the sale of vehicle fuels with gasoline or diesel as the main component and not in compliance with national policy regulations under the name of “new energy” or “alternative energy”. For details, please refer to “Regulatory Overview — Regulatory Policies Supporting Biofuel Ethanol and Cracking down Coal-based Ethanol Production”.

SUMMARY

Following the introduction of such government policies, the price of fuel ethanol gradually recovered in the first four months of 2025. In the first quarter of 2025, our average selling price of ethanol is RMB4,524.0 per ton and in April 2025, our average selling price of ethanol has increased to more than RMB4,750 per ton which is 15.4% higher than the lowest price in November 2024 and 5.6% higher than the average selling price of the fourth quarter of 2024. According to Frost & Sullivan, the price of fuel ethanol in China is expected to increase approximately by 4.1% in 2025 and is expected to further increase by 1.3% in 2026. The increase in the price of fuel ethanol will help us increase our revenue and profitability in 2025.

Average Monthly Sales Volume

The average monthly sales volume of our ethanol products of our abovementioned three production facilities in the first four months of 2025 was 8,149.0 tons, which remained stable as compared with 8,057.2 tons in the fourth quarter of 2024.

Unit Cost

The unit cost for our ethanol products of our abovementioned three production facilities reduced by 4.7%, 3.9%, and 26.1% from RMB5,318, RMB5,116 and RMB5,876, respectively, in the fourth quarter of 2024 to RMB5,067, RMB4,918 and RMB4,343, respectively, in the first four months of 2025.

Gross Loss Margin

The gross loss margin of our abovementioned three production facilities in the first four months of 2025 improved by approximately 10.0% as compared with that in the fourth quarter of 2024. The improvement was mainly due to (i) the reversal of the impairment provision of ethanol, which is caused by the recovery of the price of ethanol as abovementioned, and (ii) the continuation of our relatively high production utilization rate for the first four months of 2025 after the fourth quarter of 2024. In April 2025, our abovementioned three production facilities recorded gross profit margin because of recovery of the price of ethanol.

Operating Activities and Financial Performance of Our Production Facilities including Guizhou Jinze Production Facility

Capacity Utilization Rate

In the first four months of 2025, our average capacity utilization rate was 45.3%, which was a decrease from the average capacity utilization rate of 51.6% in the fourth quarter of 2024. Such decrease was mainly due to the fact that the upstream industrial-gas supplier for Guizhou Jinze production facility suspended its production due to the equity restructuring and Guizhou Jinze production facility carried out annual maintenance during this period. Guizhou Jinze production facility has resumed its production since April 1, 2025 and was in ramp-up phase to re-cultivate microbial strain for most of the time of April 2025, with an output of 100

SUMMARY

tons of ethanol from the last few days of April, which is also the output for the entire first four months of 2025. The non-routine downtime for Guizhou Jinze production facility for the first four months of 2025 was 90 days (i.e. the entire first quarter of 2025).

Selling Price

In the first quarter of 2025, our average selling price of ethanol is RMB4,524.0 per ton and in April 2025, the average selling price of our ethanol products has increased to more than RMB4,750 per ton, which is 15.4% higher than the lowest price in November 2024 and 5.6% higher than the average selling price of the fourth quarter of 2024.

Average Monthly Sales Volume

Our average monthly sales volume in the first four months of 2025 was 8,149.0 tons, which decreased by 10.3% as compared with that in the fourth quarter of 2024 as the upstream industrial off-gas supplier for Guizhou Jinze production facility suspended its production due to the equity restructuring and Guizhou Jinze production facility carried out annual maintenance during this period.

Unit Cost

Our unit cost for ethanol product decreased by 20.1% from RMB5,931 in the fourth quarter of 2024 to RMB4,741 in the first four months of 2025.

Gross Loss Margin

Our gross loss margin in the first four months of 2025 improved by approximately 12.9% as compared with that in the fourth quarter of 2024. The improvement was mainly due to the reversal of the impairment provision of ethanol, which is caused by the recovery of the price of ethanol as abovementioned.

Net Profit/Loss

All of our production facilities recorded net loss for the first four months of 2025. Hebei Shoulang Phase I production facility recorded net loss for the first quarter of 2025 and turned to net profit in April 2025. Shoulang Jiyuan and Guizhou Jinze production facilities recorded net loss for the first quarter of 2025 and significantly reduced their net loss in April 2025. Ningxia Binze production facility recorded net loss for the first quarter of 2025 and in April 2025.

SUMMARY

Our Expected Net Loss for 2025

Based on the latest information currently available to us, we currently expect to record net loss in 2025 despite the fact that the price of ethanol is gradually recovering, and our capacity utilization rate is also improving in 2025. Such expected net loss in 2025 is mainly due to (i) our listing expenses, (ii) expenses in research and development, (iii) the interest expenses relating to our bank loans, and (iv) amortization and depreciation relating to our four production facilities.

Credit Facilities and Borrowings

As of April 30, 2025, we had unutilized credit facilities in an aggregate amount of RMB1,651.0 million. In addition, our Board approved a new borrowing of RMB100.0 million from Shougang Finance in December 2024, of which RMB50.0 million was obtained in December 2024 and RMB50.0 million was obtained in January 2025. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — B. Shougang Finance Financial Services Framework Agreement” and “Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence” for further details.

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, except as disclosed above, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects of our Group since December 31, 2024, the end of the period reported in the Accountants’ Report set out in Appendix I to this prospectus, and there has been no event since December 31, 2024 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Accountants’ Report”	the accountants’ report prepared by Ernst & Young, 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, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Beijing Jiayeyuan”	Beijing Jiayeyuan Technology Partnership Enterprise (Limited Partnership)* (北京嘉業源科技合夥企業(有限合夥)), a limited partnership established in the PRC on July 22, 2019, our employee shareholding platform
“Binhe SIC”	Pingluo Binhe SIC Co., Ltd. (平羅縣濱河碳化硅製品有限公司), a company incorporated in the PRC with limited liability on May 25, 2005, one of our Pre-IPO Investors
“Board” or “Board of Directors”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate, measures an average annual growth over a given period

DEFINITIONS

“Caofeidian Fund”	Tangshan Caofeidian Beijing Hebei Collaborative Green Industry Investment Fund Partnership Enterprise (Limited Partnership)* (唐山曹妃甸京冀協同綠色產業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on June 6, 2016, and, together with Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye and Shouye Xinyuan and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“Capital Market Intermediary(ies)” or “CMI(s)”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and the “PRC” do not apply to Hong Kong, the Macao Special Administrative Region or Taiwan
“Chongqing Bosai”	Bosai Minerals Group Co., Ltd. (重慶市博賽礦業(集團)有限公司), a company incorporated in the PRC with limited liability on August 27, 1994
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “our Company”, or “the Company”	Beijing Shougang LanzaTech Technology Co., Ltd. (北京首鋼朗澤科技股份有限公司), a limited liability company incorporated in the PRC on November 11, 2011, with the corporate name of Beijing Shougang LanzaTech New Energy Technology Co., Ltd.* (北京首鋼朗澤新能源科技股份有限公司) and converted into a joint stock limited liability company on November 12, 2021
“Concert Party Agreements”	the concert party agreements dated February 26, 2020 and December 21, 2022 entered into between Shougang Group and NZ Tang Ming
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye and Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi, which are regarded as a group of Controlling Shareholders, details of which are set forth in the section headed “Relationship with Our Controlling Shareholders” in this prospectus
“Conversion of Unlisted Shares into H Shares”	the conversion of 226,548,803 Unlisted Shares in aggregate held by the existing Shareholders into H Shares upon the completion of Global Offering. Such conversion of Unlisted Shares into H Shares has been approved by the CSRC on June 4, 2025 and an application for H Shares to be listed on the Stock Exchange has been made to the Listing Committee
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	the enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“ESG”	Environmental, social and governance
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“Frost & Sullivan Report”	an industry report commissioned by us and independently prepared by Frost & Sullivan
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “our”, “we”, or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Guizhou Jinze”	Guizhou Jinze New Energy Technology Co., Ltd. (貴州金澤新能源科技有限公司), a company incorporated in the PRC with limited liability on September 28, 2020, a non wholly-owned subsidiary of our Company
“Guizhou Jinze production facility”	Our production facility in Guizhou, PRC, which officially commenced production at the end of June 2023
“H Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 per H Share, which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“Hebei Shoulang”	Hebei Shoulang New Energy Technology Co., Ltd. (河北首朗新能源科技有限公司), a company incorporated in the PRC with limited liability on January 30, 2015, one of our wholly-owned subsidiaries
“Hebei Shoulang Phase I production facility”	Our production facility located in Hebei, PRC, which officially commenced operations in 2018
“Hebei Shoulang Phase II production facility”	Our production facility which is expected to commence production in 2026 in Hebei, PRC, adopting our second-generation carbon negative technology
“ 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

DEFINITIONS

“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, by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions through 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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollar” or “HK dollar” or “HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 2,016,000 H Shares offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus) at the Offer Price (plus brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy), on and subject to the terms and conditions described in the section headed “Structure of the Global Offering” in this prospectus

DEFINITIONS

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated Friday, June 27, 2025 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Overall Coordinator and the Hong Kong Underwriters, as further described in “Underwriting — Hong Kong Underwriting Agreement”
“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“Independent Third Party(ies)”	any person(s) or entity(ies) who, to the best of Directors’ knowledge, information and belief having made all reasonable enquiries is not a connected person of our Company within the meaning of the Listing Rules
“International Offer Shares”	the 18,143,800 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional H Shares that may be issued pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in “Structure of the Global Offering”)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering

DEFINITIONS

“International Underwriting Agreement”	the international underwriting agreement, expected to be entered into on or about Monday, July 7, 2025, relating to the International Offering, by, among others, our Company, the Overall Coordinator and the International Underwriters, as further described in “Underwriting — International Underwriting Agreement”
“Jinyuan Suiyang”	State Power Investment Corporation Guizhou Jinyuan Suiyang Industry Co., Ltd. (國家電投集團貴州金元綏陽產業有限公司), a company incorporated in the PRC with limited liability on December 2, 2010, a connected person of our Company
“Jiyuan Metallurgical”	Ningxia Jiyuan Metallurgical Group Co., Ltd. (寧夏吉元冶金集團有限公司), a company incorporated in the PRC with limited liability on January 3, 2003, a connected person of our Company
“Kunlun Hi-Tech”	Ningxia Kunlun Hi-Tech Silicon Products Co., Ltd. (寧夏昆侖高科硅製品有限公司), a company incorporated in the PRC with limited liability on April 18, 2011, an Independent Third Party
“LanzaTech Global”	LanzaTech Global, Inc., a Delaware corporation incorporated on January 28, 2021 whose shares listed on Nasdaq (stock symbol: LNZA)
“LanzaTech Group”	LanzaTech Global and its subsidiaries, including but not limited to LanzaTech NZ, Inc., LanzaTech Hong Kong and LanzaTech, Inc.
“LanzaTech Hong Kong”	LanzaTech Hong Kong Limited, a company incorporated in Hong Kong with limited liability on February 5, 2010, one of our Shareholders
“Latest Practicable Date”	June 20, 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 of the Hong Kong Stock Exchange
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange

DEFINITIONS

“Listing Date”	the date, expected to be on or about Wednesday, July 9, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Mingtuo”	Mingtuo (Inner Mongolia) Resource Comprehensive Utilization Co., Ltd. (明拓(內蒙古)資源綜合利用有限公司), an Independent Third Party with which we entered into a technology license agreement in respect of our low-carbon integrated solutions
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Ms. Dong”	Ms. Dong Yan (董燕), an executive Director and the general manager of our Group and, together with Shougang Group, NZ Tang Ming, Ms. Ye and Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“Ms. Ye”	Ms. Jian Ye, one of the shareholders of NZ Tang Ming and, together with Shougang Group, NZ Tang Ming, Ms. Dong, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

DEFINITIONS

“NEEQ”	the National Equities Exchange and Quotations
“Ningxia Binze”	Ningxia Binze New Energy Technology Co., Ltd. (寧夏濱澤新能源科技有限公司), a company incorporated in the PRC with limited liability on November 11, 2020, a non wholly-owned subsidiary of our Company
“Ningxia Binze production facility”	Our production facility in Ningxia, PRC, which officially commenced production in November 2022
“Ningyuan New Materials”	Ningxia Ningyuan New Materials Technology Co., Ltd. (寧夏寧源新材料科技有限公司) (formally known as Pingluo Ningyuan Metallurgical Co., Ltd. (平羅縣寧源冶金有限公司)), a company incorporated in the PRC with limited liability on December 18, 2014, an Independent Third Party of our Company
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NZ Tang Ming”	Tang Ming Group (Wellington) Investment Limited, a limited liability company incorporated under the laws of New Zealand on September 2, 2011, and, together with Shougang Group, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed “Structure of the Global Offering” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinator on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 3,023,800 additional H Shares (representing approximately 15% of the Offer Shares initially being offered under the Global Offering) to the International Underwriters to, among other things, cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering — Over-allotment Option”
“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisor”	Grandway Law Offices, our legal advisor as to PRC laws
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Pre-IPO Investment(s)”	the investment(s) in our Company undertaken by the Pre-IPO Investor(s) pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed “History, Development and Corporate Structure — Pre-IPO Investments” in this prospectus
“Pre-IPO Investor(s)”	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed “History, Development and Corporate Structure — Pre-IPO Investments” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or before Monday, July 7, 2025 and in any event no later than 12:00 noon on Monday, July 7, 2025, on which the Offer Price is to be fixed for the purposes of the Global Offering
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAF production facility”	the planned SAF production facility in Baotou, Inner Mongolia, China which is expected to commence production in 2026
“SAFE”	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)

DEFINITIONS

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (中國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shoucheng Rongshi”	Shoucheng Rongshi (Beijing) Fund Management Co., Ltd. (首程融石(北京)基金管理有限公司), a company incorporated in the PRC with limited liability on June 24, 2015 and, together with Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan and Caofeidian Fund, are regarded as a group of controlling shareholders of the Company
“Shougang Finance”	Shougang Group Finance Co., Ltd. (首鋼集團財務有限公司), a company incorporated in the PRC with limited liability on July 21, 2015
“Shougang Group”	Shougang Group Co., Ltd. (首鋼集團有限公司) (formerly known as Shougang Corporation (首鋼總公司)), a company incorporated in the PRC with limited liability on May 13, 1981, and, together with NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“Shougang Jingtang”	Shougang Jingtang United Iron & Steel Co., Ltd. (首鋼京唐鋼鐵聯合有限責任公司), a company incorporated in the PRC with limited liability on October 9, 2005

DEFINITIONS

“Shoulang Biotechnology”	Beijing Shoulang Biotechnology Co., Ltd. (北京首朗生物科技有限公司), a company incorporated in the PRC with limited liability on October 27, 2016, one of our wholly-owned subsidiaries
“Shoulang Jiyuan”	Ningxia Shoulang Jiyuan New Energy Technology Co., Ltd. (寧夏首朗吉元新能源科技有限公司), a company incorporated in the PRC with limited liability on May 16, 2019, a non wholly-owned subsidiary of our Company
“Shoulang Jiyuan production facility”	Our production facility located in Ningxia, PRC, which officially commenced production at the end of March 2022
“Shouye Xinyuan”	Beijing Shouye Xinyuan Technology Development Co., Ltd. (北京首冶新元科技發展有限公司), a company incorporated in the PRC with limited liability on January 1, 1959 and, together with Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Caofeidian Fund and Shoucheng Rongshi, are regarded as a group of controlling shareholders of the Company
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Sole Sponsor”	the sole sponsor as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Overall Coordinator”	the overall coordinator as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Stabilizing Manager”	Guotai Junan Securities (Hong Kong) Limited

DEFINITIONS

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto 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 Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the years ended December 31, 2022, 2023 and 2024
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollar”, “U.S. dollar”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“%”	per cent

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

DEFINITIONS

Unless otherwise expressly stated or the content otherwise requires, in this prospectus, all times refer to Hong Kong time and references to years in this prospectus are to calendar years.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) 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.

** English translations of company names and other terms from the Chinese language are provided for identification purposes only. In this prospectus, should there be any discrepancy between the Chinese names of the entities or enterprises established in China and its English translation, the Chinese names shall prevail.*

GLOSSARY OF TECHNICAL TERMS

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

“Acetyl-CoA”	An acetylated form of coenzyme A (CoA), which plays an important role in many metabolic processes.
“Anaerobic digestion”	A biological process in which microorganisms break down organic matter in the absence of oxygen.
“Bio-fermentation”	The process of using microorganisms (such as bacteria, fungi, etc.) to metabolize organic or inorganic matter into useful products under suitable temperature, humidity, and pH conditions.
“Biogas”	A mixture of gases, primarily methane and carbon dioxide, produced by the fermentation of organic matter by microorganisms under anaerobic conditions.
“Broth”	A liquid mixture containing water, bacterial cells, and fermentation products, produced during the fermentation process.
“C3”	Organic compounds containing 3 carbon atoms, such as propylene, propanol and acetone, etc.
“C4”	Organic compounds containing 4 carbon atoms, such as butene, butanol and butanone, etc.
“Calcium carbide”	A inorganic chemical compound used in the production of acetylene gas and in various industrial applications.
“Carbon-containing industrial off-gas”	Emissions from industrial processes that contain inorganic carbon compounds, contributing to greenhouse gas levels.
“Carbon fixation”	Biological carbon fixation, a process of converting inorganic carbon in raw materials into organic carbon through microbial metabolic reactions.
“Carbon fixation rate”	The proportion of converted inorganic carbon against the original inorganic carbon during the process of carbon fixation.

GLOSSARY OF TECHNICAL TERMS

“CCS”	Carbon Capture and Storage, the process of capturing carbon emissions from industrial processes, energy use, or the atmosphere for injection into geological formations.
“CCUS”	Carbon Capture, Utilization and Storage, the process of capturing carbon emissions from industrial processes, energy use, or the atmosphere, for direct utilization, conversion or injection into geological formations to achieve carbon reduction.
“CCUS technology”	A suite of technologies that capture carbon emission from industrial processes, energy use, or the atmosphere, enabling its direct utilization, conversion or injection into geological formations to achieve carbon reduction.
“ <i>Clostridium autoethanogenum</i> ”	A species of bacteria in the genus <i>Clostridium</i> , known for its ability to consume inorganic carbon and produce ethanol as a metabolic product.
“Coal-based ethanol”	Ethanol that is synthesized from coal as the primary raw material through chemical processes.
“Coke oven gas”	A gas that is similar in composition to coal gas and that is obtained in the carbonization of coal especially at high temperatures for the production of coke.
“Commercialization”	The process where relevant products, after obtaining industry qualifications, enter the market for sale, have stable sales channels and scale, and generate revenue. According to Frost & Sullivan, “commercialization” is a term widely adopted and recognized in the industry.
“Crude alcohol”	A mixture produced during the distillation process that contains water, ethanol and various higher alcohols such as C3 and C4.
“Crude protein”	A measure of the protein content in animal feed, calculated based on nitrogen content.
“Dehydrogenase”	Enzymes that catalyze oxidation-reduction reactions of substances.

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“Distillation”	A separation process that involves separating and purifying the target product from a liquid mixture using boiling and condensation methods.
“Ethanol”	A colorless, volatile, flammable monohydric alcohol. Bioethanol is produced through microbial fermentation using biomass, agricultural and forestry waste and industrial off-gas as carbon sources. Chemical ethanol is produced through methanol synthesis, acetic acid hydrogenation, etc., or through chemical synthesis such as ethylene and water reaction.
“First-generation carbon reduction technology”	A gas fermentation technology that uses carbon monoxide from industrial off-gases as a carbon source to convert carbon monoxide into ethanol and microbial protein, thereby indirectly reducing carbon dioxide emissions.
“Fishmeal”	A high-protein feed made from processed fish, used in aquaculture and livestock diets.
“Formate dehydrogenase”	An enzyme that catalyzes the conversion of formate to carbon dioxide and helps in cellular respiration.
“Gas treatment”	The process of removing specific impurities or unwanted components from a gas mixture to achieve the goals required for a specific process.
“Industrial off-gas”	Gaseous by-products emitted during the production processes in industrial facilities.
“Industrial scale”	The attribute whereby a technology is successfully transformed from laboratory research and small-scale testing stages to commercialization and large-scale production, and that the annual ethanol production is equal to or greater than 10,000 tons. According to Frost & Sullivan, “industrial scale” is a term widely adopted and recognized in the industry.
“Inorganic carbon”	Carbon compounds without carbon-carbon bonds, including carbon monoxide, carbon dioxide, carbonates and bicarbonates, are typically found in minerals.

GLOSSARY OF TECHNICAL TERMS

“Inorganic nitrogen”	Nitrogen in forms such as nitrate and ammonium that do not contain carbon.
“Large-scale”	The attribute whereby the annual ethanol production is equal to or greater than 10,000 tons. According to Frost & Sullivan, “large-scale” is a term widely adopted and recognized in the industry.
“Large-scale gas-liquid-solid continuous bioreactor”	A bioreactor designed for continuous fermentation involving gases, liquids, and solids for efficient biological processes.
“Low-carbon”	The attribute whereby, when compared to similar products or products with the same function, the carbon emission data from raw material acquisition to finished production of the product meets the low-carbon evaluation criteria for such product and has obtained certifications from international organizations such as ISCC. According to Frost & Sullivan, “low-carbon” is a term widely adopted and recognized in the industry.
“Microbe(s)”	A group of microbial individuals that share morphological, physiological, and genetic characteristics and are able to mate with each other to produce fertile offspring. For the purposes of this prospectus, unless otherwise stated, microbe refers to <i>Clostridium autoethanogenum</i> .
“Microbial protein”	For the purposes of this prospectus, unless otherwise stated, microbial protein refers to <i>Clostridium autoethanogenum</i> cell protein, which is a novel protein product produced through processes including fermentation, centrifugation concentration, and drying, utilizing carbon-containing industrial off-gas as the primary raw materials and <i>Clostridium autoethanogenum</i> as the fermentation strain.
“mu”	mu (亩), a Chinese unit of measurement, equivalent to approximately 666.67 square meters.

GLOSSARY OF TECHNICAL TERMS

“Strain”	A group of organisms belonging to the same microbe and possessing specific genetic markers or phenotypic characteristics. These organisms may be distinguished from other groups by genetic mutations, gene recombination, or specific genetic selection.
“Nitrogen oxides”	Gaseous compounds composed solely of nitrogen and oxygen elements resulting from combustion processes, contributing to air pollution.
“Non-model gas fermentation strains”	Microbial strains that are not widely characterized but are used for unique gas fermentation processes.
“Optimal Production Utilization Rate”	The maximum achievable production utilization rate taking into account of the actual carbon monoxide concentration in the industrial off-gas feedstock supplied to a production facility with sufficient volume of industrial off-gas.
“Ore furnace tail gas”	Off-gases produced during the smelting process in an ore furnace, typically containing chemical components such as carbon monoxide, carbon dioxide and nitrogen, etc.
“Organic carbon”	Carbon-based compounds with the carbon in organic matter composed of carbon elements and other elements such as hydrogen, oxygen, nitrogen, sulfur, etc.
“Organic nitrogen”	Organic compounds containing nitrogen atoms, such as amino acids, proteins, nucleic acids, etc. derived from living organisms.
“Particulate matter”	Tiny solid particles suspended in gases.
“Pilot-scale experiment”	Experiments or pilot projects conducted between small-scale testing to validate the feasibility and efficiency of technologies, equipment, or processes and commercial mass production, whereby the annual production capacity reaches the scale of hundreds of tons. According to Frost & Sullivan, “pilot-scale” is a term widely adopted and recognized in the industry.
“Polyethylene”	One of the most commonly used plastics in the world. Polyethylenes usually have a linear structure and are known to be addition polymers.

GLOSSARY OF TECHNICAL TERMS

“Protein separation”	A process that aimed at isolating specific proteins from mixtures based on their physical and chemical properties.
“Purification of gas components”	The treatment process of removing specific pollutants from gases.
“SAF”	Sustainable Aviation Fuel, an alternative fuel designed to replace conventional aviation fuel. It is typically produced from renewable biomass materials or other sustainable resources, such as waste oils, agricultural and forestry residues, synthetic hydrogen, and captured CO ₂ .
“Scalability”	The commercialization of ethanol and protein products obtained through CCUS and synthetic biotechnology, with single unit production exceeding ten thousand tons, and the engineering capability as demonstrated by the presence of at least two production bases indicating mature technology as well as successfully replicated production experience. According to Frost & Sullivan, “scalability” is a term widely adopted and recognized in the industry.
“Second-generation carbon negative technology”	A gas fermentation technology developed based on first-generation carbon reduction technology. Alongside the ability to convert carbon monoxide, it also enables the conversion of carbon dioxide into ethanol and microbial protein with the participation of hydrogen, achieving the direct reduction of carbon dioxide emissions.
“Silicon carbide”	A compound made of silicon and carbon, with the chemical formula SiC. It exists in a very hard form and is commonly used as an abrasive, in semiconductor materials, and in high-durability materials.
“Solid-liquid separation”	The processes of separating solid particles from liquids.
“Soybean meal”	The byproduct remaining after oil extraction from soybeans, rich in protein and commonly used as animal feed and as raw material or additives in food industry.

GLOSSARY OF TECHNICAL TERMS

“Synthetic biotechnology”

The use of engineering design concepts and methods to modify organisms or create new biological components and systems to achieve specific functions or production goals. It combines knowledge and technology from multiple disciplines such as biology, engineering, computer science, chemistry, and physics, involving the design and reconstruction of the genetic composition, metabolic pathways, signal transduction systems, etc. of organisms, in order to endow them with new or improved biological functions.

“Wastewater treatment”

The treatment process of removing specific contaminants (such as ammonia nitrogen, phosphide, etc.) from wastewater to make it safe for discharge or reuse.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and information relating to our Group that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “aspire,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “might,” “ought to,” “outlook,” “plan,” “potential,” “predict,” “project,” “schedules,” “seek,” “should,” “target,” “vision,” “will,” “would,” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements are not historical facts and reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements, by their nature, are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors as described in “Risk Factors” and elsewhere in this prospectus, some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- our ability to maintain the market leading positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our expectations with respect to our ability to acquire and maintain regulatory licenses and permits; and
- all other risks and uncertainties described in “Risk Factors”.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in “Risk Factors” in this prospectus.

RISK FACTORS

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to invest in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may encounter disruptions in the supply and quality of carbon-containing industrial off-gas, which may materially and adversely affect our business, financial condition (including the gross profit margin), results of operations and prospects.

Our operations are dependent on the timely and stable supply of quality carbon-containing industrial off-gas as the primary raw material used in the production of our key products, ethanol and microbial protein. We are exposed to multiple risks related to the availability and the quality of such raw material which are beyond our control, including but not limited to:

- disruptions in the supply of carbon-containing industrial off-gas. The supply level of the carbon-containing industrial off-gas is affected by multiple factors, such as equipment failure encountered by upstream suppliers which affects their production level, as well as downturns in the industry cycles and the economy at large which result in upstream suppliers running their businesses at a loss and thus decreasing their production level. These in turn lower the level of supply of carbon-containing industrial off-gas; and
- external fluctuations of the quality of carbon-containing industrial off-gas that are outside of our control. Such are caused by, for example, the decrease in the active components of carbon-containing industrial off-gas and, in respect of our Hebei Shoulang Phase I production facility, the decrease in the carbon monoxide concentration level in the industrial off-gas supplied.

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For instance, the actual output and capacity utilization rates of our Ningxia Binze production facility and Shoulang Jiyuan production facility starkly declined due to the upstream suppliers encountering various production-related failures, which led to interruptions in the supply of carbon-containing industrial off-gas thereto. In particular, for the year ended December 31, 2023, our Shoulang Jiyuan production facility and Guizhou Jinze production facility suspended operations for 56 days and 12 days, respectively, due to upstream sudden production fault. For the year ended December 31, 2024, whilst our Guizhou Jinze production facility suspended operations for 14 days due to upstream sudden production fault, our Shoulang Jiyuan production facility and Ningxia Binze production facility encountered downtime for 52 days and 43 days, respectively, due to upstream market conditions resulting in the suspension of production activities of the upstream suppliers. Please refer to “Business — Business Sustainability — Our Upstream Industrial Off-gas supply and its Impact on Our Financial Performance” for further details.

Additionally, due to the decrease in carbon monoxide concentration level which was at 49.11%, 47.68% and 45.77% in 2022, 2023 and 2024, respectively, the quality of the carbon-containing industrial off-gas supplied by the upstream supplier of our Hebei Shoulang Phase I production facility was adversely affected, which in turn severely impacted the capacity utilization rate of our Hebei Shoulang Phase I production facility. Please refer to “Business — Production — Production Facilities — Production Capacity and Utilization Rate” for further details. Certain local policies limiting the total carbon monoxide emissions from steel plants have also been previously introduced. As a result, the carbon monoxide concentration of the steel plant industrial off-gas supplied by our upstream supplier was negatively impacted, thereby affecting the capacity utilization rate of our Hebei Shoulang Phase I production facility.

We cannot assure you that our major suppliers will be able to provide us with a stable and sufficient source of quality carbon-containing industrial off-gas. There can also be no assurance that there will be no disruption in the supply of quality carbon-containing industrial off-gas. In particular, we cannot guarantee that the carbon monoxide concentration of the industrial off-gas supplied to our Hebei Shoulang Phase I production facility will not experience any fluctuation in future. Any failure to maintain a continuous and stable supply of quality raw carbon-containing industrial off-gas, and specifically, any failure of the industrial off-gas supplied to our Hebei Shoulang Phase I production facility to maintain an adequate level of carbon monoxide concentration, may materially affect the capacity utilization rate of our production facilities and our production of key products, which would in turn materially and adversely affect our business, financial condition (including the gross profit margin), results of operations and prospects.

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Ethanol and microbial protein will remain to be the primary source of our revenue and profits and any significant adverse changes or fluctuations in the demand and market price for ethanol and microbial protein, which fall outside of our control, may have an adverse impact on our business performance.

Currently, we primarily rely on the sale of ethanol which accounted for 84.4%, 84.3% and 78.1% of our total revenue for the years ended December 31, 2022 and 2023 and 2024, respectively. The average selling price of ethanol was RMB6,055.3, RMB6,004.5 and RMB5,069.9 per ton for the years ended December 31, 2022 and 2023 and 2024, respectively. Whilst our gross profit was RMB54.1 million and RMB17.7 million for the years ended December 31, 2022 and 2023, respectively, the gross loss which we recorded in the amount of RMB93.3 million for the year ended December 31, 2024 was primarily due to the significant decline in the average selling price of ethanol from 2023 to 2024. Our remaining sources of revenue primarily consist of the sale of microbial protein. We expect that ethanol and microbial protein will remain to be our main products and constitute the primary source of our revenue and profits.

Ethanol is primarily used as an automotive fuel. For ethanol, its market price is influenced by factors such as the guidance prices determined by the PRC government and our major oil and gas producer clients, as well as the supply-demand status in the fuel ethanol market. Although data from the China Passenger Car Association indicates that the sales volume of fuel-powered vehicles in China reached 14.7 million units in 2024 which accounted for approximately 53% of the total sales of passenger vehicles and that the stock of fuel-powered vehicles is expected to remain above 200 million units over the next five years according to Frost & Sullivan, there is a rapid growth and increasing consumer preference in recent years for electric vehicles over traditional fuel-powered vehicles which are mainly powered by ethanol-blended gasoline. In addition, governments worldwide, including the PRC, are actively promoting the adoption of electric vehicles through ways such as subsidies, tax incentives and infrastructure development to reduce carbon emissions and combat climate change. Moreover, major automotive manufacturers are developing and accelerating their transition to the production of electric vehicles. With the increasing penetration of electric vehicles, the demand for ethanol-blended gasoline as a type of conventional fuel may decline, thus leading to a reduction in the downstream demand for fuel ethanol. This may be exacerbated by any changes in government policies favoring electric mobility over traditional fuels, or the introduction of stricter emissions standards that disadvantage the production of ethanol-blended fuels. As a result of such emerging trend, and considering that the sale of ethanol constitutes a significant portion of our revenue, any decrease in the downstream demand for ethanol may materially impact our business, financial condition, results of operations, profitability and business prospects.

Microbial protein is primarily used as raw materials for animal feed. The market price of microbial protein is affected by price trends of commodity protein materials and the supply-demand dynamics. Please refer to “Business — Sales and Marketing — Pricing” for further details.

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As such, if there are significant changes in the demand and market price for ethanol and microbial protein in the downstream markets, our business performance and profitability may be adversely affected.

We may encounter increases in the cost of procuring carbon-containing industrial off-gas, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We incur substantial cost in procuring carbon-containing industrial off-gas, which is primarily sourced from industries such as steel and ferroalloys, for the production of ethanol and microbial protein.

The price of carbon-containing industrial off-gas may be subject to fluctuations and factors beyond our control, such as general market conditions, inflation, as well as the prices of electricity and coal. We have experienced fluctuations in the price of procuring carbon-containing industrial off-gas due to such factors. Our costs of raw materials, most of which were attributed to the procurement of carbon-containing industrial off-gas, amounted to RMB113.3 million, RMB178.5 million and RMB197.8 million for the years ended December 31, 2022 and 2023 and 2024, respectively, representing 33.8%, 31.1% and 30.1% of our cost of sales for the same periods. Please refer to “Financial Information — Key Factors Affecting Our Results of Operations — Fluctuations in the Prices of Raw Materials and Utilities” for further details. We cannot assure you that we will not experience any or significant price increase in the supply of such raw material in the future, or that we are provided with carbon-containing industrial off-gas at commercially acceptable prices or on satisfactory terms. There is also no guarantee that we are able to pass the increased cost in raw materials in all cases to its customers. If we fail to do so, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The Company has entered into licensing agreements with entities in the LanzaTech Group in relation to the licensing of certain intellectual property rights and trade secrets. If we fail to comply with our obligations in these agreements, we could be required to pay monetary damages or could lose the license rights that are important to our business.

The Company has entered into licensing agreements (as a licensee) with entities in the LanzaTech Group (as the licensors) respectively in relation to the licensing of certain of their intellectual property rights and trade secrets for our use which allow us to have access to certain production, manufacturing and engineering technologies in relation to gas fermentation processes, as well as relevant materials, ingredients and intellectual property rights regarding producing ethanol by utilizing industrial off-gas. Please refer to “Business — Research and Development — Licensing Agreements with LanzaTech Group” for further details on such licensing agreements. Any adverse changes in our use of the intellectual property rights and trade secrets authorized under the licensing agreements may adversely impact our operations.

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For instance, according to the licensing agreement with LanzaTech NZ, Inc. and LanzaTech Hong Kong, the Company is subject to diligence requirements, whereby the failure of the Company by a specified date to enter into a sufficient number of sublicenses for commercial facilities and order long-cycle equipment, or (in terms of the exclusive license) the failure of our commercial facilities reaching a specified design capacity, will either render the Company's exclusive license from LanzaTech Hong Kong to become a non-exclusive one or result in the termination of the Company's non-exclusive license from LanzaTech Hong Kong to construct commercial facilities and to enter into new sublicenses, unless we are listed on a stock exchange in the PRC (including Hong Kong). We may not be able to meet such requirements as set forth in the licensing agreement. In the event the Company fails to meet the diligence requirements but we are successfully listed on a stock exchange in China (including Hong Kong), the consequence is that, from January 1, 2030, the Company needs to pay to LanzaTech Hong Kong royalty fees calculated as if sublicenses for eight commercial facilities have been executed. Under such circumstance, the additional payment the Company needs to make is in relation to the number of the commercial facilities that the Company has not signed sublicense agreements for towards the goal of eight commercial facilities as of the end of 2029. Please see "Business — Research and Development — Licensing Agreements with LanzaTech Group — Agreements Related to Ethanol Production Technology from Carbon Monoxide Fermentation — Diligence requirements" for further details.

Our licensors may therefore seek to terminate the licensing agreements and require us to pay monetary damages, thereby not only disrupting the collaborative business relationships with our licensors, but also removing our ability to benefit under the licensing agreements and have access to the intellectual property and trade secrets which are essential for our operations. Such events could in turn have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We recorded gross loss and net losses during the Track Record Period, and may not be able to successfully achieve or manage the growth of our business, nor achieve profitability in the near future.

Despite the general growth trend of our revenue during the Track Record Period, any future growth in revenue will depend on, among others, the production volume and accordingly the sales performance of our products, as well as our ability to successfully diversify our revenue by way of provision of low-carbon integrated solutions. Our revenue may not grow at the rate we expect and such increase may not be sufficient to successfully offset the increase in costs and expenses, such as administrative expenses and research and development expenses, which may as a result render us to not become profitable and we may need to obtain additional funding to continue operations. Accordingly, you should not rely on the revenue of any prior period as an indication of our future performance or our future profitability.

In particular, we recorded gross loss in the amount of RMB93.3 million for the year ended December 31, 2024. We cannot guarantee that we will not continue incurring gross loss in future, if there is an increase in depreciation and amortization as a result of our new production facilities or new production lines; or that our production output is suspended or decreases as

RISK FACTORS

a result of maintenance and repair or the temporary suspension of operations of our upstream industrial off-gas suppliers due to unfavorable market condition; or that the average selling price of ethanol continues declining.

In addition, we consistently experienced net losses in the increasing amounts of RMB23.9 million, RMB110.1 million and RMB245.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. We may continue to record net losses in the future, as we are continuously expanding our business and operations and thus plan to incur an increasing amount of R&D expenses on new products and new strains. Such R&D efforts may be more costly than we expect and may not result in increased revenue or growth in our business as expected. The amount of our future net losses will depend on a variety of factors, including our ability to expand our business in the future, the improvement in the utilization of our existing production facilities, and the rate of the future growth of our expenses.

We cannot assure you that we will be able to generate net profit in the future or that we will be able to eventually achieve our intended profitability, which is affected by various factors beyond our control. These include, among others, (i) the stabilization of the supply of industrial off-gas to our production facilities; (ii) the price of fuel ethanol; (iii) our operational efficiency; and (iv) our ability to expand our low-carbon integrated solutions business. Moreover, even if we manage to achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis in subsequent periods thereafter. Our failure to become and remain profitable may impact investors' perception of the potential value of our Company, decrease the value of our Company and could impair our ability to raise additional capital, expand our business or continue our operations in the future. It may also adversely impact the market price of our H Shares, the decline of which may cause you to lose all or part of your investments in us. Our prior losses and expected future losses have had, and may continue to have, an adverse effect on our business, financial condition, results of operation and prospects.

We recorded net current liabilities during the Track Record Period, which may continue if we are not able to implement our business plans successfully in the future. These, together with our current indebtedness and additional indebtedness which we may incur in the future, may materially and adversely affect our business, financial condition, results of operations, liquidity and prospects.

We recorded net current liabilities of approximately RMB37.1 million, RMB432.7 million and RMB611.1 million as of December 31, 2022, 2023 and 2024, respectively, which was primarily due to an increase in bank loans in order to finance payables in relation to the construction of our production facilities. Please refer to “Financial Information — Description of Major Line Items in our Consolidated Statements of Financial Position” for further details. We cannot assure you that we will not record net current liabilities again in the future and our liquidity position may therefore be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. If such happens, our results of operations and financial condition would be materially and adversely affected. Any such adverse change may cast significant doubts on our ability to continue as a going concern, which is the basis upon which our consolidated financial statements have been prepared. This may result in

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adjustments to the amounts and classifications of assets and liabilities in our consolidated financial statements and such adjustments could be material, and our consolidated financial statements may need to be prepared on an alternative authoritative basis.

We maintained certain borrowings to finance our operations and construct our production facilities during the Track Record Period. We had interest-bearing bank and other borrowings of RMB954.0 million, RMB867.3 million and RMB947.5 million as of December 31, 2022, 2023 and 2024. Please refer to “Financial Information — Indebtedness — Interest-bearing Bank and Other Borrowings” for further details. We may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

Our existing or future indebtedness, whether from banks or related parties, may require that we devote our financial resources to servicing such debt rather than funding our operating activities and investments in R&D, which may constrain our capital flexibility. It may also be a challenge for us to service our interest and principal repayments in a timely manner or at all, which may in turn limit our ability to obtain further debt financing. Such developments could have a material adverse effect on our business, financial condition, results of operations, liquidity and prospects.

Further, our indebtedness could have a material adverse effect on us by, among others, increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates, and limiting our flexibility in making changes in our business and operations. Our borrowings may subject us to certain restrictive covenants which may restrict or otherwise adversely affect our operations. These covenants may restrict our ability to, among others, incur additional debt, provide loans or guarantees, provide security and quasi-security, incur liens, or dispose of material assets through sale, lease or other methods. Such restrictive covenants may also be linked to our financial performance, such as maintaining a prescribed maximum debt-to-asset ratio or minimum profitability levels during the term of the loans. During the Track Record Period, one of our subsidiaries exceeded or fell below certain financial covenants specified in a loan agreement for certain periods. We subsequently received a letter from the relevant lending bank confirming that there have been no instances of non-compliance under the relevant loan agreement. Any failure to comply with the covenants of the financing agreements underlying these interest-bearing bank and other borrowings that we entered into could have a material adverse effect on our business, financial condition, results of operations, liquidity and prospects.

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Any net cash outflow in the future may expose us to liquidity risks and materially and adversely affect our business, financial condition, results of operations and prospects.

We experienced net cash outflow used in operating activities in the amount of RMB10.5 million in 2023. Although we had cash and cash equivalents of RMB503.9 million, RMB183.4 million and RMB111.2 million as of December 31, 2022, 2023 and 2024, respectively, we cannot assure you that we will be able to generate robust cash flow from operating activities in the future. The pressure on us to generate positive cash flow from operating activities may be further exacerbated if we fail to collect our trade receivables in time. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have a concentrated supplier base and any increase in the prices of their products could materially and adversely affect our business, financial condition, results of operations and profitability.

During the Track Record Period, we procured a substantial portion of our purchases from major suppliers. Purchases from our top five suppliers for each year during the Track Period accounted for 83.0%, 76.7% and 76.8% of our total purchases for the respective year, and purchases from our largest supplier for each year during the Track Record Period accounted for 45.1%, 27.3% and 23.6% of our total purchases for the respective year. These purchases are primarily associated with the procurement of carbon-containing industrial off-gas, as well as utilities, energy and auxiliary materials. Our high dependency on major suppliers may expose us to concentration risks.

We expect to continue procuring the abovementioned raw materials from these suppliers. Any difficulties in procuring these raw materials may impact our ability to promptly complete and deliver products to our customers, thereby resulting in a decrease 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 increase the price of their products or terminate our business relationships or that the quality of the raw materials decreases, we may encounter difficulties in finding replacements capable of providing the raw materials 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 materially and adversely affect our business, financial condition, results of operations and profitability.

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A significant portion of our revenue was derived from a concentrated customer base during the Track Record Period.

The sales of ethanol represent a significant source of our revenue. Our major customers during the Track Record Period are petrochemical companies operating in the PRC (in relation to the sale of ethanol) and industrial clients (in relation to the sale of low-carbon integrated solutions). Due to the limited production of microbial protein, there are limited customers for the same. Please refer to “Business — Sales and Marketing — Our Five Largest Customers” in this prospectus for further details. Revenue generated from our largest customer for each year during the Track Record Period accounted for 37.5%, 46.5% and 26.3% of our total revenue for the respective year. Revenue generated from our five largest customers for each year during the Track Record Period accounted for 82.1%, 86.0% and 78.9% of our total revenue for the respective year. Our business, results of operations, financial condition and prospects for the foreseeable future may continue to depend on sales to a relatively small number of customers.

In the future, our current major customers may decide not to purchase our products, may purchase fewer of our products than they did in the past, or may alter their purchasing patterns. Further, the amount of revenue attributable to any single major customer, or our major customers generally, may fluctuate in any given period. If our major customers scale back or terminate their business relationships with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, or if our major customers significantly reduce the purchase of our products, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We anticipate that our dependence on a concentrated customer base for a significant portion of our revenue will continue for the foreseeable future and it is possible that the portion of our revenue attributable to one single customer may increase in the future as well. While it is part of our business strategies and future plans to further diversify our customer base, including developing SAF as a major downstream ethanol product as part of our efforts to generally expand the downstream markets and creating a balanced revenue stream by offering our low-carbon integrated solutions services as well, there is no guarantee that our plans for diversification will be successful or will achieve the benefits we anticipate.

Our revenue and profitability will be adversely affected if we cannot maintain or enhance the sales performance of our products.

Our revenue and profitability will be adversely affected if we cannot maintain or enhance the sales performance of our main products. Historically, we generated a majority of our revenue from the sales of ethanol and microbial protein, representing approximately 98.2%, 98.9% and 94.3% of our total revenue for the years ended December 31, 2022 and 2023 and 2024, respectively. In order to maintain or enhance the sales performance of our products and solutions, we are committed to continuously expanding the export of our ethanol products and developing green, low-cost and high-value-added products to enhance customer acceptance.

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We cannot guarantee that we will be able to continuously enhance the sales performance of our products and that such will continue to be well accepted by the market. As we anticipate that a significant portion of our revenue will continue to be generated from our current offerings, any negative market reception issues related to our ethanol and microbial protein products could have a material adverse effect on our sales volume, business, prospects, results of operations, revenue and profitability.

Our business prospects hinge on our ability to successfully introduce and market new products, including SAF. 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 and set competitive pricing for our products including SAF, advance our technological capabilities, as well as secure a substantial market share while maintaining cost efficiency in our design and manufacturing processes.

We have initiated the continuous innovation and launch of new products, including SAF which is a new downstream ethanol product that we are actively developing. There is no guarantee that we are able to successfully develop SAF as planned, failing which our future business growth may be materially and adversely impacted. Delays in introducing and marketing new products including SAF, or their failure to perform as expected or their poor reception in the market, could result in negative publicity regarding our R&D capabilities or offerings, which could have a material adverse effect on our growth prospects, potentially hindering our efforts to establish or expand our market share.

Further, although we have been in negotiations for a license agreement in relation to the technology regarding the SAF manufacturing process, we cannot assure you that we will be able to reach agreements with the licensors on a timely basis, or on acceptable terms, or at all.

Moreover, the construction of the SAF production facility is yet to be commenced and there is no guarantee that the SAF production facility will yield the positive results as expected or that our introduction of SAF will attain the anticipated level of market acceptance.

Even if we successfully enter into the abovementioned license agreement or that the SAF production facility yields the results that we expected, we may face competition from other producers of SAF in the PRC, including and especially producers which use different technology or raw materials for the production of SAF which may give them competitive advantages such as lower production cost or better production efficiency. If we cannot effectively compete with those SAF producers, it may have a material adverse effect on our business, financial condition and business prospects.

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Our efforts to enter into the carbon trading market may not be successful.

We plan to enter the carbon trading market in the future and have completed the preparation of and are seeking approval from the PRC Ministry of Ecology and Environment in relation to our proposed methodology to track and determine the amount of carbon reduction for each of our production facilities, subsequent to which we will be able to trade our carbon reduction in the domestic carbon market. Please refer to “Business — Our Products — Our Low-Carbon Integrated Solutions” for further details.

However, there is no assurance that we will be able to successfully obtain the requisite governmental approval. Even if we are able to obtain such approval, we cannot guarantee that our methodology will be able to generate our expected results; and even if such methodology facilitates the determination of the amount of carbon reduction, we cannot assure you that our business will benefit significantly from our engagement in carbon trading as we expected.

If we are unable to maintain our leading position for our technologies or adapt to the latest technological developments in the CCUS industry by our R&D capabilities and through our R&D endeavors, it could materially and adversely affect our business, results of operations, financial condition and prospects.

The CCUS industry adopting synthetic biotechnology in which we operate is characterized by high technical complexity, high technical barriers and rapid evolution, requiring significant resources to maintain our competitiveness through enhancing our R&D capabilities. New or alternative technologies in the CCUS industry may be adopted from time to time. As a result, we expect that we will continue to invest in R&D, in order to expand our offerings to introduce innovative and competitive products and solutions responding to the latest technological developments and innovations in the CCUS industry.

However, despite our expected investment in R&D, R&D activities inherently contain risks and uncertainties and we cannot guarantee that our R&D endeavors will yield viable outcomes. If we fail to generate ideal results from R&D, there may be a waste of capital and human resources, which may adversely affect our results of operations and financial condition. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our development results. Moreover, we cannot assure you that our R&D efforts can be completed in the anticipated time frame. If we encounter delays in production development and technology integration, fail to meet changing market demands or fail to adapt to or keep up with the latest technological developments, and if our competitors respond to new technologies more promptly than we do, our competitive standing could be compromised. Thus, we cannot assure you that we will be able to continue to enhance our technologies through R&D efforts, or that we will be able to keep up with the pace of technological changes in the markets in which we operate.

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As such, we cannot assure you that we are able to bring new and competitive products to the market as a result of our R&D efforts in a timely manner or at all, nor can we guarantee that our investments in introducing these new products and solutions will always align with market demands, customer preferences, technological advancements and industry trends. This misalignment can result in products and solutions that fail to gain market acceptance, thereby threatening our market position. Therefore, our investments in R&D may not always yield expected returns or contribute proportionally to our business growth, which may result in a material and adverse effect on our business, financial condition, results of operations and prospects, and may also potentially damage our reputation.

The fuel ethanol and feed protein industries are competitive, and we cannot guarantee success in competing within the industries.

The fuel ethanol and feed protein industries are competitive and rapidly evolving. According to Frost & Sullivan, the concentration ratio of the top five firms in the fuel ethanol industry in China exceeds 50%, indicating a high level of market concentration. Despite the fact that new entrants may face challenges from leading players due to the high market concentration, there is low-price competition within the fuel ethanol industry itself which intensifies competition amongst the competitors. On the other hand, the feed protein industry is highly fragmented. According to Frost & Sullivan, there is a large number of sizable market players for fish meal and soybean meal, being the mainstream raw materials for feed protein. Such industry participants compete for market shares through channel development and brand differentiation.

Competitive pressures may adversely affect the demand of our products or force us to lower our prices to compete with our competitors, in turn affecting our growth and market share. In addition, our existing and potential competitors may have more advanced technologies, a lower cost structure, better customer services or greater familiarity with market conditions. They may also have the capabilities to invest more financial, technical, manufacturing, marketing and other resources in designing, manufacturing and marketing their products. They may seek to increase their market share through measures such as investing in R&D, increasing production capacity and aggressively conducting sales and marketing activities. Additionally, our competitors may also attempt to attract customers or increase sales volume by reducing price. Considering the continued growth of the fuel ethanol industry and feed protein industry in the near future, failure to maintain competitiveness or compete effectively could severely impact our ability to expand or maintain our market position, increase our market share, or promote our brands. Any of these may adversely affect our business, results of operations, financial condition and prospects.

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During the Track Record Period, we have transactions with related parties and we face risks associated with such transactions with related parties.

During the Track Record Period, our business operations included transactions with related parties. Details of the transactions with related parties are set out in Note 33 to the Accountants' Report in Appendix I to this document. These transactions pose specific risks that, if not properly managed, could materially and adversely affect our business, results of operations, financial condition and prospects.

Related party transactions, by their nature, carry inherent risks due to their potential to conflict with the interests of our Group and our Shareholders. These transactions may not always be conducted on arm's length terms or may result in conflicts of interest. Such conflicts could result in decisions that do not align with our best interests and our Shareholders, potentially leading to operational inefficiencies or financial losses. Additionally, related party transactions are subject to increased regulatory scrutiny and require comprehensive disclosure. Failure to adequately disclose such transactions, or to comply with relevant regulatory requirements, could lead to legal penalties or reputational damage. This increased scrutiny and the need for rigorous internal controls and procedures to manage these transactions can also result in higher administrative costs and operational complexities.

We have entered into collaborations with our partners, and may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

We have collaborated or entered into various cooperation, licensing and service arrangements with our partners. Please refer to "Business — Research and Development — Licensing Agreements with LanzaTech Group" and "Connected Transactions" for further details on such agreements. Any of these relationships may require us at present or in future to incur non-recurring and other charges, and increase our near and long-term expenditures.

We will continue to seek strategic alliances, joint ventures or other collaborations with third parties in the future, including entering into licensing arrangements that we believe will complement or augment our development and commercialization efforts with respect to our products or technology. However, we face significant competition in seeking appropriate strategic partners and the negotiation process may be time-consuming and complex. There is also no guarantee that we will be successful in our efforts to establish a strategic partnership or other alternative arrangements with these third parties.

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Even if we manage to seek appropriate partners for collaboration and establish strategic partnerships with them, such strategic collaboration involves numerous risks. We may not achieve the revenue and cost synergies expected therefrom. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Even if we achieve the expected benefits, they may not be achieved within the anticipated timeframe. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

In addition, we cannot be certain that, following a strategic transaction, we will be able to achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of our products or reduce the scope of any sales or marketing activities relating to such, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development of such products on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. These would harm our business, financial condition, results of operations and prospects.

Additionally, global markets are part of our growth strategy, especially in our intended marketing and sales of SAF internationally, as well as potential collaborations with international and advanced enterprises and research institutions in the field of CCUS technology. However, if we fail to obtain licenses or enter into collaboration arrangements with third parties in the global markets, or if they are not successful, our revenue-generating growth potential will be adversely affected. Entering such international alliances or licensing arrangements with such third parties may subject us to additional risks that may materially and adversely affect our ability to attain or sustain profitable operations, including:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distributorship efforts may increase our expenses or divert our management's attention from the development of our main products and solutions;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- unexpected changes in or imposition of trade restrictions, such as tariffs, sanctions or other trade controls, and similar regulatory requirements;
- unsatisfactory performance in overseas markets;
- economic weakness, including inflation;

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- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest; and
- business interruptions resulting from geopolitical actions, including war and acts of terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

Our business may be materially and adversely affected if any of the current favorable regulatory policies in relation to our technologies and products adversely changes or discontinues.

The CCUS industry in which we operate has significantly benefited from various national carbon peaking and carbon neutrality initiatives and policies encouraging the development of synthetic biotechnology. For instance, the PRC government has initiated the “dual carbon” strategy, under which policies such as reduction of carbon dioxide emissions, promotion of energy-saving and carbon-reduction transformations in industries (e.g. steel) and the development of CCUS technologies have been proposed, such as the promotion of ethanol gasoline for cars. In addition, regulatory measures which were introduced in China restricting the entry of coal-based ethanol into the fuel ethanol market and controlling the growth of grain ethanol are expected to benefit our business in respect of the sales of ethanol, as such market will only be accessible by the producers of ethanol with low-carbon and sustainable attributes. At the same time, the PRC government has advocated a strategy of “obtaining calories and protein from plants, animals and microorganisms”, which propelled the implementation of multiple policies to promote the development and application of synthetic biotechnology in the field of feed, including that the applicability of microbial protein be expanded to livestock and poultry such as pigs and chickens and accelerating the approval of the production of microbial protein from one-carbon gas fermentation. Such, together with the Three-Year Action Plan for Reducing and Substituting Soybean Meal for Feed issued by the PRC government, are expected to favor our business in respect of the sales of microbial protein, as the latter policy also encourages and reiterates the PRC government’s support towards the application of microbial protein.

We cannot assure you that the PRC government will continue to implement, and that it will not adjust or even abolish the abovementioned policies favoring the CCUS industry in which we operate in and the development of our products. If these incentives are unexpectedly reduced or withdrawn, it may materially and adversely affect our business, prospects, results of operations, financial condition, and cash flow.

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Our business may be materially and adversely affected if there is any significant downtime at the production facilities of ourselves and our suppliers, which prevents us from achieving sufficient utilization of our production facilities.

We are constantly improving and refining our production facilities. Our production facilities may also be subject to unexpected failures which fall outside of our control. Downtime at our production facilities due to our technical reform or unexpected failures typically range from 1 to 2 months. If the time and cost required for such repairs and maintenance exceed our expectations, our turnover may be less than what is currently projected. The time and cost required for the repair and maintenance may exceed our expectations, depending on various factors, including:

- the extent of failure of machinery in our production facilities;
- shortages of, and price increases in, equipment, materials or labor; or
- extreme adverse weather conditions, or fire, typhoons or other natural disasters.

In addition, our suppliers may be subject to sudden production fault or market conditions which adversely impact the supply of carbon-containing industrial off-gas, thereby causing downtime in and lowering the utilization rate of our production facilities. Please refer to “Business — Production — Production Facilities — Production Capacity and Utilization Rate” for further details.

Due to the abovementioned reasons of ourselves and our suppliers, for the years ended December 31, 2023 and 2024, the annual cumulative downtime in our Shoulang Jiyuan production facility extended for 112 days and 79 days, resulting in maintenance and cultivation costs of RMB39.5 million and RMB19.8 million, respectively. For the years ended December 31, 2023 and 2024, the annual cumulative downtime in our Guizhou Jinze production facility spanned for 32 days and 14 days, resulting in maintenance and cultivation costs of RMB13.6 million and RMB5.6 million, respectively. As for the year ended December 31, 2024, the annual cumulative downtime in our Ningxia Binze production facility lasted for 43 days, resulting in maintenance and cultivation costs of RMB9.3 million.

We cannot assure you that the suspension of our production facilities, whether caused by our equipment failure or our upstream suppliers or otherwise, will not occur again in the future. We cannot guarantee that such suspension would not result in the loss of customers and revenue, our payment of compensation to customers, reputational damage to us, or penalties or fines against us. The inability to use our production facilities would cause major disruptions in our operations, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

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We have limited control over the operations of our distributors, and we may be subject to risks relating to the acts of our distributors.

We sell our ethanol products directly and through distributors in the PRC and overseas. Our microbial protein products are also sold using a combination of direct sales and distributorship methods to livestock feed manufacturers. During the Track Record Period, a substantial portion of our ethanol and microbial protein were sold through our distributors. The sales revenue of our ethanol and microbial protein from sales through distributors accounted for 69.6%, 77.8% and 64.6% for the years ended December 31, 2022, 2023 and 2024, respectively. Please refer to “Business — Sales and Marketing — Distributorship” for further details.

We have limited control over the business operations of our distributors and we cannot assure you that distributors will operate their businesses in compliance with our distribution agreement, sales policies and the relevant laws and regulations. Any non-compliance with distribution agreements or sales policies by any of our distributors could disrupt our sales and may in turn affect our business and results of operations.

The performance of our distributors and their ability to sell our products, uphold our brand, provide customer services, expand their business and sales networks are crucial to the future growth of our business and may directly affect the sales volume of our products. Additionally, if our distributors do not effectively market and sell our products, and fail to respond to the needs of end customers in time, our market reputation may be damaged, and our ability to grow our business may be adversely affected. We may not be able to identify, attract and retain a sufficient number of distributors with the requisite resources.

We may not be able to accurately track the inventory level of our distributors or to identify issues at various levels of our distributorship network. This could have a material adverse impact on the sales of our products and, accordingly, to our business, financial condition, results of operations and prospects.

Third parties supply certain key equipment to us and if any of them fails to deliver quality equipment in a timely manner, or if our relationships with any of them deteriorate, our reputation, business operation or profitability may be materially and adversely affected.

We require third parties to supply certain key equipment that are essential for the production of our key products and our business is significantly affected by the cost and quality of such key equipment. As we have limited control over such suppliers and their business practices, we cannot ensure the consistent quality of the key equipment which they provide. Any defects or quality issues with the key equipment and its components, as well as non-compliance incidents involving such third-party suppliers, may in turn lead to quality problems and negative publicity associated with our key products, potentially damaging our brand image and affecting our business, prospects, results of operations, financial condition, and cash flow.

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In addition, we cannot guarantee that such third-party suppliers would adhere to ethical business practices, including, among others, environmental responsibilities and fair wage practices. Failure to demonstrate compliance might compel us to seek alternative suppliers, which could increase our costs and result in disruptions in our operations, or even delayed completion of our products or shortages of the same.

Furthermore, identifying alternative suppliers for the key equipment can be time-consuming and costly. Any disruption in the procurement of such equipment and its product components could temporarily halt our production of our products until we secure alternative supplies, which may lead to loss of customers. There is no assurance that we would successfully secure alternative suppliers in a timely or acceptable manner and at commercially acceptable terms, 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 the critical equipment and its product components in a timely manner. In such circumstances, our production schedules and our operations could be disrupted, leading to an impairment in our ability to meet requirements of our customers, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Our business depends substantially on the efforts of our key employees and qualified personnel.

We attribute our success to the leadership and contributions of our management team. Our success depends substantially on the continued efforts of our key employees and qualified personnel, such as our key management, R&D and technical personnel, production personnel, operations management personnel and marketing 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 their services with us, we might not be able to replace them easily, in a timely manner, or at all. The loss of their services or 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.

Our continued success also depends to a large extent our ability to attract and retain qualified personnel. Professionals with sufficient training in the synthetic biotechnology sphere in the CCUS industry may be difficult to hire, and we will need to expend significant time and expenses training our existing and prospective employees. We cannot assure you that there will be no significant increase in our labor costs, 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 with us that includes confidentiality and non-compete clauses. However, we may be subject to legal proceedings arising from disputes over non-compete provisions. If any of our key management engineers and other R&D 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.

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If we do not continue to receive preferential tax treatments or government grants, or if there are any changes in the tax laws, our business, prospects, financial condition and results of operations may be adversely affected.

We currently benefit from certain preferential tax treatments. Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulation of the EIT Law, we have been accredited as a High and New Technology Enterprise in 2018 and passed two rounds of re-examination, and have been re-accredited as a High and New Technology Enterprise in 2024 for a term of three years until 2027. Besides, our subsidiary, Hebei Shoulang, has been accredited as a High and New Technology Enterprise in 2019 and passed a round of re-examination, and has been re-accredited as a High and New Technology Enterprise until 2025. Further, our subsidiary, Shoulang Biotechnology, has been accredited as a High and New Technology Enterprise in 2023 for a term of three years until 2026. Moreover, Shoulang Jiyuan and Ningxia Binze have both been accredited as a High and New Technology Enterprise in 2024. These entities which are accredited or re-accredited as High and New Technology Enterprises are therefore subject to the preferential income tax rate of 15%.

As a result, if we and the abovementioned entities do not pass the re-examinations and fail to be accredited or re-accredited as High and New Technology Enterprises, which result in the discontinuation of any of the preferential income tax treatments that we and the abovementioned entities currently enjoy, such events 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 numerous government grants, representing subsidies granted by the PRC local government authorities as incentives for our operating activities, which are tied to our assets and profits. Such government grants amounted to approximately RMB5.5 million, RMB12.7 million and RMB11.2 million for the years ended December 31, 2022, 2023 and 2024, respectively. Any material change in our assets or profits may affect the amount of government grants which we receive. Further, any delay or uncertainty in the collection or the discontinuation of these governmental subsidies, or the imposition of any additional taxes as mentioned above, could adversely affect our business, prospects, profitability, results of operations, financial condition, and cash flow.

Further, new income tax, value-added tax or other tax laws, statutes, rules, regulations 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 adversely affect our business, prospects, financial condition, results of operations, and cash flow.

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Our operations may be materially and adversely affected if we fail to obtain, maintain and renew licenses, approvals, qualifications and certifications that are material to, or we may otherwise fail to comply with the laws and regulations that are applicable to, our operations.

Our business operations in the PRC are regulated by a number of PRC authorities, which jointly regulate major aspects of our industries in the PRC. We are also required to obtain and maintain the requisite licenses and approvals required in the PRC, such as National Industrial Product Production License, Safety Production License and Hazardous Chemicals Registration Certificate. Please refer to “Business — Licenses, Permits and Approvals” for further details.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite material licenses, permits and approvals from relevant authorities for our operations in all material respects. 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 our current or future business. As the interpretation and implementation of existing and future legislations, regulations and policies governing our business activities are evolving, this would result in increased compliance costs for us or require us to obtain and maintain additional approvals, permits, licenses and certificates, and 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 or if we operate our projects without such or without complying with the relevant PRC laws and regulations, we may be subject to various penalties, including fines, discontinuation or restrictions of our business operations. Any such penalties may damage our reputation, disrupt our business operations and even terminate our business operations. As such, our results of operations, financial condition and business prospects could be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights in relation to our R&D technology, which could result in losses to our revenue and profit and could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

At of the Latest Practicable Date, we owned trademarks, patents and copyrights that are material to our business, including 241 granted patents, three registered trademarks, six registered copyrights and one domain name, and had applied for the registration of 102 patents related to our business. Please refer to “Business — Intellectual Property” for further details. Our success depends in part on our ability to obtain and maintain trade secrets, patents and other intellectual property protections for our solutions, technologies, designs and know-how as well as to successfully enforce our intellectual property rights and to defend our intellectual property rights against third-party challenges and/or infringements.

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We can only protect our products and technologies from unauthorized use by third parties to the extent that valid and enforceable intellectual property protections cover them. However, intellectual property laws in the PRC are still evolving, and the level of protection and ways of enforcement of intellectual property rights in the PRC means that enforcement of our intellectual property rights may be costly, and we may not be able to immediately identify unauthorized uses of our intellectual properties nor take the necessary steps to enforce our rights over such intellectual properties. In the event that the steps that we have taken and the protection afforded by law do not adequately safeguard our intellectual property rights, or we are not able to register or defend our intellectual property rights, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We 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.

In the event that a claim relating to intellectual property is asserted against us, we could incur costs in either defending or settling any alleged intellectual property infringement. If our suppliers or our third-party licensors, or third parties not affiliated with us hold pending or issued patents or other intellectual property that relate to our technology, we may need to seek licenses to such intellectual property or seek to challenge those patents or intellectual property. 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, incorporating certain components into, using products or offering services that incorporate or use the intellectual property that we allegedly infringed, misappropriated, diluted or otherwise violated;
- 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, solutions, services or technologies, which may be costly, time-consuming or impossible; or
- establish and maintain alternative branding for our solutions and services.

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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 reputation, business, prospects, financial condition, results of operations, and cash flow 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 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 disputes, litigation, regulatory proceedings and government investigations which may be brought against us by customers, suppliers, end-users, competitors, governmental entities conducting civil, regulatory or criminal investigations, or other parties, and may be brought by us against other parties. We may also be liable for injuries sustained by our employees during their course of work. As such, claims from such third parties could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, tort laws and contract laws. There is no guarantee of our success in enforcing our rights under the relevant business or other agreements or arrangements which may involve multiple parties, in asserting our rights thereunder or under applicable laws and regulations, or in defending against these legal and regulatory proceedings or investigations. In addition, if any claims against us falls outside the scope and/or limit of our insurance coverage, our financial condition may be adversely affected.

The litigation, arbitration, administrative proceedings or other legal procedures can be costly, time-consuming, and may not yield the desired outcome. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial condition, results of operations and business prospects. Moreover, legal proceedings resulting in unfavorable judgment or findings may harm our reputation and damage our prospects of securing future contracts, thereby materially and adversely affecting our results of operations and business prospects.

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

We maintain integrated insurance coverage for property and fixed assets, production facilities and equipment against property damage. Further, we are required by relevant laws and regulations in the PRC to maintain work injury insurance and safety liability insurance. Please refer to “Business — Insurance” for further details. However, our insurance coverage strategy may not protect us from all business risks and such insurance policies may have their qualifications or limitations. Certain types of risks, such as the risk in relation to the collectability of our trade receivables and liabilities arising from events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. We may incur substantial uninsured losses and liabilities

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stemming from such occurrences and thus we may be required to bear our losses to the extent that our insurance coverage is insufficient. In addition, we cannot assure you that we will be able to renew these insurance policies on similar, or otherwise acceptable, terms, if at all. These will result in significant costs and hence cause a material adverse effect on our business, results of operations, financial condition and prospects.

We may incur significant costs associated with the construction of new production facilities which may result in a substantial increase in our depreciation expenses and other operating costs.

As of December 31, 2024, we have incurred construction costs of RMB2,149.4 million for the existing four production facilities, which mainly represented the capital expenditure of our property, plant and equipment. Looking forward, we need to construct new production facilities in order to expand our business. For example, we commenced the Hebei Shoulang Phase II project and plan to devote RMB280.0 million on such. In addition, we expect to commence the construction and development of the SAF production facility and plan to devote RMB500.0 million on the same. We may construct new production facilities in the future and may incur significant costs including land acquisition costs, construction costs, purchase costs of machinery and equipment, renovation costs and other operating costs in connection therewith. Our construction costs and the costs of acquisition of land, machinery and equipment are likely to increase our depreciation expenses. Any substantial increase in our capital expenditure may increase our depreciation expenses and other operating expenses, reduce our profitability and have a material and adverse impact on our business, results of operations, financial condition and prospects.

The design and implementation of our low-carbon integrated solutions are subject to project execution risks.

We provide low-carbon integrated solutions to industrial clients seeking to implement our proprietary decarbonization technology in their facilities, which encompasses patent licensing, technical services, and supply of microbial strains and media. Our provision of these services is subject to inherent project execution risks which may be beyond our control, including but not limited to:

- unexpected delays, such as due to the COVID-19 pandemic;
- unforeseen engineering, design or environmental problems and unanticipated cost increases; and
- work strikes and labor disputes.

Further, we seek to expand our provision of low-carbon integrated solutions to not only domestic clients, but also international clients, in order to diversify our revenue. The arrangement provided for in the licensing agreement entered into with LanzaTech NZ, Inc. and LanzaTech Hong Kong as the licensors is such that written notice has to be given to LanzaTech

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Hong Kong prior to the sublicensing of the rights in relation to the intellectual property and trade secrets stipulated therein to domestic clients. As for the sublicensing of the same to clients based overseas, we will have to enter into a separate arrangement with LanzaTech Group. We cannot guarantee that LanzaTech Group will reach agreement with us with respect to such sublicensing arrangement in connection with our international clients, failing which we may not be able to offer our low-carbon integrated solutions to meet the needs of our international clients. In such case, our operations, financial condition, results of operations and prospects may be materially and adversely affected.

The information technology systems we adopt may expose us to certain risks.

We rely on certain intelligent production facilities such as real-time production monitoring and data processing. The proper functioning of these facilities is critical to the efficient operation and management of our business. Our data-enabled models used to collect information are subject to leaks or risks of leakage of information. Systems used in production and the collection of production data may also be subject to failures.

In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. In addition, our systems may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access, cyber-attacks and thefts. We cannot assure you that the measures and steps we take to secure our systems and electronic information are adequate. Any significant disruption to our systems could result in unauthorized disclosure of confidential information and adversely affect our business and operating results.

We are exposed to the risk of inventories obsolescence.

We had inventories of approximately RMB34.0 million, RMB64.6 million and RMB64.9 million as of December 31, 2022, 2023 and 2024, respectively. Our inventories mainly consist of (i) raw materials such as chemicals, spare parts, consumables and testing supplies, (ii) finished goods such as ethanol and microbial protein and (iii) goods in transit. We recorded provision for impairment losses on inventories of nil, RMB8.0 million and RMB16.1 million and our average inventory turnover days were recorded at approximately 30.9 days, 31.3 days and 36.0 days for the years ended December 31, 2022, 2023 and 2024, respectively.

Whilst we did not identify any material obsolete or damaged inventories during the Track Record Period, any future unexpected change in market demands and customer preferences, which our business is subject to and which are beyond our control, might result in over-stocked raw materials and finished goods which may lead to a decline in inventory values and significant write-offs and render our inventories obsolete. In addition, as our expansion in business correspondingly results in an increase in the level of our inventories, we might be subject an increasing risk of inventories obsolescence. Furthermore, any unexpected and

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adverse changes to the optimal storage conditions at our warehouses may expedite the deterioration of our inventories which may in turn increase our inventory obsolescence risk. As such, if we fail to manage our inventories effectively or are unable to dispose of excess inventories, we may face a risk of inventory obsolescence and/or significant inventory write-downs, which may impose pressure on our operating cash flow. Such obsolescent inventories may also directly impact our sales and pricing as we may be required to lower the selling price of our products to reduce the level of our inventories, which may lead to a lower profit margin. These may in turn affect our business, financial condition, and results of operations.

We are exposed to credit risk for trade and bills receivables.

Our trade and bills receivables consist of trade receivables, primarily representing outstanding amounts associated with our products and low-carbon integrated solutions; and bills receivables, representing bank acceptance notes. Such trade and bills receivables amounted to RMB4.6 million, RMB2.9 million and RMB41.5 million as of December 31, 2022, 2023 and 2024, respectively. Our turnover days for our trade and bills receivables were recorded at 3.9 days, 2.3 days and 14.4 days for the years ended December 31, 2022, 2023 and 2024, respectively. Despite our efforts to verify and assess the creditworthiness of our customers and that we trade with only recognized and creditworthy third parties, 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, adverse operating conditions or financial situations of our customers, long payment cycles of customers, may hinder or prevent us from collecting our trade and bills receivables in a timely manner or at all. Further, any termination or deterioration of the relationship between us and our customers might adversely affect the recoverability of our trade and bills receivables. Failure to effectively manage the credit risk associated with our trade and bills receivables and collect payments in a timely manner would have material and adverse effects on our business, financial condition, results of operations, prospects and cash flows.

We may not succeed in maintaining and strengthening our brand, which would adversely affect customer acceptance of our products and solutions, as well as our business, financial condition, results of operations and prospects.

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 us losing opportunities to cultivate a growing and loyal customer base. The success of our branding efforts depends on our ability to consistently complete and deliver high-quality products. If our products fail to meet customer expectations, our brand recognition and market acceptance will be eroded. There would also be a need for quality control measures and maintenance of customer relationships. Additionally, incidents involving our products and services, particularly those involving safety issues or defects, whether or not attributable to us, could generate adverse publicity. Any negative publicity, regardless of its accuracy, has the potential to rapidly spread, thereby undermining customer perceptions and confidence in our brand.

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We may have capital requirements in connection with our business strategy and there can be no assurance that we will be able to obtain the financing necessary to fund substantial capital expenditures.

We anticipate funding our capital expenditures with our existing cash balances and credit lines, cash generated from operating activities, and existing and future bank borrowings. However, in the event of adverse market conditions in the future or changes in our growth plan, operational process, technologies, prices of machinery and equipment or interest rates, our actual expenditures may exceed our planned expenditures and we may not have sufficient sources of liquidity to effect our current operational plan and would need to secure additional financing from external sources. There can be no assurance that external sources of liquidity will be available to fund our ongoing operations or our product development. The failure to obtain financing would hinder our ability to make continued investments in product development or carry out our business strategy, which could materially and adversely affect our business, results of operations, financial condition and prospects.

If we fail to fulfill our obligations under our contracts with customers, our results of operations and financial condition may be adversely affected.

Our contract liabilities represent advance payments received from our customers for sales of our products, being ethanol, microbial protein and relevant by-products. Our contract liabilities amounted to approximately RMB12.6 million, RMB8.2 million and RMB3.2 million as of December 31, 2022, 2023 and 2024, respectively. Our contract liabilities will subsequently be recognized as revenue when the relevant services/products are rendered/delivered to customers. Please refer to “Financial Information — Description of Major Line Items in Our Consolidated Statements of Financial Position” for further details.

If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the service fees or payments for the products we sell, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, our relationships with such customers may worsen, which may also affect our reputation and results of operations in the future.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations, and non-compliance 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 flow.

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.

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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 flow.

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 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 flow.

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.

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Any misconduct by our employees or by business partners and/or their employees could potentially expose us to material adverse effect to our business, prospects, results of operations, financial condition and cash flow.

We depend on our employees to maintain and operate our business and have implemented an internal code of conduct named “Employees’ Handbook (2024)” 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 adversely affect our reputation and business. We also rely on our business partners, including, among others, suppliers for raw materials. Although we have implemented measures to select business partners, we may not be able to successfully monitor the conduct of their employees, or 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 flow may be adversely affected.

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 non-compliance, as well as result in a delay or cessation of our operations.

We are subject to environmental and safety laws and regulations related to the environmental pollutants generated during the manufacturing of our products and the operation of our production facilities, such as wastewater, off-gases, solid waste and noise. 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 flow and prospects. In addition, any breach of such laws can give rise to liability for administrative oversight costs, clean-up 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. During the Track Record Period and up to the Latest Practicable Date, we were involved in four non-compliance incidents in relation to environmental compliance, which resulted in administrative fines, additional emergency response costs and ecological compensation costs amounting to approximately RMB1.2 million in aggregate. Please refer to “Business — Legal Proceedings and Compliance — Legal Compliance” for further details on the non-compliance incidents.

In addition, from time to time, the PRC government issues new regulations, which may require additional actions for us to comply. If our production facilities, our other future constructions or the environmental pollutants generated during the manufacturing of our products and the operation of our production facilities result in us failing to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal

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injury or fines or be forced to close or temporarily cease the operations of our production facility or other relevant constructions, any of which could have an adverse effect on our business, prospects, financial condition and results of operation.

Our operations are also subject to safety production-related laws and regulations, which require compliance with various safety production-related requirements. These laws and regulations can give rise to liability for oversight costs, compliance costs, bodily injury (including workers' compensation), fines, and penalties. Additionally, serious incidents 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 an adverse effect on our business, prospects, results of operations, financial condition, and cash flow.

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

Our business could be adversely affected by the effects of health epidemics. For instance, one of the reasons for the disruption of our operations in 2021 was the outbreak of COVID-19 pandemic, which led to our low production output and thus necessitated us to procure low-concentration ethanol from external sources which we processed in our equipment and sold to our key customers, in order to increase our total ethanol output to meet the demands from our key customers and maintain our long-term relationship with them. Please refer to "Business — Production — Production Facilities — Production Capacity and Utilization Rate" for further details. Although we anticipate that this arrangement will be uncommon in the future, we cannot assure you that such will not reoccur in the future. Further, the global outbreak of COVID-19 in recent years has caused various countries to adopt, among other measures, restrictions on mobility and travel, cancelation of public activities and temporary suspensions on public transportation. These may cause delays or disruptions in our operations, including but not limited to, business activities and R&D activities. If any of our employees or employees of our business partners is suspected of having or were diagnosed with any of the epidemic or pandemic illnesses, this could require us or our business partners to quarantine some or all of such employees or disinfect the facilities used for operations. Hence, a recurrence of an outbreak of COVID-19 and other health epidemics not only could restrict the level of economic activities generally but could also slow down or disrupt our business activities, which could in turn adversely affect our business, prospects, results of operations, financial condition, and cash flow.

In addition, 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 could materially disrupt our business and operations. Such events could also significantly affect our industries 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 condition and prospects.

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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 products and 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. To the extent any fluctuations in the global economy significantly and adversely affect consumers' demand for our solutions, our business, results of operations, financial condition, and prospects may be materially and adversely affected.

The construction and operations of our facilities are subject to inherent operational and safety risks.

Due to the nature of our business, we engage in certain inherently hazardous activities. For instance, ethanol is easily flammable and explosive and our employees are exposed to inherent safety risks when producing, storing or transporting ethanol. Additionally, our employees may potentially be subject to health risks if there is any leakage from the pipelines transporting carbon-containing industrial off-gas, which is in itself toxic and harmful.

Our project construction and operation processes involve additional risks and hazards, including breakdowns, equipment failures, improper installation or operation of equipment, improper usage or release of chemicals, labor disturbances, weather interferences and natural disasters, environmental hazards and industrial accidents.

These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of our operations or even imposition of civil or criminal penalties, which could in turn cause us to incur costs and damage our reputation. In the event of any workplace accident that involves personal injury or death, we may incur significant costs for compensation that exceed our or our contractor's insurance coverage. Despite our efforts, we cannot assure you that we will be able to prevent the occurrence of environmental or safety incidents at our facilities or to remain in compliance with all applicable safety requirements and standards. Any material operational incidents or non-compliance including but not limited to the above events, may have a material adverse effect on our business, financial condition, results of operations and prospects.

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If we are unable to adequately service our low-carbon integrated solutions services, or if future claims arise, it could have a material adverse effect on our business, financial condition, results of operations, prospects and cash flow.

Installation of facilities as part of our low-carbon integrated solutions services demands specialized professional skills. Our specialized teams assist our clients in resolving issues with our low-carbon integrated solutions, including on-the-ground technical guidance and providing training. 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 costs, which could adversely affect our business, prospects, financial condition, results of operations, and cash flow. 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, financial condition, results of operations, prospects and cash flow may be materially and adversely affected.

Our controlling shareholders have the ability to exercise substantial control over us and can influence our business in ways which may not be in the best interests of our other Shareholders.

Our Controlling Shareholders will control 37.46% of the issued share capital of our Company upon completion of the Global Offering assuming no exercise of the Over-allotment Option. Accordingly, subject to the Articles of Association and the applicable laws and regulations, our Controlling Shareholders may be able to control or otherwise influence our major policy decisions, including overall strategic and investment decisions, dividend plans, issuances of securities and adjustments to the capital structure and other actions that require the approval of our Shareholders. The interests of our Controlling Shareholders may not necessarily be aligned and we cannot guarantee that our Controlling Shareholder will influence our Company to pursue actions that are in the best interests of the other Shareholders.

Failure to maintain an effective quality control system may have an adverse impact on our business.

We believe that the capability to provide high-quality products is one of our key competitive advantages. Thus, the effectiveness of our quality control system is of utmost importance to our customers. This requires us to adopt stringent quality control systems in the aspects of R&D, supply chain management and production process, and we have invested in capital and human resources to ensure that the implementation of such quality control systems

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is strictly monitored. If we are unable to maintain or implement our quality control systems effectively, we may suffer a decrease in demand for our products and become less competitive in our market. Our subsidiaries, Hebei Shoulang, Shoulang Jiyuan and Ningxia Binze, have been granted the certificate of conformance of our quality management system, which conform to the standards of ISO9001, in the years 2022, 2022 and 2023 respectively. These certifications signify that our operations meet the benchmark quality standards and we believe they are critical to the sale of our products and our low-carbon integrated solutions. These certifications will expire every three years and we will need to apply for renewal. There is no assurance that renewal for such certifications would be successful. In the event that we do not obtain or renew any of such certifications, our ability to market our business activities may be impaired.

If we cannot be properly insulated from the rising staff costs, our results of operations may be adversely affected.

We experienced an increase in our labor costs, due to the rising number of staff employed by us as a result of an increased number of our production facilities. Labor costs involved in our cost of sales amounted to RMB21.1 million, RMB31.0 million and RMB38.4 million for the years ended December 31, 2022, 2023 and 2024, respectively. If we are unable to transfer any rise in labor costs to our customers, our results of operations may be adversely affected.

Our risk management and internal control systems may not be adequate or effective.

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, including but not limited to information disclosure, external guarantees, investment management, connected transactions, internal audit, human resources management, occupational health and safety, procurement management, sales management, inventory management, research and development management, information technology management, anti-corruption, anti-money laundering and various other financial and operational control and monitoring procedures. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. Please refer to “Business — Risk Management and Internal Control” for further details. 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.

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Our managerial, operational and financial resources may be strained due to our rapid growth and business expansion.

Our sales of ethanol and microbial protein which utilize carbon-containing industrial off-gas as raw materials may fluctuate from period to period, and there is no guarantee that we will be able to effectively manage our growth. The differences in operating cash costs may have a material adverse effect on our profit margins, financial condition and results of operations.

Our future expansion may significantly strain our managerial, operational and financial resources. To manage our growth effectively, we must hire, recruit, manage our workforce effectively and implement adequate internal controls promptly. Our risk management and internal control system may not be effective or adequate. If we fail to maintain liquidity or secure external sources of funding for future growth, we may encounter, among other things, significant delays in production and operational challenges. If we are unable to attract and retain a sufficient number of such qualified personnel, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our ability to access credit and capital markets may be adversely affected by factors beyond our control.

While we mainly rely on revenue from the sale of our products to finance our operations, we also rely on bank loans and other fixed loans to satisfy our obligations, and interest rate increases by the People's Bank of China or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we rely to finance our operations and satisfy our obligations as they become due. We may require additional funds to respond to business challenges and intend to engage or continue to engage in a mix of debt and equity financings and make investments to support our business growth. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

The construction of our production facilities is subject to risks which could give rise to delays or cost overruns.

The design and construction of our production facilities are generally undertaken by third-party contractors. We cannot guarantee that such contractors will be able to complete construction in a timely and cost-effective manner and in accordance with the project design and specification. Delays or defects at any of such construction projects could result in loss or delayed receipt of revenues, increase in financing costs, reduced cash flow or failure to meet profit and earnings projections. Furthermore, the failure to complete project construction

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according to specifications can result in financial penalties, breach or termination of contracts, reduced efficiency, higher operating costs and reduced or delayed earnings, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the construction of production facilities, including their ancillary facilities, may be adversely affected by many factors which are commonly associated with the construction of infrastructure projects and which may be beyond our control, including but not limited to delays in receiving requisite approvals, licenses or permits, shortages of and delays in deliveries of equipment or materials, work strikes and labor disputes, unforeseen engineering, design, environmental or geological problems, weather interference and natural disasters, and unanticipated cost increases. Any such factors could give rise to delays or cost overruns and any insurance coverage or liquidated damages claims that we have may not be adequate to compensate us for these costs. In particular, fluctuations in prices of construction materials, equipment and components used in project construction may impact our financial performance as a whole. To the extent that increases in the prices of construction materials, equipment and components cannot be passed on to our customers or are not borne by the third-party contractors we engage to provide construction services, such increases could have a material adverse impact on our business, financial condition, results of operations and prospects.

Our intangible assets may be subject to impairment.

We had intangible assets of RMB23.3 million, RMB28.8 million and RMB29.2 million as of December 31, 2022, 2023 and 2024 respectively.

Intangible assets are reviewed and tested for impairment according to the applicable accounting standards. An impairment loss is recognized as the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The impairment may be further affected by the assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Any significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations.

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RISKS RELATING TO DOING BUSINESS IN THE PRC

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

We conduct our business operations within the PRC. Accordingly, our business, financial condition, results of operations and prospects are influenced by economic, political 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.

Our business and operations in the PRC are subject to PRC government standards, rules and regulations. The interpretation and application of the laws and regulations governing the industrial product manufacturing and feed production also undergo continuous evolution and revision. These dynamic changes in the legal PRC landscape have the potential to significantly impact our operations and business environment. From time to time, changes in the standards, rules and regulations or the implementation thereof may require us to obtain additional approvals and licenses from the PRC authorities and enhance our existing measures to comply with evolving inspection and testing methodologies prescribed under the applicable standards for the conduct of our operations in the PRC. In such event, we may incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. In addition, we may be subject to evolving inspection and testing methodologies adopted by the relevant regulatory authorities which are different from the applicable standards. If we experience delay in or are unable to obtain any required approvals or licenses, or fail to comply with the applicable standards due to different inspection or testing methodologies adopted by different regulatory bodies or other reasons, our operations and business in the PRC, and hence our overall financial performance, will be adversely affected.

Geopolitical tensions, as well as changes in relationships between the PRC and other countries and international trade policies, may adversely impact our acquisition of technology, sale of products and business and operating results.

We entered into various licensing agreements (as the licensees) with entities in LanzaTech Group (as the licensors) for certain intellectual property rights and trade secrets. Please refer to “Business — Research and Development — Licensing Agreements with LanzaTech Group” for further details on such licensing agreements. Thus, our business is subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China’s political relationships with those foreign countries and regions may affect the prospects of us maintaining existing or establishing new licensing agreements and collaborative business relationships with the licensors. There can be no assurance that our licensors will not alter their perception of us or their preferences, or will not terminate the licensing agreements entered into with us, as a result of the geopolitical tensions or adverse changes to the state of political relationships between

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China and the foreign countries or regions in which they are based, including the U.S.. Moreover, any fluctuations in the crude oil price as a result of the geopolitical tensions, which are beyond our control, may adversely affect the price of ethanol. As such, any geopolitical tensions and political concerns between China and such relevant foreign countries or regions may adversely affect our business, prospects, results of operations, financial condition, and cash flow.

Moreover, we export our ethanol products overseas to the U.S. and Europe. The increase in tariffs and export controls may affect our ability to export our products, such as exporting our ethanol products to SAF facilities in the U.S.. Unfavorable government policies related to international trade, including capital controls or tariffs, or changes in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our solutions in international markets. In addition, although the fuel ethanol market in China has a low dependence on imports as demonstrated by imports of fuel ethanol amounting to 106.31 tons from January to March 2025 but exports during the same period reaching approximately 16,000 tons according to the data from the General Administration of Customs of China, there is no guarantee that there may not be a significant increase in the import of fuel ethanol in the Chinese market if the geopolitical tension between China and the U.S. eases in future. Once there is a substantial increase in the import and thus the supply of fuel ethanol in China, the market price of fuel ethanol in China may face downward pressure, thus impacting the selling price of our ethanol products and as a result negatively affecting our revenue and profitability. As such, the implementation of new tariffs, changes in legislation and regulations, the renegotiation of existing trade agreements or the geopolitical and trade environment at large could result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flow.

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 approval from the State Administration of Foreign Exchange (“SAFE”), but are subject to certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC 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 dividends to our 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 flow may be adversely affected.

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Certain PRC regulations establish certain procedures for acquisitions, which may make it more difficult for us to pursue growth through acquisitions.

The Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the National People's Congress on August 30, 2007, which was amended and implemented on June 24, 2022 and became effective on August 1, 2022, and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008, and latest amended on January 22, 2024, require that where a concentration reaches certain thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented. Furthermore, under the relevant PRC laws and regulations, we are required to obtain or complete approval, registration, filing and/or other procedural requirements from the Ministry of Commerce, the National Development and Reform Commission, the SAFE and/or their local counterparts or designated banks, with respect to our overseas investments and acquisitions. Any failure to do so or any delay in such process may subject us to suspension of overseas investments or acquisitions, timely rectification, warnings, fines and other legal sanctions, which may adversely affect our business operation.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes from relevant authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on the 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 flow.

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

Non-PRC resident individual or non-PRC resident enterprise holders of H Shares, 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

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PRC (《中華人民共和國個人所得稅法實施條例》), both of which were implemented 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 the PRC 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 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 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 latest revised on December 6, 2024 and implemented on January 20, 2025, if a non-resident enterprise has no presence or establishment within the PRC, 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 the PRC 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 the PRC. In addition, a majority of our directors, supervisors and senior management reside within the PRC, and a substantial portion 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 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

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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 PRC 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 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 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, which has replaced the Arrangement. However, the New Arrangement does not apply to certain judgments 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 Takeovers Code upon the listing of our H Shares on the Hong Kong 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 Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Takeovers Code do not have the force of law in Hong Kong.

The evolving PRC legal system could have a material and adverse effect on our business and operations.

We conduct our business operations within the PRC and are subject to PRC laws and regulations. The PRC legal system is based on written statutes and their interpretations in terms of application and enforcement by relevant legislative and judicial authorities, various administrative regulations and decrees. Prior court decisions may be adduced for reference but have limited precedential value. The PRC has made significant progress in the promulgation of laws and regulations dealing with economic matters, such as shareholders’ rights, foreign investment, corporate organization and governance, commercial transactions, taxation and trade. As many of these laws and regulations are relatively new and may be subject to further interpretations by relevant competent authorities, we cannot assure you that such interpretations will be in our favor, which may limit the legal protections available to us.

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In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement. Any changes to such laws and regulations may materially increase our costs and regulatory exposure in complying with them.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the completion of the Global Offering, there has been no public market for our H Shares. We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares. Each of our Controlling Shareholders has undertaken to be locked-up 12 months commencing the Listing Date. Please refer to “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by the Controlling Shareholders” for details of such lock-up undertakings. In addition, pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within 12 months from the Listing Date. Accordingly, the Shares held by our existing Shareholders, representing 94.7% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), will be subject to a lock-up period for at least 12 months from the Listing Date. As a result, there can be no guarantee that an active and liquid trading market for our H Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between us and the Overall Coordinator (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the trading volume and price of our H Shares.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The trading volume and market price of our H Shares following this Global Offering may be volatile. The following factors may affect the trading volume and market price of our H Shares:

- general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world;
- changes in financial or earnings estimates or recommendations by securities analysts;
- regulatory developments affecting us, our customers or our competitors;
- investors’ perception of us and of the investment environment;

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- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure of key personnel of us or our competitors;
- the history of, and the prospects for, us and the industry in which we compete;
- potential litigation or regulatory investigations;
- announcements of new investments, strategic alliances and/or acquisitions in our industry by us or our competitors; and
- the valuation or operating and securities price performance of companies that are engaged in business activities similar to ours and that investors consider to be comparable to us.

Any such developments may result in large and sudden changes in the volume and trading price of our H Shares regardless of our operating performance. We can give no assurance that these developments will not occur in the future.

A number of PRC-based companies have experienced significant volatility subsequent to the listing of their securities in Hong Kong, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. As a result, investors in our H Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects. It is possible that investors could lose all or a part of their investment in our H Shares.

Purchasers of our H Shares will experience immediate and substantial dilution and may experience further dilution if we issue additional shares or other equity securities in the future.

The Offer Price of the H Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience a immediate dilution in pro forma adjusted net tangible assets of HK\$3.01 per Offer Share (assuming an Offer Price of HK\$16.69 per Offer Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). In addition, holders of our H Shares may experience further dilution of their interests if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

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We may need to raise additional funds in the future to finance further expansion or new developments relating to our existing or new contracts. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

Any possible conversion of our Non-H Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

All of our Non-H Shares may be converted into H Shares and such converted Shares may be listed or traded on Hong Kong Stock Exchange. Any listing or trading of the converted Shares on Hong Kong Stock Exchange shall comply with its regulatory procedures, rules and requirements. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon the completion of the relevant filing procedure, our Non-H Shares may be traded, after the conversion and subject to transfer restrictions under applicable laws and regulations, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

We cannot guarantee the accuracy of facts, forecasts and other statistics relating to the CCUS industry contained in this prospectus.

Certain facts, statistics and data contained in this prospectus relating to the CCUS industry in and outside the PRC have been derived from various official government publications, industry associations, independent research institutions, third party reports and/or other publicly available sources we generally believe to be reliable, as well as a report prepared by Frost & Sullivan that we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and producing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of information from official government sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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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. We plan to use the net proceeds from the Global Offering for, among other things, our R&D activities, mergers and acquisitions, investing in establishing a production facility, establishing service centers internationally and supplementing working capital. Please refer to “Future Plans and Use of Proceeds” for further details. However, our management will have discretion as to the actual application of our use of 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 the Global Offering.

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

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and prospective investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Hong Kong Stock Exchange, 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.

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You should read this entire prospectus carefully and should not consider or rely on any particular statement in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, and subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may have been or may be press and media coverage regarding us, our business, our industry and the Global Offering. Such press and media coverage may include references to information that do not appear in this prospectus or is inaccurate. We do not have sufficient control over the press and media coverage, and analysts might issue negative views or recommendations on us, which could have an adverse effect on the market price of H Shares. We have not authorized the publication of any such information contained in such press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this prospectus, we expressly disclaim responsibility for them. Accordingly, prospective investors should only rely on information included in this prospectus and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our Global Offering. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this prospectus, the Global Offering, and any formal announcements made by us in Hong Kong in relation to our Global Offering.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of 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 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must ordinarily reside in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by the Stock Exchange in its discretion.

Since the business, operation and production bases of the Group are principally located, managed and conducted in the PRC, and the Group's head office situates in and all of the executive Directors and the senior management members of the Group are, and will continue to be, based in the PRC, the Company considers that it would be burdensome to maintain sufficient management presence in Hong Kong for the sole purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. The Company therefore does not have and does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of complying with the Listing Rules.

An application for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rules 8.12 and 19A.15 of the Listing Rules has been made to the Stock Exchange and the Stock Exchange has granted such waiver subject to the following arrangements to ensure that there is an effective channel of communication between us and the Stock Exchange:

- **Authorized Representatives:** pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, namely Ms. Dong, our executive Director and general manager, and Ms. Chu Cheuk Ting (朱卓婷), our joint company secretary, as our authorized representatives (the “**Authorized Representatives**”) and the Company's principal communication channel at all times between the Stock Exchange and the Company. The Authorized Representatives will act as the principal channel of communication between the Stock Exchange and our Company. The Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the Authorized Representatives is authorized to communicate on behalf of our Company with the Stock Exchange. The Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Company's Authorized Representatives.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- **Directors:** When the Stock Exchange wishes to contact the Directors on any matter, each Authorized Representative will have all necessary means to contact all Directors (including the independent non-executive Directors) promptly at all times. To enhance communication between the Stock Exchange, the Authorized Representatives and the Directors, the Company has implemented the following measures:
 - (i) each Director must provide his/her mobile number, office number, e-mail address and facsimile number to the Authorized Representatives;
 - (ii) in the event that a Director expects to travel and/or otherwise be out of office, he/she will provide phone number of the place of his/her accommodations or other contact details to the Authorized Representatives; and
 - (iii) the Company will provide the mobile number, office number, e-mail address, facsimile number and residential address of each Director to the Stock Exchange in accordance with Rule 3.20 of the Listing Rules.

The Company currently has one independent non-executive Director (namely, Mr. HOONG Cheong Thard (孔祥達)) who is ordinarily resident in Hong Kong and he will act as additional channel of communication between the Stock Exchange and the Company.

Each of the Directors who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period.

- **Compliance Advisor:** the Company has appointed Guotai Junan Capital Limited as its compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules which will provide the Company with professional advice on its continuing obligations under the Listing Rules and act as an additional communication channel with the Stock Exchange 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 be available to answer enquiries from the Stock Exchange and will act as the Company’s principal channel of communication with the Stock Exchange when the Authorized Representatives are not available.

The Company has provided the Stock Exchange with the names, office telephone numbers, facsimile numbers and e-mail addresses of the Compliance Advisor’s officers who will act as the Compliance Advisor’s contact persons between the Stock Exchange and the Company pursuant to Rule 19A.06(4) of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Pursuant to Rule 19A.05(2) of the Listing Rules, the Company shall ensure that the Compliance Advisor will have access at all times to the Authorized Representatives, the Directors and other officers. The Company shall also procure that such persons will provide promptly such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. The Company shall ensure that there are adequate and efficient means of communication between the Company, the Authorized Representatives, the Directors and other officers, and the Compliance Advisor, and will keep the Compliance Advisor informed of all communications and dealings between the Company and the Stock Exchange.

- **Legal Advisors:** The Company shall also retain a Hong Kong legal advisor after the Listing to (i) inform the Company on a timely manner of any amendment or supplement to the Listing Rules and any new or amended laws, regulations or codes in Hong Kong applicable to the Company; (ii) to provide advice to the Company on the continuing requirements under the Listing Rules and applicable Hong Kong laws and regulations as required under Rule 19A.06(3) of the Listing Rules; and (iii) to provide advice to the Company on the application of the Listing Rules and other applicable Hong Kong laws and regulations relating to the Company after the Listing.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

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

We have appointed Mr. Zhang Ke and Ms. Chu Cheuk Ting, an associate member of both The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom), as the joint company secretaries of our Company. Ms. Zhang Ke has 12 years of experience working in various roles in the corporate service, compliance and investment related fields, and has served as our company secretary since November 2024. By virtue of Ms. Zhang Ke’s substantial experience in corporate governance and her experience and familiarity with listed companies, we believe that appointment of Ms. Zhang Ke as our company secretary would be beneficial for our Company. Please refer to “Directors, Supervisors and Senior Management” for further biographical details of Ms. Zhang Ke and Ms. Chu Cheuk Ting. Furthermore, given that the key operations of our Group are located in the PRC, we believe that it would be in the interest of our Company and our corporate governance to have Ms. Zhang Ke, who possesses the relevant background and experience in the PRC, to act as our joint company secretary. Accordingly, while Ms. Zhang Ke personally does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us with, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang Ke will act as our joint company secretary. The waiver has been granted for a three-year period commencing from the Listing Date, on the conditions that: (i) Ms. Chu Cheuk Ting is appointed as a joint company secretary to assist Ms. Zhang Ke in discharging her functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if, during the three-year period, Ms. Chu Cheuk Ting ceases to provide assistance to Ms. Zhang Ke as the joint company secretary, and (iii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Zhang Ke will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Zhang Ke has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, our Company must demonstrate and seek the Stock Exchange’s confirmation

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

that Ms. Zhang Ke, having had the benefit of Ms. Chu Cheuk Ting's assistance during the three-year period, has attained the relevant experience under note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute connected transactions of the Company under the Listing Rules after Listing. We have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with Chapter 14A of the Listing Rules for our partially exempted and non-exempted continuing connected transactions, the details and conditions of which are set out in the section headed "Connected Transactions" of this prospectus. Please refer to "Connected Transactions" for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which all of 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 is no other matter the omission of which would make any statement in this prospectus misleading.

CSRC FILING

According to the Overseas Listing Trial Measures, 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 January 6, 2025. The CSRC confirmed completion of such filing on June 4, 2025. No other approvals from the CSRC are required to be obtained for the Listing.

UNDERWRITING AND 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 applicants 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 Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, or any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, 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 subsequent time.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinator (for itself and on behalf of the Hong Kong

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

The Offer Price is expected to be determined between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, July 7, 2025, and, in any event not later than 12:00 noon on Monday, July 7, 2025. If, for any reason, the Offer Price is not agreed among us and the Overall Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. Please refer to “Underwriting” for further details on the Underwriters and the underwriting arrangements.

INFORMATION ON THE CONVERSION OF CERTAIN UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of certain Unlisted Shares into H Shares, which involves 226,548,803 Unlisted Shares held by the existing Shareholders. Please refer to “History, Development and Corporate Structure” and “Share Capital” for further details on our existing Shareholders and their respective interests in our Company and relevant procedures for the conversion of certain 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 relevant filing procedure in relation to the conversion of certain Unlisted Shares into H Shares has been completed on June 4, 2025.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the section headed “Structure of the Global Offering” in this prospectus.

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 acquisition of Hong Kong Offer Shares to, confirm that he/she 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 or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, 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 in which 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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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 or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our 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 our Unlisted Shares). No part of our Shares or loan 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 as of the Latest Practicable Date. All the Offer Shares will be registered on the register of members of our Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

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 Hong Kong 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 Hong Kong Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. (Hong Kong time) on Wednesday, July 9, 2025, it is expected that dealings in the H Shares on the Stock Exchange are expected to commence on Wednesday, July 9, 2025. The H Shares will be traded in board lots of 200 H Shares each. The stock code of the H Shares will be 2553.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our 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 our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong 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. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.

H SHARE REGISTER AND STAMP DUTY

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

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of our Company in Hong Kong, by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

CURRENCY TRANSLATIONS

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Unless indicated otherwise, the translations of currencies in this prospectus were made at the following rates set by the PBOC prevailing on the Latest Practicable Date:

- (i) RMB7.1695 to US\$1.00,
- (ii) RMB0.9133 to HK\$1.00, and
- (iii) HK\$7.8501 to US\$1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included herein for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Dong Yan (董燕)	Room 905, Unit 2, Building 3 1 Taiyanggong First Street Chaoyang District, Beijing PRC	New Zealand
Mr. Lin Siyu (林思雨)	Unit 1605, South Residential Building China Travel City Phase II 128 Wusi Road, Gulou District Fuzhou, Fujian Province PRC	Chinese
Non-executive Directors		
Dr. Ma Lishen (馬力深)	Room 503, Unit 5, Building 1 West Diaoyutai Jiayuan Haidian District, Beijing PRC	Chinese
Dr. Jennifer Holmgren	8232 Niles Center Road, Unit 414 Skokie, Illinois, 60077 United States	American
Dr. Wu Bin (吳斌)	Room 3602, No. 5, Lane 228 North Fujian Road Jing'an District, Shanghai PRC	Chinese
Mr. Zhang Dan (張丹)	11J, Tower 1, Queen's Terrace 1 Queen's Street Hong Kong	Chinese
Ms. Wang Yan (王妍)	Room 201, Unit 1, Building 105 Shoutang Chuangyejia Caoheidian New City Tangshan, Hebei Province PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
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Independent Non-Executive Directors

Dr. Hu Shanying (胡山鷹)	Room 502, Unit 4, Building 17 Shuangqingyuan, Yuequan Road Haidian District, Beijing PRC	Chinese
Dr. Feng Yingang (馮銀剛)	Room 402, Unit 2, Building 1 218 Tailiu Road, Shibe District Qingdao, Shandong Province PRC	Chinese
Dr. Chen Xin (陳鑫)	Room 301, Unit 1, Building 15 Baiwang Jiayuan East Haidian District, Beijing PRC	Chinese
Mr. Hoong Cheong Thard (孔祥達)	Flat A, 5/F, Kennedy Heights 10-18 Kennedy Road Mid-Levels Hong Kong	Malaysian

SUPERVISORS

Name	Address	Nationality
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Mr. Zhao Yucheng (趙玉成)	Room 903, Building 3 Lujia Shuijing Apartment Caofeidian District Tangshan, Hebei Province PRC	Chinese
Ms. Xing Fei (邢菲)	Room 301, Unit 4, Building 5 Section 3, Jinding Street Shijingshan District, Beijing PRC	Chinese
Ms. Zhang Ling (張玲)	Room 1402, Unit 1, Building 12 20 Jinding North Road Shijingshan District, Beijing PRC	Chinese

Please refer to “Directors, Supervisors and Senior Management” for further details on our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

Guotai Junan Capital Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Overall Coordinator

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Global Coordinators

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Joint Bookrunners

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Fosun International Securities Limited

Suite 2101–2105, 21/F
Champion Tower
3 Garden Road
Central
Hong Kong

Maxa Capital Limited

Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

CCB International Capital Limited

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

DBS Asia Capital Limited

73/F, The Center
99 Queen's Road Central
Central
Hong Kong

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

**Zheshang International Financial
Holdings Co., Limited**

1703-1706, 17/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

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

**Futu Securities International
(Hong Kong) Limited**
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

Livermore Holdings Limited
Unit 1214A
12/F Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon,
Hong Kong

Joint Lead Managers

**Guotai Junan Securities (Hong Kong)
Limited**
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Fosun International Securities Limited
Suite 2101–2105, 21/F
Champion Tower
3 Garden Road
Central
Hong Kong

Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

CCB International Capital Limited

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

DBS Asia Capital Limited

73/F, The Center
99 Queen's Road Central
Central
Hong Kong

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

**Zheshang International Financial
Holdings Co., Limited**

1703-1706, 17/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F Wing On Centre
111 Connaught Road Central
Hong Kong

**Futu Securities International
(Hong Kong) Limited**

34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Livermore Holdings Limited

Unit 1214A
12/F Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon,
Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Slaughter and May

47th Floor, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Grandway Law Offices

7-8/F, News Plaza
No. 26, Jianguomennei Avenue
Dongcheng District
Beijing
PRC

**Legal Advisors to the Sole Sponsor and
the Underwriters**

As to Hong Kong and U.S. laws:

Paul Hastings

22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

Tian Yuan Law Firm

5/F, Tower A, Corporate Square
35 Financial Street
Xicheng District
Beijing
PRC

Auditors and Reporting Accountants**Ernst & Young**

Certificated Public Accountants
Registered Public Interest Entity Auditor
27/F, One TaiKoo Place
979 King's Road
Quarry Bay
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.**

Room 2504, Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Receiving Bank**China CITIC Bank International Limited**

80 Floor, International
Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CORPORATE INFORMATION

Registered Office	Room 1601-6, 16/F, Building 1 1 Tianshunzhuang North Road Shijingshan District, Beijing PRC
Headquarters and Principal Place of Business in the PRC	Room 1601-6, 16/F, Building 1 1 Tianshunzhuang North Road Shijingshan District, Beijing PRC
Principal Place of Business in Hong Kong	31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	<u>www.bjsplt.com</u> <i>(Information contained on this website does not form part of this prospectus)</i>
Joint Company Secretaries	Ms. Zhang Ke (張珂) Room 1601-6, 16/F, Building 1 1 Tianshunzhuang North Road Shijingshan District, Beijing PRC Ms. Chu Cheuk Ting (朱卓婷) <i>(ACG, HKACG)</i> 31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Ms. Dong Yan (董燕) Room 905, Unit 2, Building 3 1 Taiyanggong First Street Chaoyang District, Beijing PRC Ms. Chu Cheuk Ting (朱卓婷) <i>(ACG, HKACG)</i> 31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Hoong Cheong Thard (孔祥達) (<i>Chairman</i>) Dr. Hu Shanying (胡山鷹) Dr. Feng Yingang (馮銀剛)
Nomination Committee	Dr. Feng Yingang (馮銀剛) (<i>Chairman</i>) Ms. Dong Yan (董燕) Dr. Chen Xin (陳鑫)
Remuneration and Appraisal Committee	Dr. Chen Xin (陳鑫) (<i>Chairwoman</i>) Mr. Lin Siyu (林思雨) Dr. Hu Shanying (胡山鷹)
Strategy Committee	Dr. Ma Lishen (馬力深) (<i>Chairman</i>) Ms. Dong Yan (董燕) Mr. Hoong Cheong Thard (孔祥達)
Compliance Advisor	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
H Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks	Bank of China Limited Shizuishan City Branch 26 Chaoyang East Street Dawukou District Shizuishan, Ningxia PRC China Construction Bank Corporation Zunyi City Branch 82, Zhongshan Road Zunyi, Guizhou PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”), which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the Global Offering. We believe that the sources of the information in this section and other sections of this prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, or any of their respective directors and advisers or any other persons or parties involved in the Global Offering, and no representation is given as to the accuracy of such information.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct a detailed research and analysis of China’s CCUS industry, in which we operate. Frost & Sullivan is an independent global market research and consulting company with over 40 global offices and more than 2,000 industry consultants, market research analysts, technology analysts and economists. We agreed to pay a total fee of RMB650,000 to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. The commissioned report was prepared by Frost & Sullivan independent of the influence of our Company and other interested parties. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

Frost & Sullivan prepared its report based on its in-house database, independent third party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political environment in the world and China is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the growth of the Global and Chinese CCUS industries in the forecast period. All statistics are based on the information available as at the date of the Frost & Sullivan Report, with the potential impact of the COVID-19 pandemic taken into account.

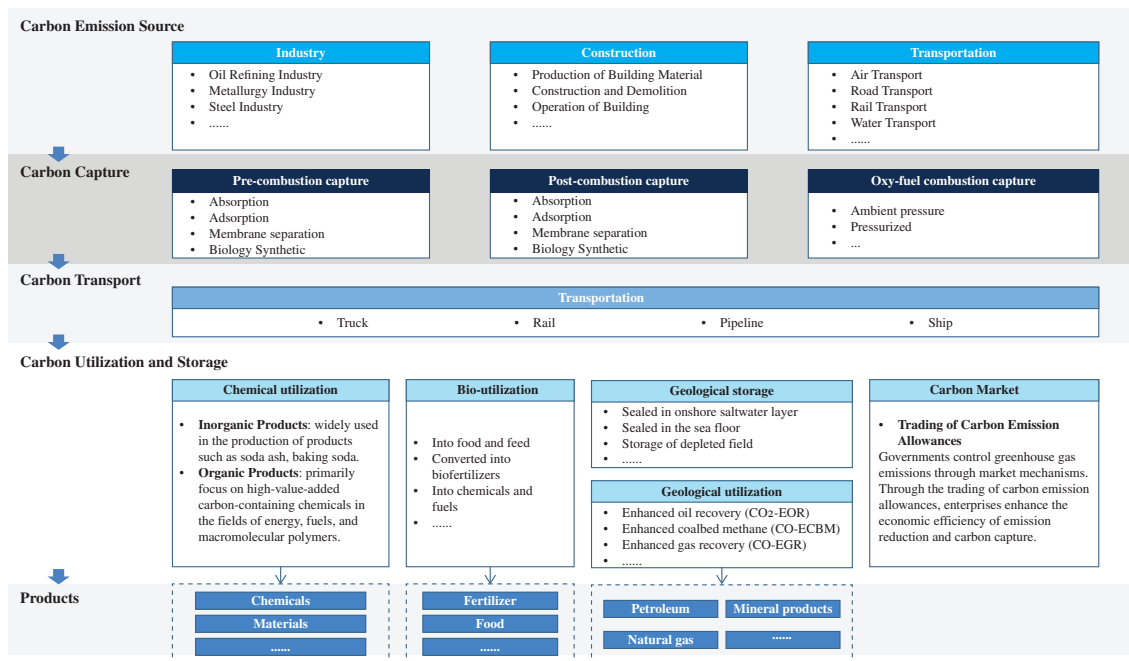
INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL AND CHINESE CCUS INDUSTRIES

CCUS (Carbon Capture, Utilization, and Storage) refers to the process of capturing carbon emissions from industrial processes, energy use, or the atmosphere, for direct utilization, conversion or injection into geological formations to achieve carbon reduction.

- *Carbon Capture.* Carbon capture refers to the use of technologies such as absorption, adsorption, membrane separation, and synthetic biotechnology to enable the separation of carbon emissions from industrial emissions or ambient air.
- *Carbon Utilization.* Carbon utilization refers to the process of converting captured carbon emissions into economically viable, value-added products, such as those used in industrial applications.
- *Carbon Storage.* Carbon storage is the proactive process of capturing carbon emissions from the atmosphere and transferring them to long-term storage reservoirs.

Illustration of CCUS Industry Segments



Source: Frost & Sullivan Report

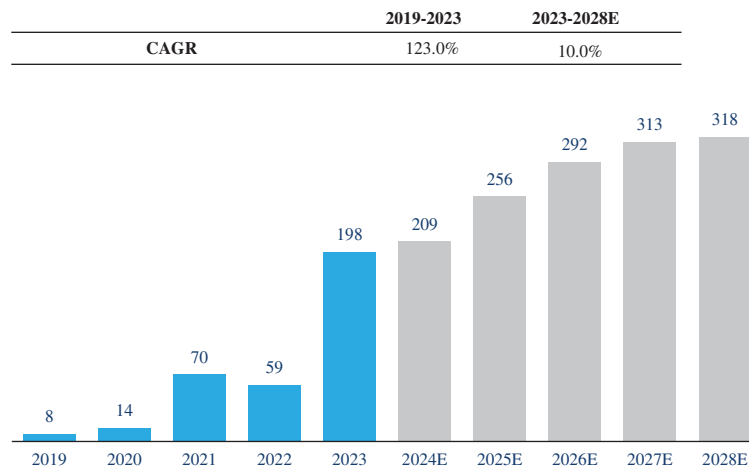
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Market Size of the Global and Chinese CCUS Industries

Globally, since 2019, the number of CCUS projects has shown a remarkable growth trend. In 2019, 8 new CCUS projects were added globally, injecting new vitality into the development of this field. Subsequently, the overall number of projects shows an upward trend. By 2023, the total number of global CCUS projects has increased to 198, fully demonstrating the strong development momentum of this industry.

The number of global CCUS projects is expected to continue to increase in the future. According to relevant forecasts, the number of newly added global CCUS projects will reach 318 by 2028. With the increasing emphasis on carbon reduction by various countries, the introduction of a series of favorable policies, as well as continuous technological breakthroughs and gradual cost reduction, all will provide strong support for the further development of CCUS projects.

Market Size of Global CCUS Technology Industry, by Incremental Number of Projects Units, 2019-2028E



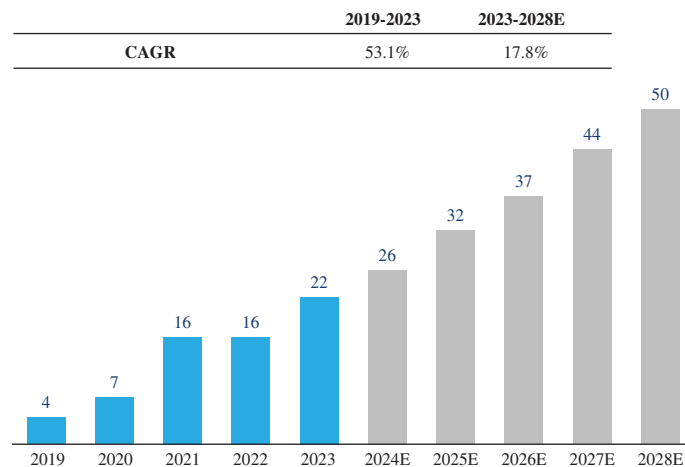
Source: Frost & Sullivan Report, Global CCS Institute

Note: Projects involve those in early development, advanced development, in construction and in operation.

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In China, the development of CCUS projects has been remarkable. In 2019, 4 new CCUS projects were added. In recent years, the number of new projects has continued to increase. By 2023, the number of new projects had risen to 22. This growth is mainly attributed to the strong support from the Chinese government, which has introduced a series of policies to encourage the development of low-carbon technologies, with CCUS being seen as a key technology for achieving carbon neutrality. Additionally, as the awareness of enterprises of environmental protection continues to rise, more and more companies are willing to invest in CCUS projects to reduce carbon emissions. The number of CCUS projects in China is projected to maintain a robust growth in the future. Concurrently, the investment amount per project is also on the rise. These trends are set to drive the vigorous development of the CCUS industry in the years to come.

**Market Size of China's CCUS Technology Industry,
by Incremental Number of Projects Units, 2019-2028E**



Source: Frost & Sullivan Report, Global CCS Institute

Note: Projects involve those in early development, advanced development, in construction and in operation.

Market Drivers of the Global and Chinese CCUS Industries

- Favorable Policies.** Driven by various favorable policies and regulations worldwide, global CCUS technology has flourished. In China, the “dual carbon” goals have created significant opportunities, positioning CCUS as a key pillar for achieving carbon neutrality. For instance, China’s 2024-2025 Energy Conservation and Carbon Reduction Action Plan (2024-2025年節能降碳行動方案) sets targets, including achieving energy savings equivalent to 50 million tons of standard coal and reducing CO₂ emissions by approximately 130 million tons annually in key sectors by 2024 and 2025.

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- *Acceleration of Industry Development by Emerging CCUS Technologies.* Traditional CCUS technologies, such as absorption and adsorption methods, are relatively mature. However, the emergence of new CCUS technologies, represented by synthetic biotechnology, has brought new opportunities for development in the CCUS field. By integrating carbon capture and carbon utilization, synthetic biotechnology has accelerated the conversion efficiency of carbon emissions, as well as expanded utilization scenarios, driving the commercialization process of the CCUS industry.
- *Accelerated Transition of Technology towards Industrialization Capability.* Industrialization capabilities transform lab-developed technologies into scalable industrial applications, encompassing equipment design, process optimization, and commercial deployment. These capabilities drive the transition from experimental to practical solutions, enabling widespread CCUS adoption. Strain selection and iteration, key to synthetic biotechnology, improve microorganism stability and productivity in fermentation, enhancing industrial suitability. Advanced industrialization design expands production, lowers costs, and boosts CCUS competitiveness in large-scale applications.
- *Development of the Carbon Trading Market.* The carbon capture segment of CCUS enables companies to reduce carbon emissions, thus obtaining more carbon emission allowances for trading and actively participating in the carbon market. By the end of 2023, the total volume of carbon emission allowances traded in China's national carbon market reached 440 million tons, with a total transaction value of RMB24.9 billion. By the end of 2028, China's carbon emission allowance trading volume is expected to exceed 3 billion tons, with a total transaction value expected to surpass RMB300 billion. China's carbon trading price increased from RMB42.8 per ton in 2021 to RMB103.2 per ton in October 2024 and is expected to increase to RMB145.0 per ton in 2028.

Favorable Policies/Regulations Regarding Global CCUS Industry

Issuing Country and Authority	Policy	Content
European Union		
European Commission, May 2024	The Net-Zero Industry Act	By 2030, EU domestic manufacturing capacity in key net-zero technology fields should meet 40% of EU demand. For carbon capture and storage, the act mandates that the EU's geological carbon storage capacity should reach 50 million tons per year by 2030.

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Issuing Country and Authority	Policy	Content
United States		
U.S. Government, August 2022.	Inflation Reduction Act (“IRA”)	<p>The IRA provides significant updates to the 45Q tax credit, incentivizing carbon capture and storage.</p> <p>For industrial and power generation facilities storing carbon in deep saline formations, the 45Q credit increases from USD50/ton to USD85/ton.</p> <p>For industrial and power generation facilities utilizing carbon capture, the credit rises from USD35/ton to USD60/ton. These incentives are available for up to 12 years after the carbon capture equipment becomes operational.</p>

Favorable Policies and Regulations Regarding the CCUS Industry in China

The table below outlines the main government policies and regulations implemented by the Chinese government to promote the development of the CCUS industry and the use of ethanol produced using synthetic biotechnology.

Policy	Date of policy issuance	Policy issuer	Policy highlights
Opinions on Promoting the High-quality Development of Refined Oil Circulation (關於推動成品油流通高質 量發展的意見).	January 2025	General Office of the State Council	Local governments at all levels shall coordinate the supervision, investigation and punishment of violations of laws and regulations regarding the distribution of refined oil products, and it is strictly forbidden to sell vehicle fuels with gasoline or diesel as the main ingredients in the names of ‘new energy’ and ‘alternative energy’ that do not comply with national policies and regulations. The government will investigate and deal with serious acts such as substandard oil product quality, illegal blending of refined oil, and sale of non-standard oil products as engine fuel to refined oil retailers or engine fuel users.

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Policy	Date of policy issuance	Policy issuer	Policy highlights
Guideline Catalog for Industrial Restructuring (2024 Edition) (產業結構調整指導目錄(2024年版)) .	December 2023	National Development and Reform Commission (NDRC) and other relevant departments	The catalog classifies CCUS technologies for coal-fired power generation units, as well as carbon capture, purification, utilization, and storage technologies for furnace flue gas emissions, as encouraged technologies to promote industrial upgrading and low-carbon transformation.
“14th Five-Year Plan” for the Development of Raw Development (“十四五”原材料工業發展規劃)	December 2021	Ministry of Industry and Information Technology (MIIT), Ministry of Science and Technology (MOST), Ministry of Natural Resources (MNR)	The plan aims to promote a range of advanced technologies, including low-carbon technologies such as bio-fermentation of industrial carbon monoxide tail gas for ethanol production, to facilitate the green and high-quality development of raw material industries.
14th Five-Year Plan for Industrial Green Material Industries (“十四五”工業綠色發展規劃)	November 2021	Ministry of Industry and Information Technology (MIIT)	The plan emphasizes strengthening industrial foundational research and advancing the deployment of frontier technologies, including innovative approaches such as carbon monoxide fermentation for ethanol production. These initiatives aim to drive low-carbon transformation in industrial processes, enhance resource efficiency, and foster breakthroughs in green manufacturing technologies.

OVERVIEW OF APPLICATION OF SYNTHETIC BIOTECHNOLOGY IN THE CCUS INDUSTRY

In the carbon capture and utilization (CCU) industry, there are four main methods, namely absorption, adsorption, membrane separation and synthetic biotechnology.

The first three methods focus on carbon capture, but they often face practical issues such as limited utilization pathways or restricted usage scenarios after capture. For example, the captured gas is used for enhanced oil recovery, underground storage, or converted into carbonates through mineralization for sale.

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Compared to the first three methods, synthetic biotechnology can achieve an integrated layout from carbon capture to carbon utilization, converting industrial off-gas directly into high-value-added products with diverse applications, such as ethanol and microbial protein. Additionally, the cost of carbon capture using synthetic biotechnology is lower, saving more than RMB200 per ton.

The different production technologies generally do not affect the selling price of fuel ethanol, which remains stable within a certain price range.

	Industrial Off-Gas Synthetic Ethanol	Grain Ethanol	Coal-based Ethanol	Cassava Ethanol
Type of Raw Material	Carbon-containing industrial off-gas	Grain crops represented by corn	Fossil fuels represented by coal-based syngas	Non-grain crops represented by cassava
Production Cost ⁽¹⁾	4,800-5,900 RMB/Ton	6,800-7,000 RMB/Ton	3,600-4,500 RMB/Ton	6,800-7,500 RMB/Ton
Market Share in Fuel Ethanol Production	3.33% in 2023 and projected to be 3.38% in 2024	79.05% in 2023 and projected to be 78.26% in 2024	N/A ⁽²⁾	17.62% in 2023 and projected to be 18.36% in 2024
Market Sales Price	Around RMB 5,500-6,500	Around RMB 5,500-6,500	N/A ⁽²⁾	Around RMB 5,500-6,500
RSB/ISCC	Available (the Company's ethanol products have already obtained such)	Relatively difficult to be obtained	Unavailable	Relatively difficult to be obtained
Product Accessibility and Scalability	Fuel ethanol, SAF (China, the EU and the US) ⁽³⁾ , green polyethylene and other chemicals sectors	Fuel ethanol, SAF (the US) ⁽³⁾ , edible ethanol and other chemical sectors	Chemical sector, not allowed to enter into the fuel ethanol market	Fuel ethanol, SAF (the US) ⁽³⁾ , edible ethanol and other chemical sectors
National Policy ⁽⁴⁾	Non-grain raw materials, encourage development	Strictly control the increase of grain-based fuel ethanol	Preventing and combating entry into the fuel ethanol market	Non-grain raw materials, encourage development
Advantages	Environmentally friendly raw material, can obtain low-carbon and sustainable certification; low production cost	Highly mature traditional production process	Large individual scale	Producing ethanol from non-grain crops avoids occupying food resources
Disadvantages	Susceptible to upstream gas supply	High production cost Reliance on food resources	Consumes fossil energy, not allowed in the fuel ethanol market, unable to obtain low-carbon and sustainable certification	Raw materials depend on Imports Reliance on land resources

Source: Frost & Sullivan Report

Notes:

- (1) The production cost range is the average annual cost of each method in China from 2021 to 2024. The production cost takes into account the raw material cost and processing cost. The production cost of grain ethanol deducts the economic value of the by-product.
- (2) Due to government policies restricting coal-based ethanol from entering the fuel ethanol market, there are no statistics available on the use of coal-derived ethanol in fuel ethanol.
- (3) The eligibility of raw materials for SAF production is determined based on the material list of the ISCC EU, ISCC Plus, ISCC CORSIA, etc.
- (4) For further details, please refer to “Regulatory Overview — Regulations on Clean Production and Renewable Energy” of this prospectus.

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- *Key Technologies for Achieving the Carbon Peaking and Carbon Neutrality Goals.* In 2020, China explicitly committed to enhancing its national contribution to carbon peaking and carbon neutrality goals by implementing more robust policies and measures. Synthetic biotechnology is a key technology for carbon capture, supporting energy transformation and playing a vital role in reaching the “dual carbon” goals.
- *Upgrade and Transformation of CCS to CCUS.* CCS has faced challenges in commercialization due to technological limitations and economic viability. Synthetic biotechnology is changing this by optimizing fermentation strains to produce high-value products, advancing CCS to CCUS. This accelerates carbon neutrality goals and fosters a green, low-carbon economy.
- *Addressing Resource Constraints and Global Regional Development Imbalances.* Unlike traditional ethanol production methods reliant on food-based fermentation, synthetic biotechnology leverages CO_x compounds from industrial off-gases as raw materials to produce high-value products. This innovative approach not only reduces production costs and enhances energy efficiency but also minimizes dependence on food resources. In addition, microorganisms modified through synthetic biotechnology can utilize non-traditional raw materials, such as industrial off-gases, to produce microbial proteins. This innovation breaks the spatial and temporal limitations of traditional protein synthesis, effectively conserving food resources and arable land. It also significantly alleviates the pressure of regional imbalances in food supply and demand, providing strong support for sustainable development.
- *Development of ESG.* Taking China as an example, synthetic biotechnology promotes ESG development in China’s manufacturing sector, reduces the carbon footprint of Chinese products throughout their lifecycle, and drives the growth of a low-carbon economy. This not only enhances the sustainable use of resources but also fosters the formation of green industrial chains, fueling a virtuous cycle of green investment and technological innovation.

Favorable Policies and Regulations Promoting Technologies Relevant to Our Business

In recent years, our technology and products have continuously gained national recognition. During the “14th Five-Year” period, the National Development and Reform Commission, Ministry of Finance, Ministry of Industry and Information Technology, National Energy Administration, and other relevant ministries have introduced several specific

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supportive policies for our technology, strongly supporting our development. The policies that promote national support include:

Date	Issuing Authority	Policy Name	Main Content
2018.09	National Development and Reform Commission and others	National Biofuel Ethanol Industry Overall Layout Plan (全國生物燃料乙醇產業總體布局方案)	The Hebei Shoulang 45,000 tons/year fuel ethanol project of the company has been included as a pilot demonstration project.
2021.12	National Development and Reform Commission	“14th Five-Year Plan” for Bioeconomic Development (“十四五”生物經濟發展規劃)	Conducting research and development of new biomass energy technologies and fostering them, promoting the integration of biofuels and bio-based chemicals. Actively advancing the substitution and application of advanced biofuels in key sectors such as municipal and transportation industries, and promoting the transition of fossil energy to green, low-carbon, renewable energy.
2021.12	Ministry of Industry and Information Technology, Ministry of Science and Technology, Ministry of Natural Resources	“14th Five-Year Plan” for Raw Materials Industry Development (“十四五”原材料工業發展規劃)	Promoting a batch of advanced technologies (including carbon monoxide industrial off-gas fermentation for ethanol and other low-carbon technologies).
2021.12	Ministry of Finance, State Taxation Administration, National Development and Reform Commission (NDRC), Ministry of Ecology and Environment	Resource Comprehensive Utilization Corporate Income Tax Incentive Directory (2021 Edition) (資源綜合利用企業所得稅優惠目錄(2021版))	Coke oven gas, converter gas, and biomass syngas for producing denatured fuel ethanol (purity ≥99.5%), ethanol clostridium protein/microbial protein (crude protein ≥80%).
2021.12	Ministry of Finance, State Taxation Administration	Resource Comprehensive Utilization Products and Services VAT Incentive Directory (2022 Edition) (資源綜合利用產品和勞務增值稅優惠目錄(2022版))	Converter gas, blast furnace gas, chemical off-gas, biomass syngas, and garbage gasification syngas for fuel ethanol production.
2021.12	Ministry of Agriculture and Rural Affairs	New Products Directory for Feed and Feed Additives (飼料和飼料添加劑新產品目錄)	According to the Feed and Feed Additives Management Regulations and New Feed and New Feed Additives Management Methods, the application for ethanol clostridium protein from Beijing Shoulang Biotechnology Co., Ltd. has been approved as a new feed; applicable to fish.

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Date	Issuing Authority	Policy Name	Main Content
2022.02	National Development and Reform Commission (NDRC)	Steel Industry Energy Saving and Carbon Reduction Upgrade Implementation Guide (鋼鐵行業節能降碳改造升級實施指南)	Gradually promoting the use of metallurgical industry off-gas for fuel ethanol and feed protein production technology, realizing carbon dioxide capture and utilization.
2023.07	Ministry of Agriculture and Rural Affairs	Announcement No. 692 of the Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部公告第692號)	Expanding the scope of feed material ethanol clostridium protein for piglets and poultry.
2023.10	Comprehensive Department of the National Energy Administration	Notice regarding Preventing Coal-based Ethanol from Entering Biomass Fuel Ethanol Market and Further Regulating Market Order (關於防止煤製乙醇進入生物燃料乙醇市場進一步規範市場秩序的通知)	Specifically and vigorously crack down on the flow of coal-based ethanol into the biomass fuel ethanol market
2024.02	National Development and Reform Commission (NDRC) and others	Green and Low-Carbon Transformation Industry Guidance Directory (2024 Edition) (綠色低碳轉型產業指導目錄(2024年版))	Energy recovery and raw material utilization of waste gases such as coke oven gas, blast furnace gas, converter gas, and high-sulfur natural gas for fuel ethanol production.
2024.03	National Development and Reform Commission (NDRC)	Green and Low-Carbon Advanced Technology Demonstration Project List (First Batch) (綠色低碳先進技術示範項目清單(第一批))	Shougang Langze Hebei Shoulang CO ₂ -containing industrial off-gas biological synthesis anhydrous ethanol project successfully selected.
2024.04	Ministry of Industry and Information Technology	National Industrial and Information Technology Field Energy Saving and Carbon Reduction Technology and Equipment Recommended Directory (2024 Edition) (國家工業和信息化領域節能降碳技術裝備推薦目錄(2024年版))	The Steel Industry Off-gas Fermentation to Ethanol Technology has been included in the National Industrial and Information Technology Field Energy Conservation and Carbon Reduction Technology and Equipment Recommendation Directory.
2024.12	National Development and Reform Commission (NDRC) and 7 other departments	Green Technology Promotion Directory (2024 Edition) (綠色技術推廣目錄(2024年版))	The company's technology has been selected as a demonstration case.
2024.12	Beijing Municipal Bureau of Economy and Information Technology	Notice on Announcing the First Batch of New-round Key "Little Giant" Enterprises Receiving High-Quality Development Subsidy Fund Support (關於對新一輪第一批重點“小巨人”企業高質量發展獎補資金支持項目進行公告的通知)	Selected as a key "Little Giant" enterprise in the first batch of the new round

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Date	Issuing Authority	Policy Name	Main Content
2025.01	Ministry of Ecology and Environment and five other ministries	National Catalogue of Low-Carbon Technologies (Fifth Batch) (國家重點推廣的低碳技術目錄(第五批))	Hebei Shoulang's bio-fermentation technology for ethanol production from steel industry off-gas was included in the catalogue
2025.01	General Office of the State Council	Opinions on Promoting the Development of High Quality Refined Oil Products (關於推動成品油流通高質量發展的意見)	Local governments at all levels shall coordinate the supervision, investigation and punishment of violations of laws and regulations regarding the distribution of refined oil products, and it is strictly forbidden to sell vehicle fuels with gasoline or diesel as the main ingredients in the names of “new energy” and “alternative energy” that do not comply with national policies and regulations. The government will investigate and deal with serious acts such as substandard oil product quality, illegal blending of refined oil, and sale of non-standard oil products as engine fuel to refined oil retailers or engine fuel users

INDUSTRIAL EXAMPLES OF APPLYING SYNTHETIC BIOTECHNOLOGY IN THE CCUS INDUSTRY — FUEL ETHANOL

Fuel ethanol, a clean and renewable biofuel, reduces reliance on non-renewable energy sources like petroleum, with significantly lower emissions (105-150 g CO₂e/MJ) compared to petroleum fuel (190-250 g CO₂e/MJ). Boasting a high-octane number (109) for superior anti-knock performance, it also enhances the complete combustion efficiency of gasoline, minimizing atmospheric pollution.

Global and Chinese Market Sizes of Fuel Ethanol

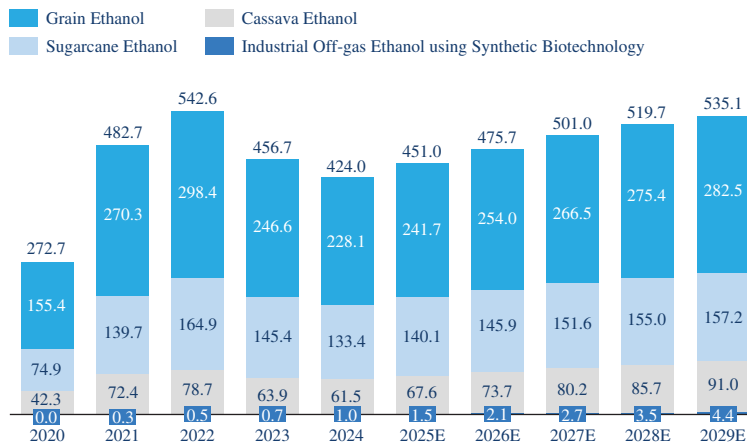
Globally, the market value of fuel ethanol increased from RMB272.7 billion in 2020 to RMB424.0 billion in 2024, with a compound annual growth rate (CAGR) of 11.7%. In 2024, the global fuel ethanol production was 92.93 million tons. The United States accounted for approximately 53% to 55%, whilst Brazil accounted for about 30% and the European Union for around 5%. Among them, the United States and Brazil are the two largest producers globally. The United States primarily adopts the corn method, while Brazil primarily adopts the sugarcane method. In 2024, 54% of the global fuel ethanol market value came from the corn method, 32% from the sugarcane method, and 15% from the cassava method and others. Although energy transition is advancing, the demand for global crude oil has continued to grow moderately. According to Frost & Sullivan, the average daily demand for global crude oil rose

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from 91.2 million barrels in 2020 to 103.8 million in 2024 with a CAGR of 3.3%. This reflects uneven infrastructure development of electric vehicles and rigid demand in transport and industry. Meanwhile, emerging technologies like SAF are also expected to support continued growth in the demand for fuel ethanol. It is expected that by 2029, the global fuel ethanol production value will reach RMB535.1 billion, with a CAGR of 4.8% from 2024 to 2029.

Production Value of Global Fuel Ethanol Billion RMB, 2020-2029E

CAGR	2020-2024 CAGR	2024-2029E CAGR
Grain Ethanol	10.1%	4.4%
Sugarcane Ethanol	15.5%	3.3%
Cassava Ethanol	9.8%	8.2%
Industrial Off-gas Ethanol using Synthetic Biotechnology	132.4%	34.4%

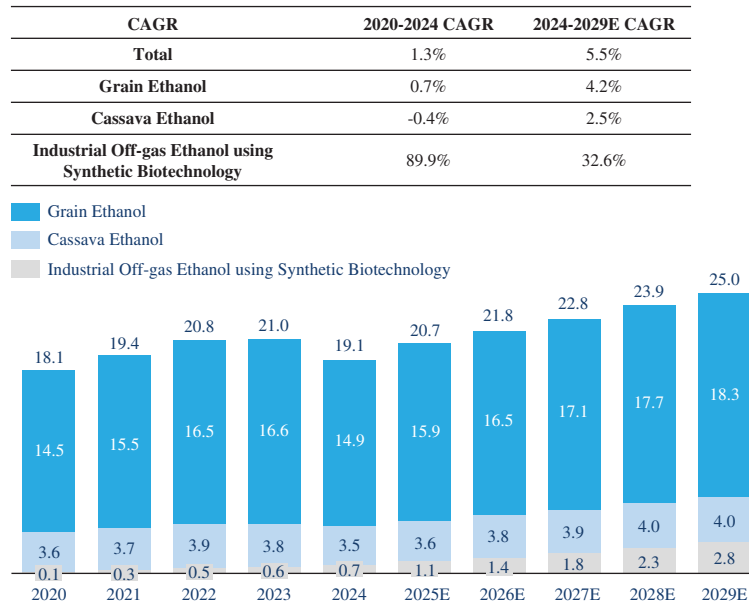


Source: Frost & Sullivan Report, Organisation for Economic Co-operation and Development (OECD)

In China, the production value of China's fuel ethanol was RMB19.1 billion in 2024, with the corn method being the mainstream method. It is expected that by 2029, the production value of fuel ethanol will reach RMB25.0 billion, with a compound annual growth rate (CAGR) of 5.5%.

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Production Value of China's Fuel Ethanol Billion RMB, 2020-2029E

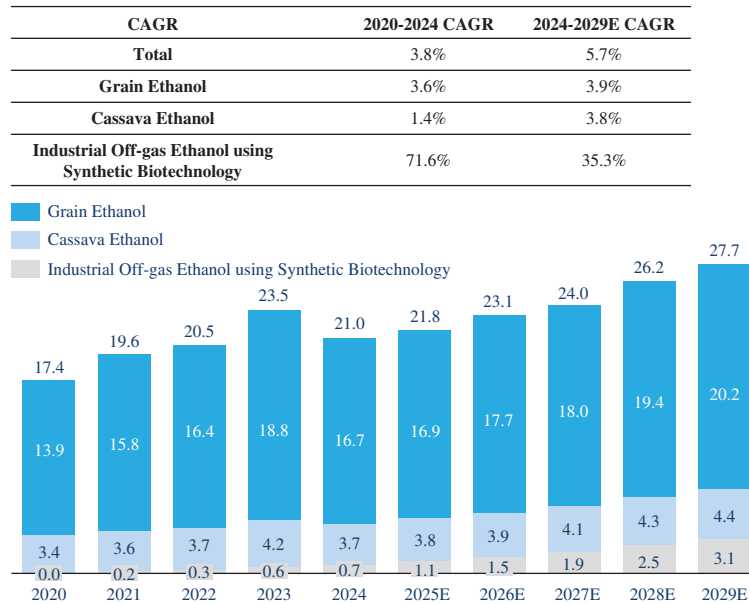


Source: Frost & Sullivan Report, SunSirs COMMODITY DATA GROUP, United States Department of Agriculture

In China, the sales value of fuel ethanol increased from RMB17.4 billion in 2020 to RMB21.0 billion in 2024 with a CAGR of 3.8%, primarily driven by corn-based production methods. Although there is a rapid growth and increasing consumer preference in recent years for electric vehicles over traditional fuel-powered vehicles which are mainly powered by ethanol-blended gasoline, data from the China Passenger Car Association indicates that the sales volume of fuel-powered vehicles in China reached 14.7 million units in 2024 which accounted for approximately 53% of the total sales of passenger vehicles and that the stock of fuel-powered vehicles is expected to remain above 200 million units over the next five years according to Frost & Sullivan. Electric vehicles' limitations in range and refueling infrastructure have kept fuel-powered vehicles in wide use across various scenarios. As a result, the replacement of fuel-powered vehicles by electric vehicles remains limited in the near future. According to the Ministry of Commerce of the PRC, the gasoline consumption in China increased from 116 million tons in 2016 to 177 million tons in 2024, with a CAGR of 11.1%. Over the same period, gasoline prices in China also showed an upward trend. According to Frost & Sullivan, the average prices of 92-octane and 95-octane gasoline rose from RMB 5,669.7 per ton and RMB 5,936.8 per ton in 2019 to RMB 8,802.6 per ton and RMB 9,093.2 per ton in 2024, with CAGRs of 23.2% and 22.0%, respectively. This continued increase in oil prices has drawn growing attention to alternative fuels, with fuel ethanol being used as a gasoline blending component expected to benefit from the trend. The sales value of fuel ethanol in China is expected to reach around RMB27.7 billion by 2029, with a CAGR of 5.7%.

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Sales Value of China's Fuel Ethanol Billion RMB, 2020-2029E



Source: Frost & Sullivan Report, SunSirs COMMODITY DATA GROUP

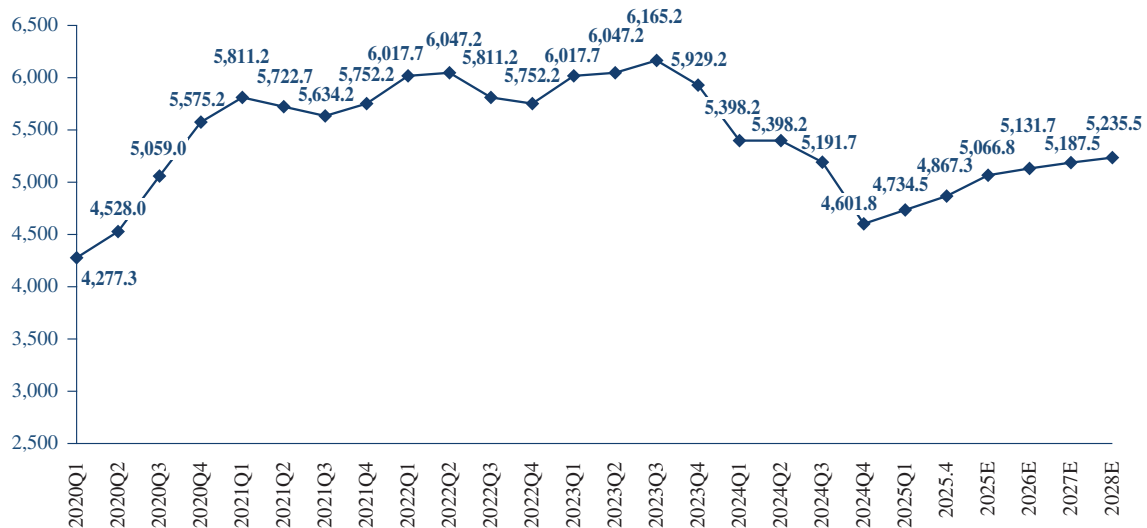
Market Price of Fuel Ethanol in China

From 2020, the COVID-19 pandemic disrupted supply chains and pushed prices into an upward trend. Despite certain monthly fluctuations during this period, prices continued to rise and eventually reached a record quarterly high of RMB6,047.2 per ton in the second quarter of 2022. From 2022 to the end of 2023, the quarterly price of fuel ethanol in China exhibited a general downward trend, primarily due to the market impact of low-cost coal-based ethanol. From the end of 2023, regulatory measures were gradually introduced in China to restrict the entry of coal-based ethanol into the fuel ethanol market. As there was a lag between policy implementation and market response, prices continued to decline throughout 2024. Since 2025, fuel ethanol prices have shown a relatively clear upward trend, reaching RMB4,734.5 per ton in the first quarter and remaining at RMB4,867.3 per ton in April 2025. In the future, as environmental protection policies become more stringent and the demand for sustainable aviation fuel and green polyethylene continues to grow, the demand for fuel ethanol as a feedstock is expected to increase steadily, driving prices upward. It is projected that by 2028, the overall price will reach RMB5,235.5 per ton.

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China Fuel Ethanol Price (RMB/ton)

2020-2028E



Source: Frost & Sullivan Report, National Development and Reform Commission (NDRC)

Market Drivers for Industrial off-gas Synthetic Biotechnology Ethanol Use

- *Reducing Dependence on Food, Land and Water Resources.* With population growth and an increasing demand for food, food resources have become increasingly scarce. The production of industrial off-gas synthetic biotechnology ethanol avoids the risk of exacerbating food shortages due to energy production. Such production has a positive impact on protecting farmland and achieving sustainable development, while also helping to reduce the consumption of water resources.
- *Transforming the Global Energy Structure.* The depletion of traditional fossil fuels and environmental pollution issues have prompted people to seek clean and renewable energy alternatives. As a renewable and low-carbon energy option, the use of industrial off-gas synthetic biotechnology ethanol will help reduce dependence on fossil fuels, promote the diversification of energy structure, and drive the green transformation of the global energy system.

Market Entry Barriers of Fuel Ethanol

- *High market entry threshold.* In 2013, the State Council issued the Catalogue of Investment Projects Approved by the Government (2013 Edition) (Guo Fa [2013] No. 47) (政府核准的投資項目目錄(2013年本)(國發[2013]47號)), stipulating that denatured fuel ethanol projects are to be approved by provincial governments, and this practice has continued to date. According to the Opinions of the Central Committee of the Communist Party of China and the State Council on Doing a Good Job in Promoting Rural Revitalization in 2022 (中共中央國務院關於做好2022年全面推進鄉村振興重點工作的意見), the processing of fuel ethanol using corn as raw material is strictly controlled, thus

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limiting the production paths of traditional bioethanol. At the end of 2023, the General Office of the National Energy Administration issued the Notice on Preventing Coal-based Ethanol from Entering the Biofuel Ethanol Market and Further Regulating Market Order (Guo Neng Zong Tong Ke Ji [2023] No. 124) (關於防止煤製乙醇進入生物燃料乙醇市場進一步規範市場秩序的通知(國能綜通科技[2023]124號)), cracking down on the inflow of coal-based ethanol into the biofuel ethanol market.

- *Advanced non-grain ethanol technology requirements.* With stricter restrictions on the raw materials for the production of fuel ethanol, new entrants need to adopt more advanced production technologies, such as converting non-grain raw materials, agricultural and forestry waste, or industrial off-gas into fuel ethanol. This requires significant investment in R&D, technological innovation and technical training, which cannot be achieved in a short time.
- *High initial investment.* The construction of fuel ethanol production facilities requires substantial capital investment. New entrants must have sufficient financial strength to support the construction of large-scale production facilities and ensure they can meet the ongoing funding needs during operation.

Threats and Challenges of the Fuel Ethanol Market

Fuel ethanol is primarily used in the automotive fuel sector. With the increase in the number of new energy vehicles, gasoline consumption may face the risk of decline, leading to weakened market demand for fuel ethanol.

Favorable Policies and Regulations Promoting Non-grain-based Ethanol in China

The PRC government has been actively promoting non-grain-based ethanol. The table below outlines the main government policies implemented after 2017 promoting the usage of non-grain-based ethanol.

Issuing Authority	Year of Issuance	Main Content
The 14th Five-Year Plan for Bioeconomy Development (“十四五”生物經濟發展規劃).	2021	Developing new biomass energy technologies, promoting their growth, and advancing the integrated development of biofuels and biotechnology
The 14th Five-Year Plan for Modern Energy System Development (“十四五”現代能源體系規劃).	2022	Aiming to enhance the overall benefits of fuel ethanol while adhering to the principle of not competing with food crops for land or grain resources, and promoting the development of non-grain biofuels such as bio-aviation kerosene

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Issuing Authority	Year of Issuance	Main Content
2022 Rural Revitalization Priorities (關於做好2022年全面推進鄉村振興重點工作的意見)	2022	Strictly controlling the processing of fuel ethanol using corn as a raw material
2024-2025 Energy Conservation & Carbon Reduction Action Plan (2024—2025年節能降碳行動方案) . . .	2024	Regulating petroleum consumption and promoting the adoption of advanced bio-based liquid fuels and sustainable aviation fuels
2025 Energy Sector Work Guidelines (2025年能源工作指導意見)	2025	Expanding emerging energy industries and business models, promoting the development of renewable hydrogen and sustainable fuel industries, advance research, technological breakthroughs, and industrial pilot projects for green liquid fuels

INDUSTRIAL EXAMPLES OF APPLYING SYNTHETIC BIOTECHNOLOGY IN THE CCUS INDUSTRY — ETHANOL DERIVATIVES — SUSTAINABLE AVIATION FUEL

Sustainable Aviation Fuel (SAF) is an alternative fuel designed to replace conventional aviation fuel. It is typically produced from renewable biomass materials or other sustainable resources, such as waste oils, agricultural and forestry residues, synthetic hydrogen, and captured CO_x. According to Frost & Sullivan and the International Air Transport Association (IATA), SAF is expected to account for 65% of the aviation industry’s carbon reduction target in 2050, playing a critical role in mitigating greenhouse gas emissions in the sector. Additionally, SAF can lower the emissions of other pollutants such as soot, sulfur oxides (SO_x) and ultrafine particulate matter, thereby minimizing the pollutants’ negative impact on the climate.

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Different Technology Pathways of SAF Production

There are four production methods for SAF, namely HEFA (Hydro-processed Esters and Fatty Acids), ATJ (Alcohol-to-Jet), FT (Fischer-Tropsch) and PTL (Power-to-Liquid).

Production Method	Advantage	Disadvantage	Commercialization Progress
HEFA (Hydro-processed Esters and Fatty Acids)	<ul style="list-style-type: none"> The technology has matured and is well-developed. The yield is the highest among all methods. 	<ul style="list-style-type: none"> Raw Material Limitations: The raw materials include plant oils, animal fats, waste oils, and algae. These sources are limited, difficult to collect and store, and require strict temperature control during transportation. Ensuring a stable supply is challenging, which results in high raw material costs. 	<ul style="list-style-type: none"> This technology pathway is mature, with most SAF production relying on HEFA.
ATJ (Alcohol-to-Jet)	<ul style="list-style-type: none"> Flexible feedstock can be used, as this method utilizes ethanol derived from various sources such as corn, sugarcane, and cellulose, which can adapt to different regional conditions. 	<ul style="list-style-type: none"> The yield is relatively low. 	<ul style="list-style-type: none"> In the early stages of commercialization.
FT (Fischer-Tropsch)	<ul style="list-style-type: none"> This method allows the use of diverse feedstock, such as city waste, biomass, and captured carbon. 	<ul style="list-style-type: none"> The yield is relatively low. The technology has certain barriers, requiring specific catalysts and separation techniques. 	<ul style="list-style-type: none"> In the early stages of commercialization.
PTL (Power-to-Liquid)	<ul style="list-style-type: none"> This method has a high emission reduction potential. It demonstrates strong adaptability by utilizing renewable electricity sources such as solar and wind, combined with carbon capture technology. 	<ul style="list-style-type: none"> High costs are a major limitation, as expensive carbon capture and water electrolysis technologies hinder short-term feasibility. 	<ul style="list-style-type: none"> Laboratory stage.

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We use the ATJ (Alcohol-to-Jet) technology route to produce SAF. This process uses ethanol as the raw material, which undergoes dehydration, oligomerization, hydrogenation and distillation to obtain SAF and a small amount of biodiesel. Ethanol produced from grain, cassava, sugarcane, agricultural and forestry waste, or industrial off-gas can all be used as raw materials for the production of SAF, but they must meet certain emission reduction standards. On such basis, different countries and regions impose different regulations on the source of ethanol raw materials. The EU's ReFuelEU Aviation Regulation prohibits the use of grain ethanol to produce SAF. In the United States, if grain ethanol is used to produce SAF, it must meet the lifecycle emission model newly developed by the Department of Energy and comply with sustainability standards, as well as the planting requirements of the USDA's Climate-Smart Agriculture (CSA) pilot program. The International Civil Aviation Organization (ICAO) allows the use of industrial off-gas as raw materials to produce ethanol for SAF in its Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Therefore, using industrial off-gas to produce ethanol as the raw material for SAF is not geographically restricted.

Global and Chinese Market Sizes of SAF

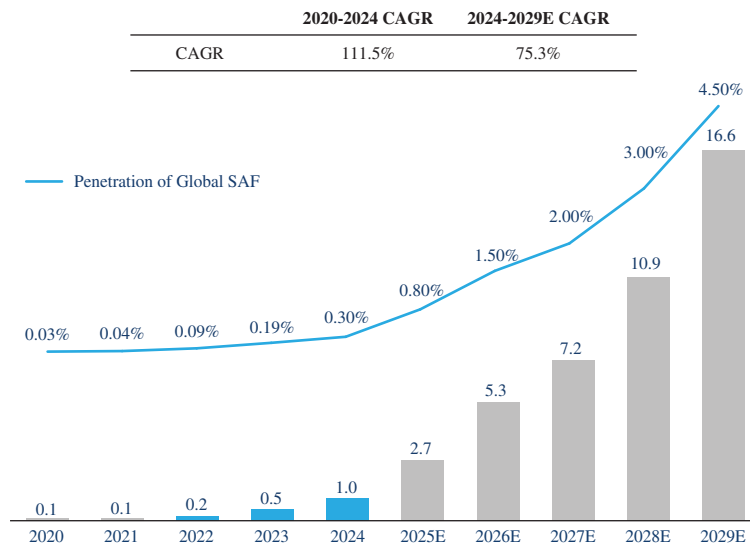
Globally, in terms of consumption, the EU has issued mandatory regulations for the use of SAF, and both the US and China have quantitative policy guidelines.

- *The EU.* The ReFuelEU initiative, approved by the European Parliament in October 2023, mandates that at least 2% of aviation fuel used by 2025 must be SAF, increasing to 6% by 2030, 20% by 2035, 34% by 2040, 42% by 2045, and 70% by 2050.
- *The US.* The SAF Grand Challenge aims to achieve domestic SAF production of 3 billion gallons (9 million tons) by 2030 and 35 billion gallons (over 100 million tons) by 2050, with 100% of aviation fuel being SAF.
- *China.* The “14th Five-Year Plan” for Green Development in Civil Aviation (“十四五”民航綠色發展專項規劃) specifies that during the “14th Five-Year Plan” period, the consumption of bio-jet fuel should reach 50,000 tons, with an annual consumption of 20,000 tons by 2025. On September 18, 2024, the National Development and Reform Commission (NDRC) and the Civil Aviation Administration of China (CAAC) launched a SAF application pilot. As part of this initiative, 12 flights from Beijing Daxing, Chengdu Shuangliu, Zhengzhou Xinzheng, and Ningbo Lishe airports by Air China, China Eastern Airlines, and China Southern Airlines were fueled with SAF. It is expected that the number of participating units will gradually increase throughout 2025. With the gradual implementation of policies, the demand and the size of the market for the consumption for SAF will steadily grow.

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Against the backdrop of carbon neutrality, various industries are implementing carbon reduction measures. As a major source of carbon emissions in the transportation sector, the aviation industry is moving towards green transformation, with the adoption of SAF becoming a primary carbon reduction pathway. Currently, the SAF market is still in its early stages. Global SAF consumption increased from 50,000 tons in 2020 to 1,000,000 tons in 2024, with a CAGR of 111.5%. Driven by national policies, the SAF market is expected to achieve rapid growth in the future. Globally, the EU's ReFuelEU aviation initiative mandates that at least 2% of aviation fuel must come from SAF by 2025, increasing to 6% by 2030 and 20% by 2035. In the U.S., the SAF Grand Challenge Roadmap aims to achieve a domestic production target of 3 billion gallons (9 million tons) of SAF by 2030. Global SAF consumption is expected to continue to grow, reaching 16.6 million tons by 2029, with a CAGR of 75.3% from 2024 to 2029.

Consumption Volume of Global SAF
Million Tons, 2020-2029E



Source: Frost & Sullivan Report, International Air Transport Association (IATA)

In China, the SAF consumption was approximately 10,000 tons in 2024. The “14th Five-Year Plan” for Green Development in Civil Aviation (“十四五”民航綠色發展專項規劃) aims to achieve a cumulative consumption of 50,000 tons of SAF during the 14th Five-Year Plan period. Encouraged by policies, China’s SAF consumption is expected to continue to grow, reaching 702.6 thousand tons by 2029, with a CAGR of 134.1% from 2024 to 2029.

The SAF market in China is expected to hold significant growth potential, due to the following reasons:

- In terms of demand, China’s SAF consumption in 2024 is expected to grow rapidly compared to 2023. The Civil Aviation Administration of China (CAAC) officially launched a SAF application pilot program in 2024. The first phase, from September to December 2024, requires twelve flights operated by Air China, China Eastern

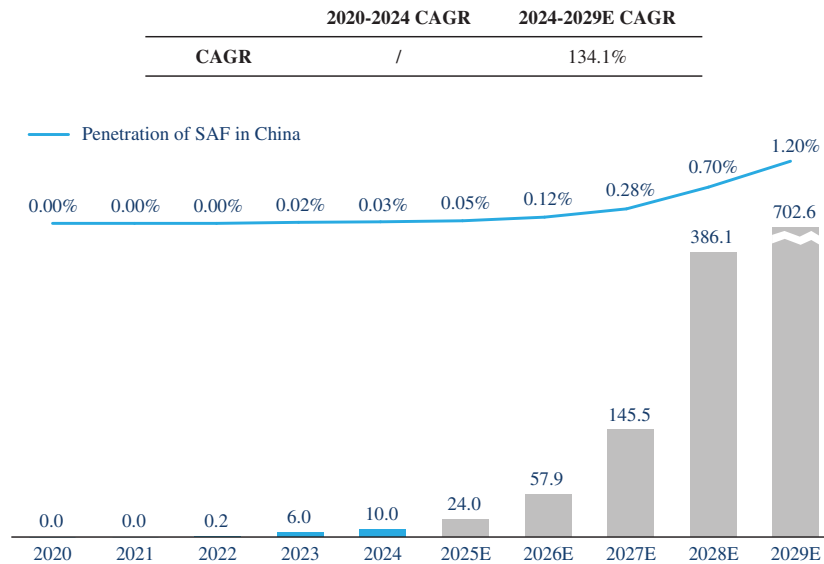
INDUSTRY OVERVIEW

Airlines, and China Southern Airlines departing from Beijing Daxing, Chengdu Shuangliu, Zhengzhou Xinzheng, and Ningbo Lishe airports to be fueled with SAF. The second phase, starting from March 19, 2025, requires all domestic flights departing from Beijing Daxing, Chengdu Shuangliu, Zhengzhou Xinzheng, and Ningbo Lishe airports to be regularly fueled with a 1% SAF blend. It is expected that the third phase of the pilot program will be expanded large-scale to provincial capital airports nationwide in the third quarter of 2025.

- In terms of supply, the number of SAF manufacturers approved by the CAAC has been increasing since 2024. In March 2025, Zhejiang Jiaao Enprotech Stock Co Ltd received an airworthiness certificate from CAAC, signifying that its bio-jet fuel products meet Chinese civil aviation airworthiness requirements and can be sold domestically.
- From a policy perspective, on October 18, 2024, six key ministries and commissions — including the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Housing and Urban-Rural Development (MOHURD), the Ministry of Transport, the National Energy Administration (NEA), and the National Data Administration — jointly issued the “*Guiding Opinions on Vigorously Promoting Renewable Energy Substitution*”. The document emphasizes on the following points:
 - developing green fuels such as biogas, biodiesel, and bio-jet fuel according to local conditions;
 - actively and orderly advancing renewable hydrogen production; and
 - promoting the application of sustainable aviation fuel, and supporting qualified regions to conduct pilot operations of biodiesel, bio-jet fuel, biogas, and green hydrogen, ammonia and methanol in shipping and aviation.
- From December 2024, China will cancel export tax rebates for used cooking oil (UCO), encouraging more UCO to be diverted toward domestic SAF production. As a result, the application of marine biodiesel and bio-jet fuel is expected to expand further.

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Consumption Volume of China's SAF Thousand Tons, 2020-2029E



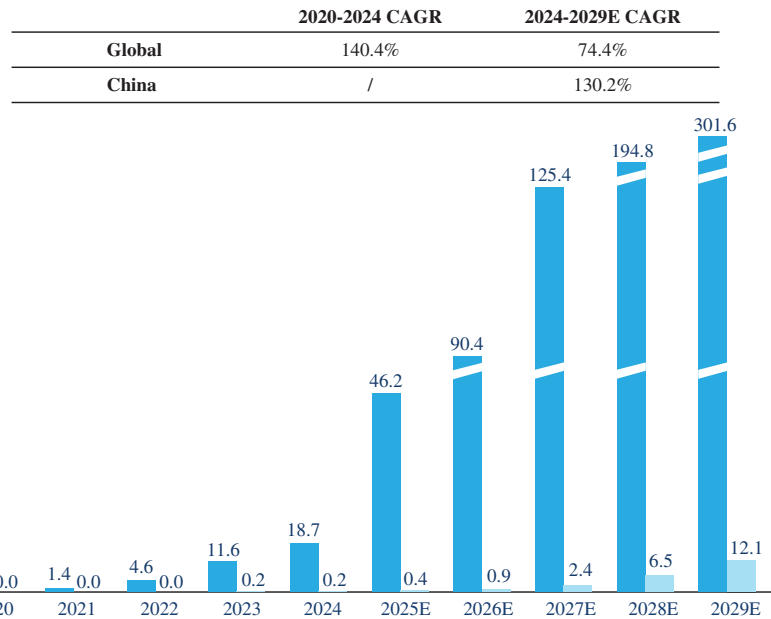
Source: Frost & Sullivan Report, China Air Transport Association (CATA)

Driven by policy incentives, SAF consumption is expected to grow steadily, expanding the market. The global SAF consumption market size grew from RMB560 million in 2020 to RMB18.7 billion in 2024, with a CAGR of 140.4%. The global SAF consumption market size is expected to continue growing, reaching RMB301.7 billion by 2029, with a CAGR of 74.4% from 2024 to 2029.

China's SAF consumption market size grew from RMB4.7 million in 2022 to RMB187.7 million in 2024. China's SAF consumption market size is expected to continue growing, reaching RMB12.1 billion by 2029, with a CAGR of 130.2%.

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Consumption Value of Global and Chinese SAF Billion RMB, 2020-2029E



Source: Frost & Sullivan Report, International Air Transport Association (IATA)

Market Driver of SAF

- Carbon Emission Reduction Goal.** The aviation sector is a critical area for global carbon emission reduction. SAF can significantly reduce the carbon footprint of aviation in light of the stringent carbon reduction targets set by many countries and aviation organizations. For example, IATA targets to reach net-zero carbon emissions by 2050, and have urged member airlines to prioritize SAF and reduce their reliance on fossil fuels.
- Policy Support.** Governmental policies play an essential role in supporting the development of the SAF industry. In 2022, China's NDRC and CAAC released the 14th Five-Year Plan for Green Development of Civil Aviation (“十四五”民航綠色發展專項規劃), aiming to accelerate SAF research and development and promote its application. The plan supports the establishment of SAF production bases, with a target of reaching annual consumption of over 20,000 tons by 2025 and a cumulative total of 50,000 tons during the 14th Five-Year Plan period to promote SAF research and development and commercialization. As part of the ReFuelEU initiative, approved by the European Parliament in October 2023, fuel suppliers are required to use a mandatory SAF quota, starting with 2% by 2025, reaching 6% by 2030, 20% by 2035, 34% by 2040, 42% by 2045, and 70% by 2050.
- Technological Advancements and Cost Reduction.** Innovations in catalytic cracking, hydrogenation and synthetic biotechnology have enhanced the efficiency and cost-effectiveness of SAF production, with waste oil derived SAF already proving stable in use

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by some airlines. As production technologies such as HEFA, ATJ, and FT pathways mature, costs continue to decline. Simultaneously, growing market demand and scaling production enable manufacturers to spread fixed costs and boost capacity, further reducing unit costs. Government policies and investments also play a pivotal role in supporting technological R&D and industrialization, accelerating SAF's commercial viability and market acceptance.

Market Entry Barriers of SAF

- *Qualification Barriers.* Internationally, certification standards for aviation fuel (such as ASTM-D7566) must be met, with strict requirements for chemical composition, combustion performance, cold resistance, stability, and compatibility with traditional aviation kerosene to ensure flight safety. In China, a bio-jet fuel airworthiness certificate from the Civil Aviation Administration of China is required to be obtained. Additionally, the raw materials used for SAF production must meet green sustainability requirements in different countries and regions.
- *Raw Materials and Technical Barriers.* ATJ technology's raw materials are primarily biomass resources such as sugars, starch, lignocellulose and industrial off-gas. The stability, cost-effectiveness and sustainability of these raw materials are crucial for the commercial application of ATJ technology. Additionally, the alcohol conversion steps include dehydration, olefin oligomerization, intermediate fraction hydrogenation and distillation, each requiring precise control of reaction conditions and efficient catalyst use.
- *Capital Barriers.* Achieving large-scale SAF production requires substantial capital investment. SAF production needs advanced catalysts, hydrogenation equipment and reaction devices and requires significant initial investment and sufficient funds for ongoing operation and maintenance.

Threats and Challenges of the SAF Market

Currently, the production cost of SAF is much higher than that of traditional fossil aviation fuel. The main reasons include complex technology processes, large equipment investments and high raw material costs. Due to the lack of economies of scale, SAF companies face significant pressure in commercial promotion.

INDUSTRIAL EXAMPLES OF APPLYING SYNTHETIC BIOTECHNOLOGY IN THE CCUS INDUSTRY — ETHANOL DERIVATIVES — POLYETHYLENE

Polyethylene (PE) is widely used in the production of plastic bags, plastic films, containers, bottles, and food packaging bags. Green polyethylene refers to polyethylene produced using non-traditional fossil fuels (such as coal or oil) as raw materials, with a production process that offers significant environmental advantages. Green polyethylene is one of the key materials in achieving a low-carbon economy and sustainable development. Green

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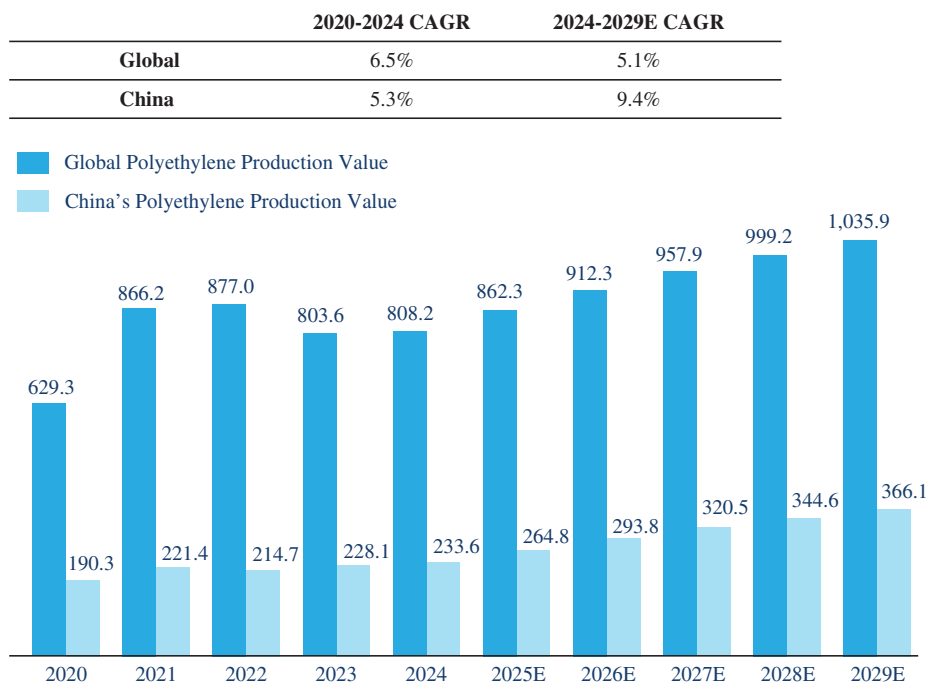
polyethylene has a significantly lower carbon footprint compared to traditional polyethylene, making it a key choice for many industries pursuing sustainable transformation. In particular, in sectors such as packaging, consumer goods, and automotive, brands and manufacturers are increasingly adopting green materials to comply with environmental regulations, meet emission reduction targets, and cater to consumer preferences for eco-friendly products, thereby driving the continued expansion of the green polyethylene market.

Global and Chinese Market Sizes of Polyethylene

The market size of global polyethylene production value grew from RMB629.3 billion in 2020 to RMB808.2 billion in 2024, with a CAGR of 6.5%. With the advancement of urbanization and industrialization in emerging economies such as Asia and Africa, the demand for plastic packaging and building materials has increased significantly. It is estimated that in 2029, the market size of global polyethylene production value will reach RMB1,035.9 billion, with a CAGR of 5.1% from 2024 to 2029.

The market size of polyethylene production value in China increased from RMB190.3 billion in 2020 to RMB233.6 billion in 2024, with a CAGR of 5.3%. This growth was mainly driven by the continued growth of market demand and the increasing demand for alternative materials such as metal glass. With the recovery of the downstream industries, the packaging industry has grown steadily, driving the recovery of polyethylene production and prices. It is expected that China's market size of polyethylene production value will continue to grow in the future, reaching RMB366.1 billion in 2029, with a CAGR of 9.4% from 2024 to 2029.

Global and Chinese Polyethylene Production Value
Billion RMB, 2020-2029E



Source: Frost & Sullivan Report, National Bureau of Statistics of China

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Market Drivers of Green Polyethylene

- *Growth in Downstream Demand for Green Polyethylene.* Green polyethylene has a significantly lower carbon footprint compared to traditional polyethylene, making it a key choice for many industries pursuing sustainable transformation. In particular, in sectors such as packaging, consumer goods, and automotive, brands and manufacturers are increasingly adopting green materials to comply with environmental regulations, meet emission reduction targets, and cater to consumer preferences for eco-friendly products, thereby driving the continued expansion of the green polyethylene market.
- *Technological Innovation in Green Ethanol.* Technological advancements have not only improved the production efficiency and resource utilization of green ethanol, but also ensured a more stable and reliable supply, providing a solid foundation for the large-scale application of green polyethylene. These technological breakthroughs have also strengthened the competitiveness of green polyethylene, encouraging more companies to adopt it as a low-carbon material solution to meet sustainability objectives.

Market Entry Barriers of Green Polyethylene

- *Raw Material Barriers.* The raw materials for producing green polyethylene are primarily biomass resources such as sugars, starch, lignocellulose and industrial off-gas. The stability, cost-effectiveness and sustainability of these raw materials are crucial for the commercial application of green polyethylene products.
- *Capital Barriers.* The green polyethylene industry is capital-intensive, involving processes such as dehydration, polymerization and separation, requiring the construction of large chemical installations with high upfront capital investment.

Threats and Challenges of the Green Polyethylene Market

Currently, the production cost of green polyethylene is higher than that of traditional polyethylene due to the high cost of raw materials.

INDUSTRIAL EXAMPLES OF APPLYING SYNTHETIC BIOTECHNOLOGY IN THE CCUS INDUSTRY — MICROBIAL PROTEIN

Microbial protein provides more advantages by reducing dependence on food resources and offering superior nutritional value. Their production avoids reliance on food crops and reducing dependence on imported soybeans. This approach conserves arable land, improves the self-sufficiency of the feed industry. Moreover, microbial protein is highly nutritious, with generally over 80% protein content, surpassing traditional sources like soybean meal. It is rich in essential amino acids such as lysine and tryptophan, along with vitamins and minerals, making it an excellent and sustainable protein source.

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Comparison of Advantages and Disadvantages of Feed Protein Raw Materials in China

	Fish Meal	Soybean Meal	Cotton Meal	Microbial Protein
Price⁽¹⁾ (RMB/Ton)	11,000-15,000	3,200-4,600	3,400-4,100	6,800-8,500
Crude Protein Content⁽²⁾ . .	About 60%	About 40%	About 40%	Generally over 80%
Advantages	High crude protein content Balanced amino acid composition High digestibility Rich in essential and functional amino acids	Wide range of downstream applications	Raw materials are easily available and is a substitute for soybean meal	Using industrial off-gas as raw material is environmentally friendly Reduces dependence on food resources Conserves arable land Raw materials are abundant High crude protein content Balanced amino acid composition Rich in essential and functional amino acids High digestion and absorption rate; has the effect of improving animal intestinal function
Disadvantages	Limited marine resources Fishing policy restrictions Dependence on imports Prone to rancidity Uneven quality	Dependence on imports Low digestion and absorption rate	Unbalanced amino acid composition Low digestion and absorption rate	With high technical barriers, significant challenges in achieving large-scale production

Source: Frost & Sullivan Report

Notes:

- (1) The price range is the average annual selling price from 2021 to 2024.
- (2) Crude protein content is an important indicator for measuring the nutritional value of feed protein. Generally, the higher the crude protein content, the more amino acids it provides, resulting in higher nutritional value and promoting the growth and development of animals.

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The pricing of feed protein products mainly depends on their nutritional value and absorption rate.

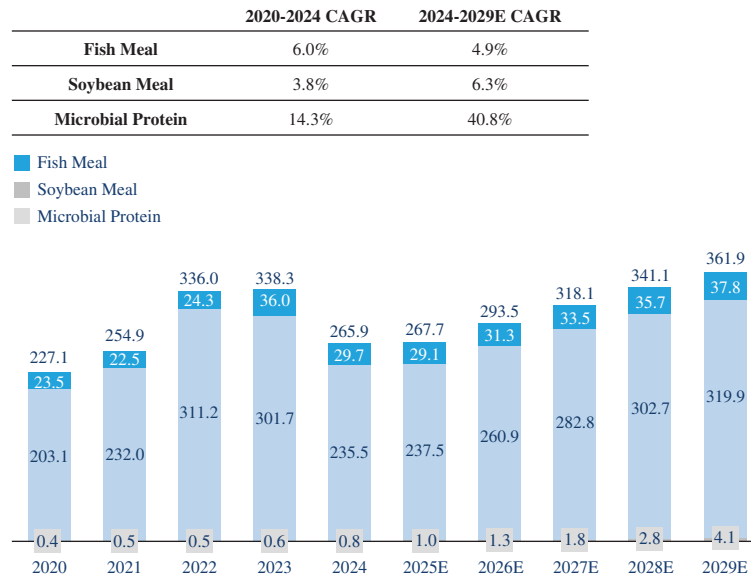
- Traditional plant proteins such as soybean meal and cottonseed meal have lower crude protein content, contain anti-nutritional factors, and have an unbalanced amino acid composition. Their digestion and absorption rates are generally 65%-75%, resulting in relatively lower sales prices.
- Fish meal has a higher protein content, with digestion and absorption rates usually above 90%. Fish meal is widely regarded as a high-quality feed protein, commonly used in feed formulations for marine fish and special aquatic products, leading to higher sales prices.
- Our microbial protein product has a protein content greater than 80%, which is twice that of soybean meal protein. It has a more balanced amino acid composition and a digestion and absorption rate exceeding 90%, resulting in a higher price than soybean meal. Compared to fish meal, our product has comparable nutritional value and absorption rate but is priced slightly lower, giving it strong market competitiveness. Currently, our microbial protein product is mainly supplied to aquaculture feed and piglet feed manufacturers.

Market Size of China's Feed Protein Raw Materials

The market size of China's feed protein raw materials increased from RMB227.1 billion in 2020 to RMB266.0 billion in 2024, with a compound annual growth rate (CAGR) of 4.0%. This growth is mainly due to the increasing awareness of high-quality feed formulations in the livestock industry and the continuous demand for high-quality protein raw materials. In 2024, the market showed a downturn due to the continuous decline in fish meal and soybean meal prices. However, with the application of alternative protein technologies and the growth in downstream demand, the market size of China's feed protein raw materials is expected to continue expanding, reaching RMB361.9 billion by 2029, with a CAGR of 6.4% from 2024 to 2029. Among them, the microbial protein market is expected to achieve a CAGR of 40.8% from 2024 to 2029, significantly higher than the overall growth rate of the feed protein market.

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Consumption Value of China's Feed Protein Billion RMB, 2020-2029E



Source: Frost & Sullivan Report, National Animal Husbandry (NAHS), United States Department of Agriculture (USDA)

Note: Our feed protein products are mainly produced and sold domestically. China's feed protein is mainly composed of fish meal and soybean meal, with cottonseed meal having very little production, so it is not included as part of the statistics.

Market Price of Microbial Protein in China

A standardized market price for the microbial protein market for feed is yet to be established, as such market is still in its early stages of development with 2 major players and other smaller players. The pricing of microbial protein can be referenced based on the price of the Company's microbial protein products.

Market Drivers for the Use of Microbial Protein

- Increased Demand for Reducing Dependence on Food Resources.** The production process of microbial protein can address the limitations of finite land resources and is more resilient to natural disasters and extreme weather conditions, thereby providing strong support for reducing dependence on food resources. With significantly higher production efficiency than traditional agriculture, it utilizes limited resources more effectively, offering a sustainable solution to the food crisis. As a partial substitute for traditional food, microbial protein helps alleviate global food shortages, promotes the green transformation of agriculture, and provides healthier, more environmentally friendly food options.

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- *Increased Demand for High-Quality Protein by Feed Companies.* With the rapid development of the livestock industry and the growing consumer demand for high-quality animal products, feed companies are experiencing a significant increase in the demand for high-quality proteins. High-quality protein offers better digestibility, nutritional value, and feed conversion rates, which help shorten breeding cycles, reduce breeding costs, and improve economic returns. Microbial protein production technology can produce complete proteins or proteins with specific nutritional value, precisely meeting the diverse needs of animal growth and health maintenance, thereby further driving the robust growth of the feed protein raw materials market.

Market Entry Barriers of Feed Protein

- *Market Qualification Barriers.* According to the Regulations on the Administration of Feed and Feed Additives (飼料和飼料添加劑管理條例), application must be made to the Ministry of Agriculture and Rural Affairs and be approved by the National Feed Review Committee before production of new feed and feed additives can be entered into. For example, the Company's microbial protein product took nearly six years from R&D to certification.
- *Technical Barriers.* The production process of microbial feed protein is complex, requiring precise control over raw material pretreatment, fermentation, protein extraction and separation. Products also require extensive animal testing in order for their effectiveness and safety to be verified. Additionally, the industry demands high stability and safety standards for product quality, necessitating the establishment of comprehensive quality inspection systems to ensure product quality during production, storage, and transportation.

Threats and Challenges of the Feed Protein Market

The prices of feed protein raw materials in China (such as soybeans and fish meal) are significantly influenced by factors like international market supply and demand, weather changes, geopolitical events and exchange rate fluctuations.

Favorable Policies and Regulations Encouraging the Development of Alternative Protein

In March 2022, the PRC government publicly announced the policies in relation to developing biotechnology and bio-industries, and deriving energy and protein from plants, animals and microorganisms.

On May 10, 2022, the National Development and Reform Commission issued the 14th Five-Year Plan for the Development of Bioeconomy (“十四五”生物經濟發展規劃), which explicitly mentioned developing synthetic biotechnology, exploring and developing new foods such as artificial protein, realizing the iterative upgrading of food industrialization, and reducing the environmental resource pressure brought by traditional breeding industry.

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On April 12, 2023, the General Office of the Ministry of Agriculture and Rural Affairs issued a notice on the issuance of the Three-Year Action Plan for Reducing and Substituting Soybean Meal for Feed (飼用豆粕減量替代三年行動方案), pointing out the implementation of the pilot actions for exploration and utilization of new protein feed resources, supporting the expansion of the application scope of Clostridium ethanol protein to pigs, chickens, and other livestock, poultry, and aquaculture animals, expediting the approval process for microbial protein produced through fermentation of other single-carbon gases, increase the production scale of microbial protein raw materials, promoting their application. Organize pilot projects for the feed utilization of leftover food from dining tables and fur animal carcasses, and supporting pilot projects for the feed utilization of new protein resources such as hydrolyzed composite amino acids derived from livestock carcasses. This action plan proposes that the proportion of soybean meal usage should continue to decline. On the premise of ensuring that the production efficiency of livestock and poultry remains stable, China will strive to reduce the proportion of soybean meal in feed by more than 0.5 percentage points each year, and by 2025, the proportion of soybean meal in feed will drop from 14.5% in 2022 to below 13%.

The use of microbial protein will benefit from the above favourable policies.

COMPETITIVE LANDSCAPE

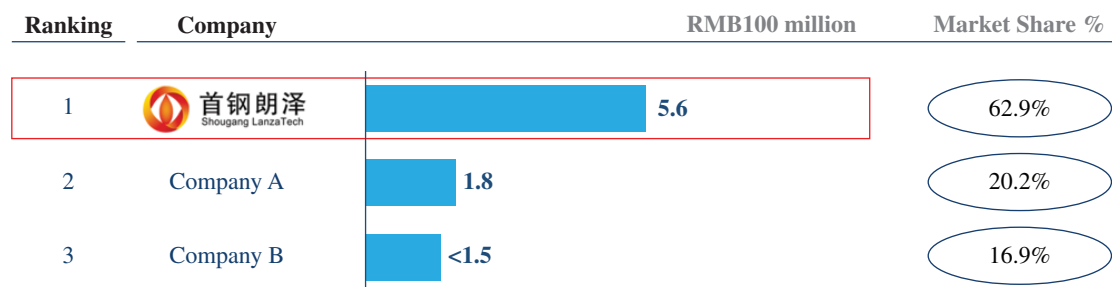
Competitive Landscape of the CCUS Industry Globally and in China

The CCUS industry is in its early stages of development, with relatively few players in the market. There are three main business models among these players, namely (i) technology service-oriented companies, (ii) product-oriented companies, and (iii) energy giants with in-house CCUS facilities. Technology service-oriented companies focus on providing carbon capture and utilization equipment as well as technical training to project owners and generate revenue by charging technical service fees to these owners. Product-oriented companies either own carbon sources or can access low-cost carbon sources and use their proprietary technologies to capture and utilize carbon sources, generating profits through high-concentration carbon emission products or converted products. Energy giants with in-house CCUS facilities establish CCUS plants to capture carbon emission for their internal projects

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and their primary objective is not to generate profit but to meet the carbon emission standards of the group. Among companies in the CCUS industry utilizing synthetic biotechnology, the competitive landscape is as follows:

Ranking of Global CCUS Players with Synthetic Biotechnology as the Core Technology by Revenue in 2024



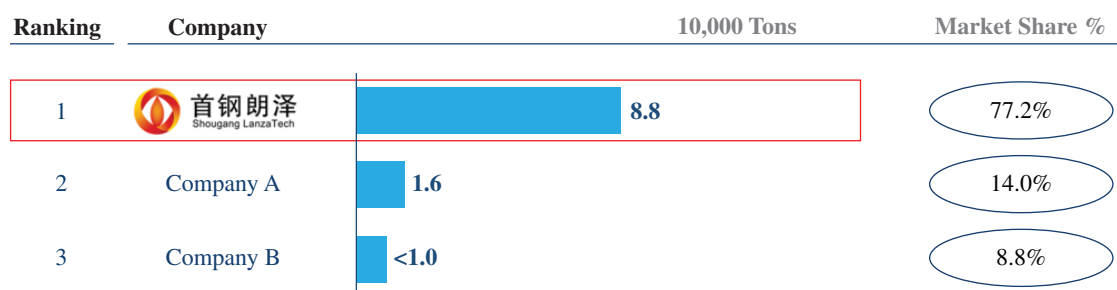
Source: Frost & Sullivan Report

- Company A: A private biotechnology company founded in 2018, specializing in microbial technology. Company A focuses on developing sustainable solutions to convert carbon emission into valuable bio-based products and operates through a joint venture subsidiary focused on production.
- Company B: A private biotechnology company founded in 2022, specializing in sustainable chemical production. Company B leverages synthetic biotechnology and carbon recycling technology to convert carbon emission into high-value chemicals and fuels and operates through a joint venture subsidiary focused on production.

Note: Only companies that focus on synthetic biotechnology as the core technology pathway, possess proprietary technology, and have the ability to carry out industrial-scale production are considered.

In terms of revenue in 2024, the Company is the largest company in the global CCUS industry utilizing synthetic biotechnology.

Ranking of Global CCUS Players with Synthetic Biotechnology as the Core Technology by Production Volume of Ethanol in 2024



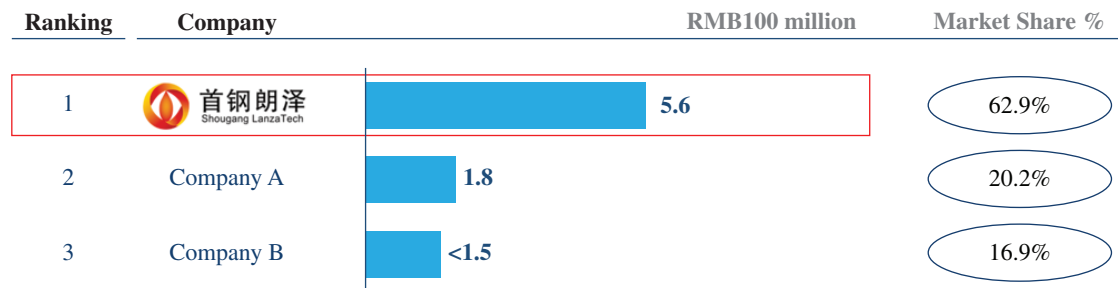
Source: Frost & Sullivan Report

Note: Only companies that focus on synthetic biotechnology as the core technology pathway, possess proprietary technology, and have the ability to carry out industrial-scale production are considered.

In terms of the production volume for ethanol in 2024, the Company is the largest CCUS company globally with synthetic biotechnology as the core technology.

INDUSTRY OVERVIEW

Ranking of China CCUS Players with Synthetic Biotechnology as the Core Technology by Revenue in 2024



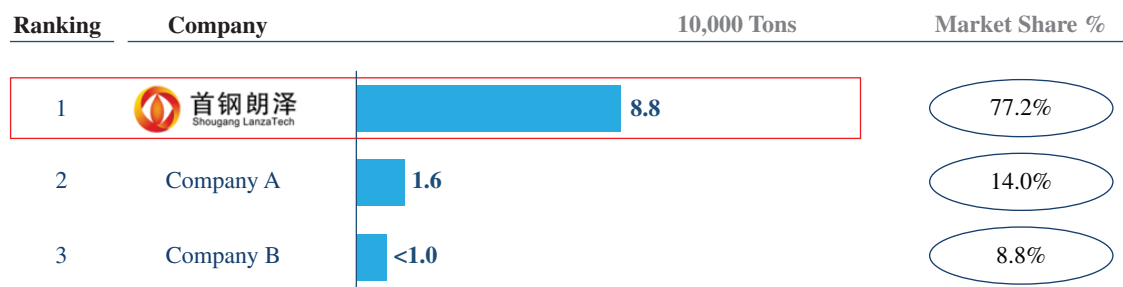
Source: Frost & Sullivan Report

- Company A: A private biotechnology company founded in 2018, specializing in microbial technology. Company A focuses on developing sustainable solutions to convert carbon emission into valuable bio-based products and operates through a joint venture subsidiary focused on production.
- Company B: A private biotechnology company founded in 2022, specializing in sustainable chemical production. Company B leverages synthetic biotechnology and carbon recycling technology to convert carbon emission into high-value chemicals and fuels and operates through a joint venture subsidiary focused on production.

Note: Only companies that focus on synthetic biotechnology as the core technology pathway, possess proprietary technology, and have the ability to carry out industrial-scale production are considered.

In terms of revenue in 2024, the Company is the largest company in the global and Chinese CCUS industry utilizing synthetic biotechnology.

Ranking of China CCUS Players with Synthetic Biotechnology as the Core Technology by Production Volume of Ethanol in 2024



Source: Frost & Sullivan Report





Note: Only companies that focus on synthetic biotechnology as the core technology pathway, possess proprietary technology, and have the ability to carry out industrial-scale production are considered.

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In terms of the production volume for ethanol in 2024, the Company is the largest CCUS company globally and in China with synthetic biotechnology as the core technology.

According to Frost & Sullivan, the Company is the largest company in the CCUS industry globally and in China utilizing synthetic biotechnology in terms of revenue and production volume in 2024.

Companies in the Global CCUS Industry Utilizing Synthetic Biotechnology in Terms of Low-carbon Products *

Ranking	Company	Ethanol**	Microbial Protein**
1	Our Company		
2	Company A		
3	Company B		

Source: Frost & Sullivan Report

Note:

* Only companies that focus on synthetic biotechnology as the core technology pathway, possess proprietary technology, and have the ability to carry out industrial-scale production are considered.

** In the global CCUS industry, low-carbon products produced and sold by companies utilizing synthetic biotechnology primarily refer to ethanol and microbial protein, excluding low-output by-products from the production process.

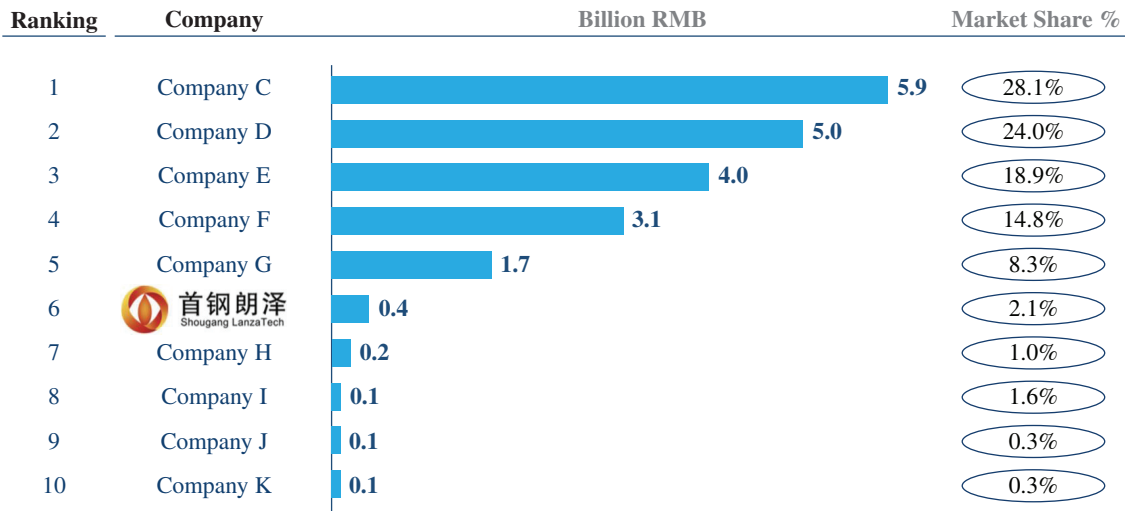
According to Frost & Sullivan, the Company is the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products.

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Competitive Landscape of the Fuel Ethanol Market in China

As the Company's ethanol products are primarily used as fuel ethanol, the market rankings are focused on player engaged in the production of fuel ethanol. The competitive landscape is as follows:

Ranking of Fuel Ethanol Players in China Market, by Revenue of Fuel Ethanol, 2024



Source: Frost & Sullivan Report

- Company C: Established in 1998, its main product is fuel ethanol, primarily used for ethanol gasoline preparation. The company actively promotes a raw material diversification strategy, building fuel ethanol production lines mainly based on corn, with flexible use of cassava and non-edible rice and wheat. It has established and continuously optimized a pilot line for cellulosic fuel ethanol, with technical reserves for non-grain biomass ethanol production. The company's products are sold both domestically and overseas. In 2023, the company's fuel ethanol production was approximately 1 million tons.
- Company D: Established in 2017 as a wholly-owned subsidiary of State Development & Investment Corporation, it focuses on investment and operation in the bioenergy and biochemical fields. Its main products include fuel ethanol and related by-products. The company uses various raw materials, including corn and cellulose, and its products mainly supply the domestic market. Its business model covers investment, construction, and operation of biomass energy projects.
- Company E: Established in 2017, Company E produces edible alcohol, medicinal ethanol, denatured fuel ethanol, premium anhydrous ethanol, new energy battery electrolyte ethanol, DDGS high-protein feed, corn germ oil, and carbon dioxide. The company uses deep processing technology for corn, and its products mainly supply the domestic market.
- Company F: Established in 2003, its main products are fuel ethanol and DDGS feed. The company uses corn as the main raw material and adopts deep processing technology for corn. Its products mainly supply the northeastern region, and its business model includes the production and sales of fuel ethanol and its by-products.
- Company G: Established in 2017, its main products include fuel ethanol, edible alcohol, and DDGS feed. The company uses deep processing technology for corn, and its products mainly supply Heilongjiang and surrounding areas. Its business model covers production and sales.

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- Company H: Established in 1997, it is one of China's earliest alcohol production enterprises. Its main products include fuel ethanol, edible alcohol, and DDGS feed. The company uses corn and tubers as the main raw materials and adopts deep processing technology for corn. Its products are sold nationwide, and its business model covers production and sales.
- Company I: Established in 2011, its main products include fuel ethanol, edible alcohol, and DDGS feed. The company uses corn as the main raw material and adopts deep processing technology for corn. Its products mainly supply the northeastern region, and its business model includes production and sales.
- Company J: Established in 2005, its main product is fuel ethanol. The company uses cassava as the main raw material and adopts deep processing technology for cassava. Its products mainly supply the eastern region, and its business model covers production and sales.
- Company K: Established in 2007, located in Haimen, Nantong, Jiangsu Province. Its main products include n-butanol, acetone, fuel ethanol, anhydrous ethanol, food-grade and industrial-grade carbon dioxide, etc. The company uses deep processing technology for corn, and its products mainly supply the eastern region. Its business model covers production and sales.

Based on the production and sales revenue of fuel ethanol in 2024, the Company ranks among the top six in the Chinese market and is the only enterprise using industrial off-gas as the raw material for its production technology.

Competitive Landscape of the Animal Feed Protein Market in China

There are more than 5,000 industry players. Among the three major categories of sources of feed protein in China, soybean meal protein accounts for the largest market share, with the top five market participants being soybean meal producers. In contrast, the markets for fishmeal and microbial protein are relatively small in scale. The Company is currently in an initial phase and thus is not yet ranked among the leading players in the market. The competitive landscape of such market is as follows:

Ranking of Animal Feed Protein Players in China Market, by Sales Value in China, 2024

Ranking	Company	Billion RMB	Market Share %
1	Company O	51.2	19.3%
2	Company P	45.0	16.9%
3	Company Q	31.6	11.9%
4	Company R	20.8	7.8%
5	Company S	13.8	5.2%

Source: Frost & Sullivan Report

- Company O: A centrally administered state-owned enterprise founded in 1949, primarily engaged in major agricultural commodities such as grain, oil, sugar, cotton, meat, and dairy, with additional operations in food, finance, and real estate.
- Company P: A Sino-foreign joint venture with crushing plants across China, involved in soybean procurement, processing, and sales of oil and meal, and is a key player in the national soybean meal supply chain.

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- Company Q: A state-controlled enterprise established in 2002, focused on soybean processing and integrated with international trade and capital operations.
- Company R: Founded in 1995, this company specializes in soybean import and processing, with production bases in Shandong and Guangdong and a trading center in Shanghai.
- Company S: A privately owned enterprise established in 1998, operating modern soybean crushing and refining facilities in South China, serving as a major regional supplier of soybean oil and meal.

OVERVIEW OF THE STEEL AND FERROALLOY INDUSTRY

The iron and steel industry is an important pillar industry of the national economy, playing a key strategic role in ensuring national economic security, advancing manufacturing upgrades and supporting infrastructure development. As a fundamental material of modern industry, steel is widely used in core sectors such as construction, machinery manufacturing, automotive, shipbuilding and aerospace, serving as a cornerstone for industrialization and modernization. However, the industry is also one of the sectors with the highest carbon-emission. In the face of global climate change and China's "dual carbon" goals, it is essential to promote energy conservation and emission reduction, optimize off-gas treatment technologies and enhance energy efficiency, in order to facilitate the industry's high-quality development, support the nation's green economic transformation and actively contribute to global carbon neutrality initiatives.

Ferroalloy are alloy materials composed of iron and one or more elements, such as manganese, silicon, chromium, molybdenum, vanadium, and titanium. They are widely used in the steel smelting process to improve the mechanical properties, chemical characteristics and corrosion resistance of steel, thereby meeting the demands of various applications. As a high-energy-consuming and high-carbon-emission industry, the iron alloy sector also faces the need for a green and low-carbon transition. Driven by the upgrading of the steel industry, the advancement of high-end manufacturing, the development of new materials and the "dual carbon" goals, the iron alloy industry will continue to promote green transformation and technological innovation to achieve long-term sustainable development.

Market Size of the Chinese Steel Market

The annual production volume of steel in China has increased from 1,132.9 million tons in 2018 to 1,401.5 million tons in 2024, with a CAGR of 3.6%.

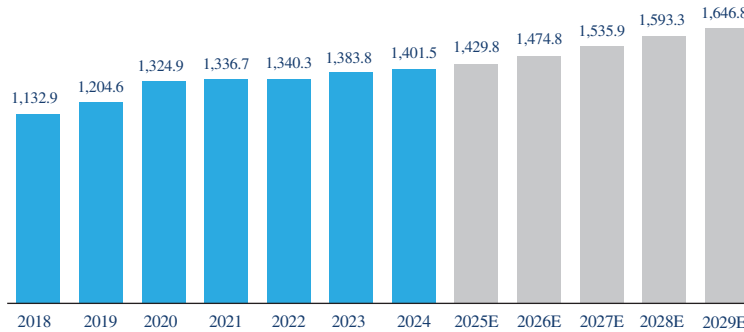
Although the demand for steel in the real estate industry may fluctuate, there is still significant demand for infrastructure construction in China. It is expected that by 2029, the annual production volume of steel will reach 1,646.8 million tons, with a CAGR of approximately 3.3% from 2024 to 2029.

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China's Annual Production Volume of Steel

Million Tons, 2018-2029E

	2018-2024	2024-2029E
CAGR	3.6%	3.3%



Source: Frost & Sullivan Report, National Bureau of Statistics

Market Size of the Chinese Ferroalloy Market

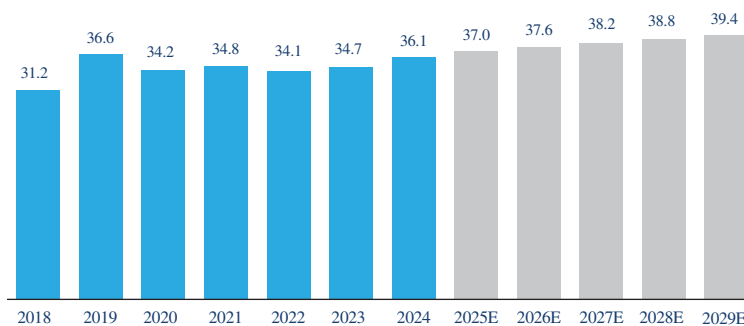
With the rise of new energy, high-end manufacturing and other fields, the application scenarios of ferroalloy have gradually expanded to high-performance material fields such as aerospace, new energy vehicles, and electronic equipment. The annual production volume of ferroalloy in China has increased from 31.2 million tons in 2018 to 36.1 million tons in 2024, with a CAGR of 2.4%.

The recovery of the global economy has driven the demand for steel and its raw materials, leading to a rebound in the market price of ferroalloy and boosting the prosperity of the entire industrial chain. The annual production volume of ferroalloy in China is expected to continue to grow, reaching 39.4 million tons by 2029, with a CAGR of 1.7% from 2024 to 2029.

China's Annual Production Volume of Ferroalloy

Million Tons, 2018-2029E

	2018-2024	2024-2029E
CAGR	2.4%	1.7%



Source: Frost & Sullivan Report, National Bureau of Statistics

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Market Drivers of the Steel and Ferroalloy Industry

- *Growth in fixed investment in manufacturing industry.* Steel, as one of the basic raw materials for manufacturing, is widely used in various sectors, including machinery, automotive, shipbuilding, and home appliances. In fixed investment in manufacturing industry, sectors like railway, shipbuilding, and aerospace equipment have experienced rapid growth. Additionally, the strong demand for ships in the international market has supported the steel and ferroalloy market. Furthermore, the State Council's Action Plan for Promoting Large-Scale Equipment Upgrades and Consumer Goods Replacement (推動大規模設備更新和消費品以舊換新行動方案) aims to advance equipment updates and digital transformation in key industries such as steel, non-ferrous metals, petrochemicals, chemicals, building materials, power, machinery, aerospace, shipbuilding, textiles, and electronics, while phasing out energy-intensive equipment. The demand for replacement and upgrades will also drive an increase in the demand for steel and ferroalloy. In addition, the real estate and automotive markets are the main drivers of growth in the steel and ferroalloy markets. In the real estate market, during the "14th Five-Year Plan" period, 40 key cities across the country initially planned to add 6.5 million units (rooms) of guaranteed rental housing, which has driven the growth in demand for steel and ferroalloys. In the automotive industry, according to statistics from the China Association of Automobile Manufacturers, China's vehicle sales have continued to grow, with sales volumes of 26.8 million, 30.0 million and 31.4 million vehicles in 2022, 2023, and 2024 respectively. Since vehicle manufacturing requires steel and ferroalloys, the continuous growth in vehicle sales will continue to promote the growth in sales of steel and ferroalloys.
- *Huge demand for infrastructure construction.* Iron alloys are primarily used in steel production as deoxidizers, desulfurizers and alloying additives, so the development of the steel industry directly determines the market demand for iron alloys. Currently, the largest demand for steel is driven by infrastructure construction, including large-scale projects such as highways, railways, bridges and ports. In recent years, the PRC government has focused on promoting new urban infrastructure development. In December 2024, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council released the Opinions on Promoting New Urban Infrastructure Construction to Build Resilient Cities (關於推進新型城市基礎設施建設打造韌性城市的意見), which advocates the implementation of intelligent urban infrastructure construction and renovation. Urban renovation will generate demand for steel, thereby promoting the development of the iron alloy industry.
- *Policy guidance for the industry's transition to high-quality capacity structure.* In recent years, national policies have focused on strengthening the regulation of steel production capacity. In the 2024-2025 Energy Conservation and Carbon Reduction Action Plan (2024-2025年節能降碳行動方案), the State Council proposed strict implementation of steel capacity replacement, prohibiting the addition of new steel production capacity under the guise of mechanical processing, casting, or iron alloys, and preventing the resurgence of illegal "ground steel" capacity. In 2024, the control of crude steel

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production will continue. For regions that have fallen behind in meeting energy conservation and carbon reduction targets during the first three years of the 14th Five-Year Plan, new steel production capacity will not be allowed in the last two years of the plan. New and expanded steelmaking projects must meet energy efficiency benchmarks and environmental performance grade A standards. These measures aim to avoid intense market competition after reaching the peak of crude steel production, while quality control helps prevent resource waste and directs resources toward high-value-added capacity, supporting the long-term high-quality development of the industry. In addition, driven by the “dual carbon” strategic goals, China’s steel industry is also facing the imminent requirement to accelerate its low-carbon transformation. In September 2024, the Ministry of Ecology and Environment released the National Carbon Emission Trading Market Coverage for the Steel Industry Work Plan (Draft for Comments) (全國碳排放權交易市場覆蓋鋼鐵行業工作方案(徵求意見稿)), which includes steel units with annual emissions of 26,000 tons of carbon dioxide equivalent into the carbon trading system. Against this backdrop, the Company’s industrial off-gas fermentation technology for producing ethanol and protein demonstrates multiple strategic values.

Challenges of the Steel and Ferroalloy Industry

- *Dependence on imported raw materials weakens bargaining power.* China’s steel production heavily relies on imported raw materials, particularly iron ore, with over 70% of the iron ore supply being imported. Additionally, the reliance on alloy raw materials such as manganese, chromium and nickel is also high. In the context of high global inflation, steel industry raw material prices face premium risks. As the industry cannot shift its costs abroad, companies within the industry will face certain profit challenges.
- *Pressure from environmental policies and regulatory requirements.* Environmental regulations in various countries are becoming increasingly strict, imposing higher standards on emissions of waste gases, wastewater and slag, as well as energy consumption in steel and ferroalloy enterprises. Companies are experiencing increased expenditures on compliance costs such as equipment upgrades, operational cost maintenance, and energy structure adjustments. To comply with these regulations, enterprises must upgrade waste treatment facilities, conduct regular equipment maintenance, and transition to clean energy, all of which require significant capital investment. Furthermore, companies need to establish a robust environmental management system, define the environmental responsibilities of each department and employee, develop detailed environmental management policies and operating procedures, and continuously monitor pollutant emissions. Regular public disclosure of environmental data is required to ensure the effective operation of the environmental management system. This not only demands considerable human and material resources from enterprises, increasing management costs but also subjects their environmental practices to stricter social oversight.

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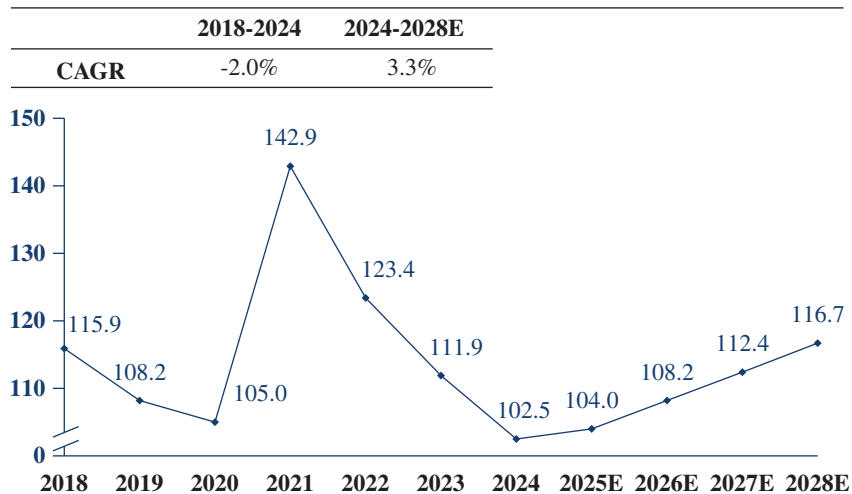
- Market Price Fluctuation Risks.** The prices of steel and ferroalloy are influenced by multiple factors, including raw material prices, market supply and demand, and macroeconomic policies. Steel prices are particularly sensitive to fluctuations in raw material prices. Iron ore, coking coal, and other key materials for steel production often experience significant price fluctuations in the international market. For example, changes in international geopolitical conditions or adjustments in mining supply strategies can trigger sharp short-term price changes in iron ore. Frequent and large price fluctuations make it difficult for companies to accurately plan production and sales, increasing operational risks and compressing profit margins.

China Steel Comprehensive Price Index

Under the influence of national economic stimulus policies and other factors, both domestic and international demand surged, while supply chains faced certain disruptions. This led to a shortage of steel supply and a significant price increase, with the comprehensive steel price index rising to 142.9. However, as downstream production weakened and steel demand declined, coupled with international trade friction limiting steel exports, prices faced downward pressure and decreased. By 2024, the China Steel Price Index is approximately 102.5. In the medium term, steel prices are anticipated to recover. Since the fourth quarter of 2024, steel prices have shown a trend of rebounding from the bottom, mainly due to the incremental policies in macro — control, which have driven the increased demand for steel. In the long run, it is expected that steel prices will continue to grow.

China Steel Price Index (CSPI)

2018-2028E

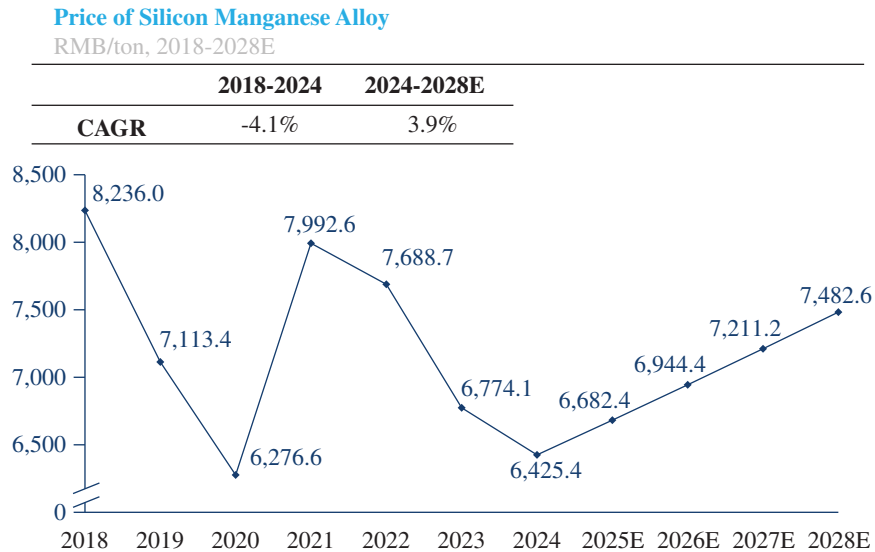


Source: Frost & Sullivan Report, China Iron & Steel Association

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China Ferroalloy Spot Price

There are many types of ferroalloys. Since the three factories of the Group currently use silicon manganese alloy, the price trend of silicon manganese alloy is set out below.



Source: Frost & Sullivan Report, SunSirs COMMODITY DATA GROUP

Due to the fact that the downstream demand for silicon manganese alloy mainly comes from steel mills, the price of silicon manganese alloy is closely related to steel prices. In 2019, the spot price of silicon manganese alloy in China was RMB7,113.4 per ton. During the pandemic in 2020, the demand dropped due to factory shutdowns, and the price fell to RMB6,276.7 per ton. In 2021, with the implementation of recovery policies and a rebound in demand, the price of silicon manganese alloy increased. In 2024, the spot price of silicon manganese alloy is RMB6,425.4 per ton (with the spot price of the silicon manganese alloy being at the lowest point in seven years other than in the COVID-19 pandemic). With the stable growth of the global economy and the expansion of demand in emerging markets, the market demand for silicon manganese alloy is expected to continue to grow, thus pushing up the price.

The weakened downstream demand for steel and ferroalloy since 2021 is due to the following reasons:

- **Downturn in the real estate industry.** Because of the recent real estate regulatory policies in the PRC, the growth rate of real estate investment has experienced a significant decline. According to the data from the National Bureau of Statistics, the growth rates of the national real estate development investment from 2021 to 2024 were 4.4%, -10.0%, -9.6% and -10.6% respectively. Although there have been some optimizations in real estate policies since 2022, the effects have not been significant. The confidence in the real estate market has continued to decline, resulting in fewer new construction projects and slower construction progress, which has severely dragged down the demand for steel and ferroalloy.

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- *Slowdown in infrastructure investment.* In recent years, the structural slowdown in China's infrastructure investment has led to a weakening demand for steel and ferroalloy. As the traditional infrastructure becomes saturated, the investment focus has shifted to filling gaps and upgrading existing infrastructure. Coupled with the strict control of the debt of local governments, the Chinese government has implemented the principle of "precision investment", directing funds towards new infrastructure such as 5G and data centers, as well as supporting facilities for urban agglomerations, which has caused the growth rate of traditional infrastructure to decline.
- *Challenges in manufacturing development.* Global trade frictions and pandemic disruptions have severely impacted the manufacturing sector. Export uncertainties have significantly reduced orders, forcing many export-focused manufacturers to cut production. Raw material price volatility and soaring costs further compress profit margins, prompting some firms to decrease output or revamp product lines, thus curbing the consumption of steel and ferroalloy. Nonetheless, the automotive and shipping industries present an encouraging opportunity as the production of automobile in China in 2024 rose 3.7% year-on-year, while the completions of shipbuilding grew 13.8%, both of which increase the demand for steel and ferroalloy.

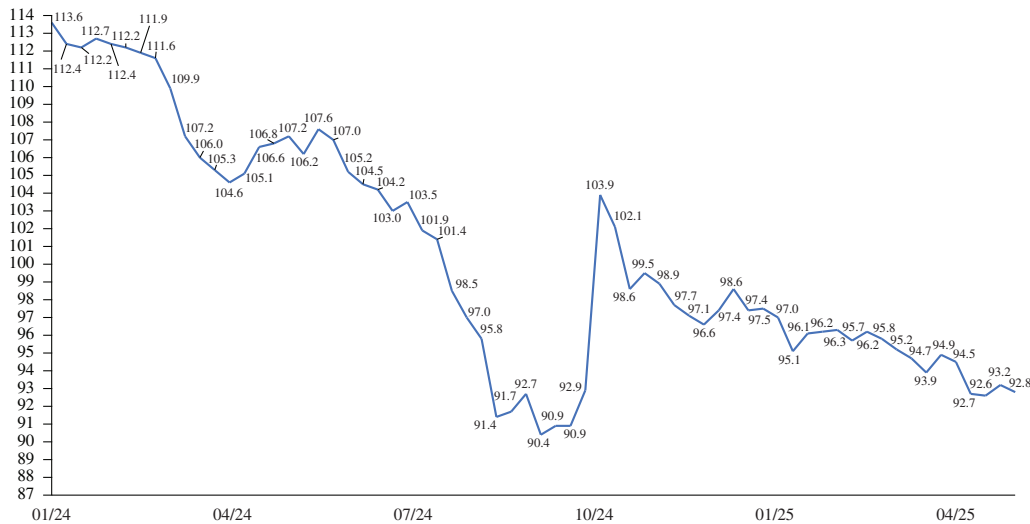
According to Frost & Sullivan, the weekly market prices of steel and silicon manganese alloy in 2024 and up to the Latest Practicable Date, coupled with the monthly production volume of steel and ferroalloy as set out below, suggest the recovery of the steel and ferroalloy markets:

- For the steel market, in 2024, China's weekly steel price index showed an overall downward trend. Specifically, the highest steel price index was 113.6 in January 2024. The lowest steel price index was 91.3 in September 2024, which rose slightly to 103.9 in October 2024. After that, prices continued to decline until April 2025. However, price is not an absolute indicator of recovery in the performance of an industry. Considering that the price of coke, a raw material for steel, is on a downward trend, steel companies still retain a certain level of profitability in steelmaking. In addition, several policies were progressively implemented by the Chinese government in April 2025, such as the "ultra-long-term special government bonds" and the "equipment renewal re-lending tool," which provide strong stimulus to the demand side of the steel industry. Coupled with rising temperatures and the rapid rollout of infrastructure projects, the demand of steel is recovering quickly. Additionally, the demand of steel from the manufacturing sector remains resilient, and the second round of the automobile "trade-in" policy has entered its implementation phase. These factors are expected to drive a rebound in steel prices.

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China's Weekly Steel Price Index

2024/01 – 2025/04



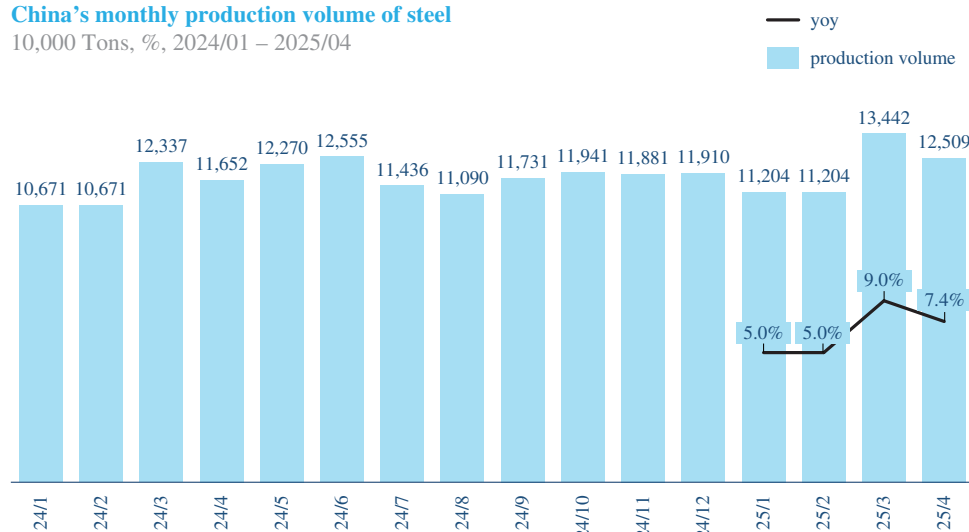
Source: China Iron & Steel Association, Frost & Sullivan

Note: China's steel price index system includes a comprehensive index, two sub-indexes (long steel index, plate index), as well as indexes and prices of eight major steel varieties.

- For the steel industry, apart from price, production volume is also an important indicator of the performance of the steel market. Compared to price, the growth in output has a more direct relationship with the supply of industrial off-gas. Compared to 2024, steel production in 2025 shows a clear upward trend. From January to April 2025, steel output increased by 5.0%, 5.0%, 9.0%, and 7.4% year-on-year, respectively. This indicates that steel enterprises are carrying out production activities in an orderly manner which, coupled with the expected rebound in steel prices, suggest that the steel industry is set to recover.

China's monthly production volume of steel

10,000 Tons, %, 2024/01 – 2025/04



Source: China Iron & Steel Association, Frost & Sullivan, National Bureau of Statistics of China

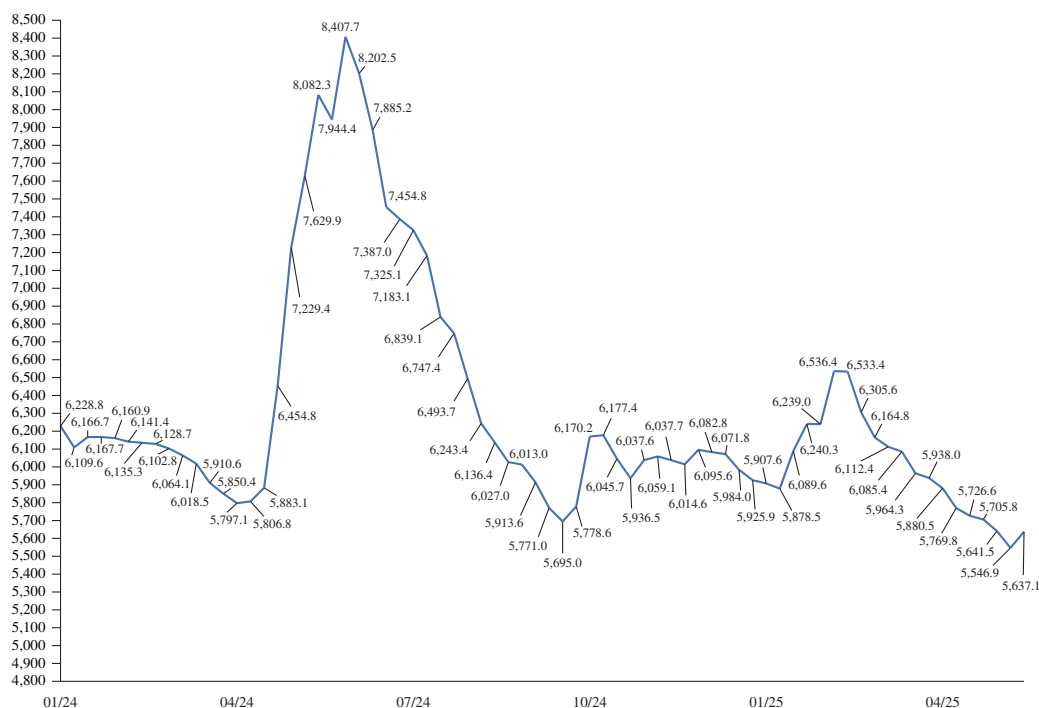
Note: China's steel price index system includes a comprehensive index, two sub-indexes (long steel index, plate index), as well as indexes and prices of eight major steel varieties.

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- For the ferroalloy market, in 2024, the weekly prices of silicon manganese alloy in China showed an overall downward trend. Specifically, the weekly average price of silicon manganese alloy in China rose to RMB8,407.7 per ton in June 2024, but continued to decline thereafter. Since the beginning of 2025, the price of silicon manganese alloy has experienced some fluctuations and has remained at around RMB5,600 per ton. As silicon manganese alloy is an upstream raw material in the steel industry, the anticipated recovery of the steel sector is expected to drive an increase in demand for silicon manganese alloy, thereby supporting a rebound in its price.

China's Weekly Price of Silicon Manganese

RMB/ton, 2024/01 – 2025/05



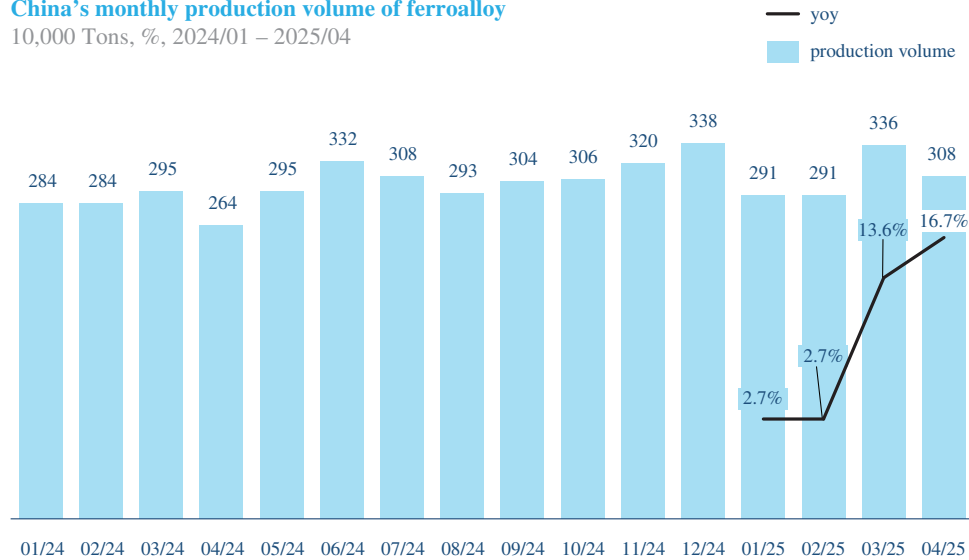
Source: China Iron & Steel Association, Frost & Sullivan, SunSirs COMMODITY DATA GROUP

- For the ferroalloy industry, apart from price, production volume is an important indicator of the performance of the ferroalloy industry. Compared to price, the growth in output has a more direct relationship with the supply of industrial off-gas. Compared to 2024, the production volume of ferroalloy in 2025 shows a clear upward trend. From January to March 2025, ferroalloy output increased by 2.7%, 2.7%, 13.6% year-on-year, respectively. This indicates that ferroalloy enterprises are carrying out production activities in an orderly manner which, coupled with the expected rebound in the price of silicon manganese ferroalloy, suggest that the ferroalloy industry is set to recover.

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China's monthly production volume of ferroalloy

10,000 Tons, %, 2024/01 – 2025/04



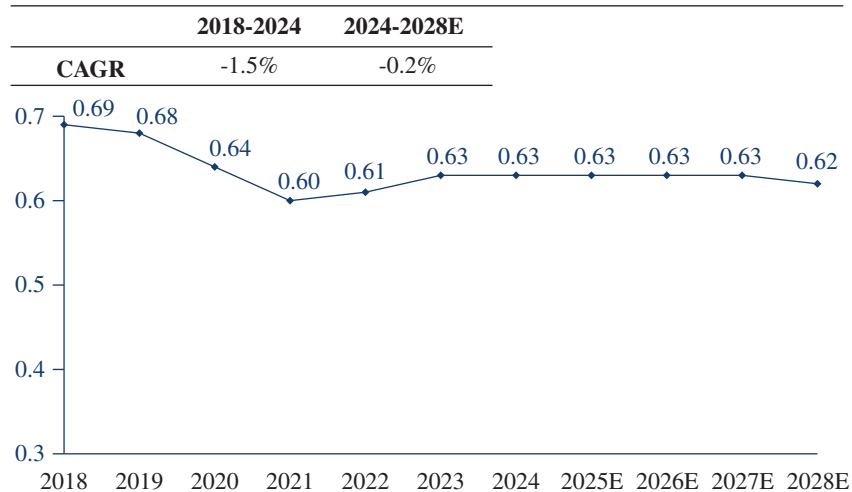
Source: Frost & Sullivan Report, National Bureau of Statistics of China

Note: Since the National Bureau of Statistics began releasing monthly ferroalloy production data for the current year starting in March, the production figures for January and February of each year are calculated by dividing the cumulative production as of February by two.

Electricity Price

Price of Industrial Electricity

RMB/kwh, 2018-2028E



Source: Frost & Sullivan Report, National Development and Reform Commission (NDRC)

Electricity costs are one of the important factors in determining the pricing of industrial off-gases. Before 2018, the cross-subsidy proportion borne by general industrial and commercial users in China's electricity prices was relatively high. In some areas, the cross-subsidy ratio for these users even exceeded 100%, distorting the actual electricity price from its value, thus driving up industrial electricity costs. In 2019, the PRC government deepened electricity market reforms, cleaned up additional electricity charges, and reduced

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electricity costs for the manufacturing sector. In the following years, industrial electricity prices showed a downward trend. However, with the rise in environmental electricity requirements, the demand for clean electricity increased, leading to a slight rise in electricity prices. By 2024, the price of industrial electricity in China is RMB0.63 per kilowatt-hour. It is expected that industrial electricity prices will show a relatively stable trend in the future, with some potential for a decline over the long term. As China's economic structure adjusts, industrial development is gradually shifting from high-energy consumption and extensive models to low-energy consumption and high value-added production, which may slow the growth rate of industrial electricity demand. When the growth rate of electricity supply exceeds the demand growth rate, the pressure on electricity price increases will lessen. Moreover, as the installed capacity of renewable energy gradually grows, the supply of clean electricity will stabilize over time, contributing to more stable electricity prices in the medium to long term.

REGULATORY OVERVIEW

This section sets out a summary of the most important laws and regulations affecting our business in the PRC and the industries in which we operate.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People’s Congress on December 29, 1993 and implemented on July 1, 1994, amended and implemented on October 26, 2018, and most recently amended on December 29, 2023 and implemented on July 1, 2024. According to the Company law of the People’s Republic of China, companies are generally divided into two categories: limited liability companies and joint stock limited companies. The Company Law of the People’s Republic of China also applies to foreign-invested joint stock limited companies.

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) was promulgated by the National People’s Congress on March 15, 2019, and implemented on January 1, 2020. The Implementation Regulation of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》) was promulgated by the State Council on December 26, 2019, and implemented on January 1, 2020. The aforementioned law and regulation establish the principles and measures designed to encourage foreign investments in China and clearly stipulate that China provides legal protection for the investments, profits and other legitimate rights and interests of foreign investors in China.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List 2024**”) was promulgated by the MOFCOM and the NDRC on September 6, 2024 and implemented on November 1, 2024. The Special Administrative Measures (Negative List) for the Access of Foreign Investment comprehensively enumerates restrictive measures pertaining to foreign investment access, which include equity percentage requirements and executive qualifications, and industries where foreign investment is prohibited. Compared with the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021)(《外商投資准入特別管理措施(負面清單)(2021年版)》), the number of restrictive measures in the Negative List 2024 has been reduced from 31 to 29, and the number of restrictive measures on the entry of foreign investors in the manufacturing sector has been ‘zeroed out’. The Negative List (2024) covers 11 industries, and as for industries not included in the Negative List, the foreign and domestic investments shall be treated as the same in terms of administration.

REGULATIONS ON CLEAN PRODUCTION AND RENEWABLE ENERGY

Regulations on Clean Energy

The Law of the PRC on the Promoting Clean Production (《中華人民共和國清潔生產促進法》), promulgated by the Standing Committee of the National People's Congress on June 29, 2002, and amended on February 29, 2012, with effect from July 1, 2012, stipulates that projects for construction, alteration and expansion, environmental impact assessments shall be conducted and analyzed in the aspects of the use of raw materials, consumption of resources, overall utilization of resources and the generation and disposal of pollutants, etc. Priority shall be placed on the adoption of clean production technologies, techniques and equipment that have high resource efficiency and generate few pollutants.

The Opinions on Improving the Mechanisms and Policy Measures for Energy Green and Low-Carbon Transformation (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》) issued by the NDRC and the National Energy Administration on January 30, 2022, and effective on the same day, stipulate that the establishment of a collaborative innovation mechanism for the clean and low-carbon energy industry supply chain. This aims to accelerate collaborative research and development as well as industrial demonstration of key technologies for advanced renewable energy fuels such as non-grain bioethanol from cellulose and biojet fuels.

The Notice on Issuing the Implementation Guidelines for Energy Saving and Carbon Reduction Transformation and Upgrading in Key Areas of High Energy-Consuming Industries (2022 Edition) (《關於發佈<高耗能行業重點領域節能降碳改造升級實施指南(2022年版)>的通知》) issued by the NDRC, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, and the National Energy Administration on February 3, 2022 and effective on the same day, specifies the promotion of utilizing hydrogen and carbon monoxide resources rich in gas by steel enterprises to produce high-value-added chemical products. It also advocates the gradual promotion of technologies such as fuel ethanol production from metallurgical industry off-gas and feed protein to achieve carbon dioxide capture and utilization.

Regulations on Renewable Energy

The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》), promulgated by the Standing Committee of the National People's Congress on February 28, 2005, amended on December 26, 2009, and effective from April 1, 2010, stipulates that the state shall prioritize the development and utilization of renewable energy as an area of energy development, and promote the establishment and development of the renewable energy market by setting a total target for the development and utilization of renewable energy and taking corresponding measures.

Regulatory Policies Supporting Biofuel Ethanol and Cracking down Coal-based Ethanol Production

In August 2017, the NDRC, the National Energy Administration and 13 other departments jointly issued the Implementation Plan for Expanding Biofuel Ethanol Production and Promoting Ethanol Gasoline for Vehicles (Fa Gai Neng Yuan [2017] No. 1508) (《關於擴大生物燃料乙醇生產和推廣使用車用乙醇汽油的實施方案》(發改能源[2017]1508號)) (the “**Implementation Plan**”), which identifies bioenergy represented by biofuel ethanol as a national strategic emerging industry. The document mandates the expansion of biofuel ethanol production and promotion of ethanol gasoline for vehicles, while deploying five key tasks: ensuring biofuel ethanol supply, actively promoting ethanol gasoline for vehicle, strengthening regulation, fostering innovation, and enhancing safeguard.

In August 2018, the State Council Executive Meeting approved the overall layout plan for the biofuel ethanol industry, specifying moderate development of grain-based ethanol, accelerating construction of cassava-based ethanol projects, and conducting industrial demonstration of ethanol production from agricultural stalks and steel industry off-gases. In its official response to CPPCC Proposal “Guo Neng Ti Ke Ji [2018] No. 20” (國能提科技[2018]20號), for coal-based ethanol, the National Energy Administration stated that: “Our research supposes that coal-based ethanol is non-renewable and inconsistent with China’s original intent for developing fuel ethanol. Therefore, both the Implementation Plan and the Overall Layout Plan for National Biofuel Ethanol Industry (《全國生物燃料乙醇產業總體佈局方案》) exclusively address biofuel ethanol without incorporating coal-based ethanol.”

In January 2022, the NDRC and the National Energy Administration issued the Opinions on Improving the System, Mechanism and Policy Measures for Energy Transformation to be Green and Low-Carbon (Fa Gai Neng Yuan [2022] No. 206) (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》(發改能源[2022]206號)), which supports clean energy sources such as biofuel ethanol, biodiesel and biogas to be connected with the oil and gas pipeline network on the premise of meeting safety and quality standards, and requires to accelerate the coordinated research and industrialization demonstration of key technologies for non-grain-based biofuel ethanol such as cellulose and advanced renewable energy fuels such as bio-jet fuel.

In October 2023, the National Energy Administration issued the Notice on Preventing Coal-based Ethanol from Entering the Biofuel Ethanol Market and Further Regulating the Market Order (Guo Neng Zong Tong Ke Ji [2023] No. 124) (《關於防止煤製乙醇進入生物燃料乙醇市場進一步規範市場秩序的通知》(國能綜通科技[2023]124號)), which requires to prevent coal-based ethanol from entering the biofuel ethanol market and further standardize the market system of ethanol gasoline. However, the details of such document were not disclosed to the public. During the period from the second half of 2024 to the beginning of 2025, the provincial authorities have also issued relevant supporting systems to carry out special rectification work. For example, (i) the Hebei Development and Reform Commission, the Hebei Provincial Department of Commerce, the Hebei Administration for Market Regulation and other five departments, issued the Notice on Further Standardizing the Closed Management

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of Ethanol Gasoline for Vehicle in Hebei Province (Draft for Comment) (《關於進一步規範全省車用乙醇汽油封閉管理工作的通知(徵求意見稿)》) in January 2025 (the “**Hebei Notice**”). It stipulates that fuel ethanol production enterprises, their sales enterprises and ethanol gasoline distribution centers are strictly prohibited from purchasing ethanol, especially coal-based ethanol, from fuel ethanol production enterprises and their sales enterprises that have never been incorporated in the overall national industrial layout plan and have not been approved for construction. Coal-based ethanol production enterprises shall not sell coal-based ethanol as fuel ethanol to disrupt the normal market order. It is forbidden to sell any ethanol-based fuel other than ethanol gasoline to fuel vehicles in the closed area of ethanol gasoline. It also stipulates the coordination mechanism of market supervision departments, tax departments, commercial departments, ecological environment departments, public security departments, data and government affairs departments, and the punishment rules in accordance with the Interim Regulations on Promoting the Use of Ethanol Gasoline for Vehicles in Hebei Province (《河北省推廣使用車用乙醇汽油暫行規定》) and the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》). The public comment period of the Hebei Notice (Draft for Comment) ended on February 24, 2025. As of the Latest Practicable Date, the Hebei Notice has not come into effect. (ii) The Department of Commerce of Henan Province, the Henan Development and Reform Commission, the Department of Public Security of Henan Province and other six departments, issued the 2024 Work Plan for the Special Rectification of the Refined Oil Circulation Market in Henan Province (《河南省2024年成品油流通市場專項整治工作方案》) in July 2024, which strictly prohibits the purchase of coal-based ethanol as biofuel ethanol to prepare ethanol gasoline for vehicles; governments at various levels (administrative committees) should mobilize, deploy and improve the mechanism, and law enforcement and regulatory departments at various levels should strictly enforce the law and strictly crack down on all kinds of illegal and irregular acts in the circulation market of refined oil. (iii) The Energy Administration of Guangxi Zhuang Autonomous Region issued the 2024 Key Points of Energy Work of the Energy Administration of Guangxi Zhuang Autonomous Region (《自治區能源局2024年能源工作要點》) in May 2024 to mandate deepening the reform of the refined oil market system, continually promote the normalization of cross-sector comprehensive supervision of the refined oil industry, establish and improve the coordination and linkage supervision mechanism, maintain the order of the refined oil market and promote the healthy development of the industry. It also requires to promote the upgrading of the refining industry, energy-saving and carbon emissions reduction, strengthen the supervision of the closed operation of ethanol gasoline, drive the transformation of fuel ethanol to non-grain preparation, and firmly prevent coal-based ethanol from entering the biofuel ethanol market.

On January 27, 2025, the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Refined Oil Circulation (Guo Fa Ban [2025] No. 5) (《關於推動成品油流通高質量發展的意見》(國發辦[2025]5號)), which requires to accelerate the development of green low-carbon transformation, promote the upgrading of refined oil quality and the development of alternative clean energy, and further standardize the market order of biofuel ethanol and ethanol gasoline for vehicles. It requires to severely crack down on illegal and irregular behaviors. It mandates that local people’s governments at all levels should coordinate the supervision and investigation of breach of laws and regulations in the field of refined oil circulation. It strictly prohibits the sale of vehicle fuels with gasoline

or diesel as the main component and not in compliance with national policy regulations under the name of “new energy” or “alternative energy”. It requires to investigate and deal with serious acts such as substandard oil product quality, illegal blending of refined oil, and sale of non-standard oil products as engine fuel to refined oil retailers or engine fuel users. Meanwhile, the Opinions further clarify the division of supervision and law enforcement responsibilities of commercial and market supervision departments, and require strict implementation of the relevant requirements of comprehensive administrative law enforcement reform. Where local commercial law enforcement functions are integrated into comprehensive law enforcement departments such as market supervision department, comprehensive law enforcement departments such as market supervision department should strengthen comprehensive law enforcement inspection, investigate and address issues in accordance with the law; the industrial competent departments such as commerce department should earnestly perform their daily supervisory duties, carry out on-site and off-site inspections, and promptly hand over the matters in breach of laws and regulations.

Regulatory Policies on Strict Control of Grain-based Fuel Ethanol

On January 4, 2022, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Doing a Good Job in the Key Work of Comprehensively Promoting Rural Revitalization in 2022 (《關於做好2022年全面推進鄉村振興重點工作的意見》), specifying strict control of fuel ethanol processing with corns as raw materials.

On December 27, 2023, the NDRC issued the Guideline Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which consists of three categories: encouragement, restriction and elimination. The encouragement category mainly encompasses the technologies, equipment and products that play an important role in promoting economic and social development; the restriction category mainly covers production capacity, technologies, equipment and products that are outdated in process, do not comply with industry entry conditions and relevant regulations, are not conducive to safe production, are not conducive to the realisation of the carbon peak and carbon neutrality target, and need to be supervised for reform and are prohibited from newly building; the elimination category mainly includes outdated technologies, equipment and products that are not in compliance with the relevant laws and regulations, seriously waste resources, pollute the environment, have serious potential risks for safe production and impede the realisation of the carbon peak and carbon neutrality target, and need to be eliminated. According to the Guideline Catalog for Industrial Restructuring (2024 Edition), biomass power generation technology and application, including: biomass cellulosic ethanol, biofuel (diesel, gasoline, aviation kerosene) and other non-grain-based biomass fuel production technology development and application ... raw material efficient collection, storage and transportation technology and equipment research and development and application of sustainable aviation fuel, and production and application of sustainable aviation fuel belong to the encouragement category; grain-based ethanol and edible plant oil-to-biofuel projects that are not in line with national planning and industrial policies belong to the restriction category.

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On December 2, 2024, the Ministry of Natural Resources, the NDRC and the National Forestry and Grassland Administration issued the Guidance Catalog for High-quality Development of Natural Resources Element-Supporting Industries (2024 Edition) (《自然資源要素支撐產業高質量發展指導目錄(2024年本)》), which stipulates that the new construction projects under the restricted category and projects under the elimination category listed in the Guideline Catalog for Industrial Restructuring (2024 Edition) shall be directly included in the prohibition category under this catalogue. Competent departments for the natural resources, investment management and forestry and grassland shall not go through relevant formalities for such new and eliminated projects.

Regulatory Provisions on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “Product Quality Law”), promulgated on February 22, 1993, amended on July 8, 2000, August 27, 2009 and December 29, 2018 and implemented on the same day, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. Producers and sellers shall be liable for product quality in accordance with the provisions of the Product Quality Law. The adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Products must undergo inspection and meet quality standards, and unqualified products shall not be passed off as qualified products. Any producer or seller who violates the Product Quality Law shall be ordered by market regulatory authorities to cease production and sales, with confiscation of products subject to illegal production or sale and illegal gains, and imposition of fines; in severe cases, business licenses may be revoked, and criminal liabilities shall be pursued if the illegal activity constitutes crime.

REGULATIONS ON THE PRODUCTION AND OPERATION OF INDUSTRIAL PRODUCTS

The Regulations of the PRC on the Administration of Production Permit for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), formulated by the State Council on July 9, 2005 and amended and effective on July 20, 2023, stipulates that the state implements a production permit system for enterprises producing important industrial products such as hazardous dangerous chemicals and their packaging and other important industrial products shall implement a production permit system. The catalog of industrial products subject to the production permit system shall be formulated by the competent department for industrial product production permits under the State Council in conjunction with the relevant departments of the State Council. Enterprises producing products listed in the catalog shall apply to the competent department for industrial product production permits at the provincial level where the enterprise is located for production permits. An enterprise shall meet conditions as follows in order to obtain a production permit: the professional technicians qualify for the products it produces; the production conditions and means of inspection and quarantine are

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suitable for the products it produces; the techniques and crafts documentation matches the products it produces, etc. According to the Catalog of Hazardous Chemicals (2015) (《危險化學品目錄(2015版)》), denatured ethanol is classified as a hazardous chemical.

According to the Notice of the General Office of the NDRC on Adjusting the Settlement Price of Denatured Fuel Ethanol (《國家發展改革委辦公廳關於調整變性燃料乙醇結算價格的通知》) issued by the General Office of the NDRC and effective on February 15, 2011, the settlement price of denatured fuel ethanol is adjusted according to the supply price of No. 93 gasoline for the military and national reserves formulated by the NDRC's supply price for No. 93 gasoline for the military and national reserves in the same period, multiplied by the price conversion coefficient of 0.9111 for the cost of blending and selling automotive ethanol-gasoline, as the settlement price for denatured fuel ethanol production enterprises and petroleum and petrochemical enterprises. The new settlement price for denatured fuel ethanol will be implemented from 0:00 on March 1, 2011.

REGULATIONS ON THE PRODUCTION AND OPERATION OF FEED AND FEED ADDITIVES

The Regulations on the Management of Feeds and Feed Additive (《飼料和飼料添加劑管理條例》), which were promulgated by the State Council on May 29, 1999 and subsequently amended and effective on November 29, 2001, December 7, 2013, February 6, 2016 and March 1, 2017, provide administrative rules for the research developing, production, operation and use of feed, the industrially processed or manufactured products that are consumed by animals, including single feed, additive premixes, concentrated feeds, formula feeds and concentrate supplements, and feed additives, the small or micro quantities of substances that are added in the course of processing, manufacturing or using feed, including nutritional feed additives and general feed additives. Enterprises engaging in the production of feed or feed additives must, prior to the commencement of production, obtain production licenses for feed or feed additives. The state encourages the research and development of new feeds and feed additives. Before a new feed or feed additive is put into production, the developer or production enterprise shall submit an application for review to the competent department of the State Council in charge of agricultural administration and obtain approval from the competent department of the State Council in charge of agricultural administration.

The Administrative Measures for the Production Licensing of Feed and Feed Additives (《飼料和飼料添加劑生產許可管理辦法》) promulgated by the Ministry of Agriculture and Rural Affairs (農業農村部) (formerly the Ministry of Agriculture (農業部)) on May 2, 2012 and amended and effective on December 31, 2013, May 30, 2016, November 30, 2017 and January 7, 2022, stipulates the conditions and requirements for enterprises engaged in the production of feeds or feed additives to obtain the relevant production licenses. Enterprises must obtain the relevant feed or feed additive production license before producing feeds and feed additives. Enterprises that have obtained a feed additive production license shall apply to the provincial

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feed management department for a product approval number. It also stipulates that enterprises engaged in the production of feed and feed additives should have relevant facilities and equipment, technical and quality supervision personnel, and comply with relevant safety and health standards.

In addition, the Administrative Measures for New Feeds and New Feed Additives (《新飼料和新飼料添加劑管理辦法》) promulgated by the Ministry of Agriculture and Rural Affairs (formerly the Ministry of Agriculture) on August 17, 2000, most recently amended and effective on January 7, 2022, stipulates that the monitoring period for new feeds and new feed additives is 5 years, calculated from the date of issuance of the new feed and new feed additive certificate. During the monitoring period, no other production applications or import registration applications for the new feed or new feed additive will be accepted, except where the new feed or new feed additive has not been put into production for more than 3 years.

REGULATIONS ON ENVIRONMENTAL PROTECTION

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》) promulgated on December 26, 1989 and implemented on the same day, most recently amended on April 24, 2014 and implemented on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge wastes shall obtain a Waste Discharge License (排污許可證) and shall discharge wastes in accordance with the requirements of Waste Discharge License. Furthermore, facilities for the prevention and control of pollution at a construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

Regulations on Environmental Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on October 28, 2002, implemented on September 1, 2003 and most recently amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction entity shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form based on the degree of impact for reporting and filing purposes.

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated and amended by the State Council on July 16, 2017, depending on the impact of the construction project on the environment, a construction entity shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the

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construction entity shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant competent authority with power of approval at the environmental protection administrative department for approval.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the content, conclusion and public information of the acceptance. The construction unit shall be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation or use until the supporting facilities for environmental protection pass the inspection.

Regulations on Pollutant Control

Pursuant to the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), promulgated on October 30, 1995, lastly amended on April 29, 2020, and implemented on September 1, 2020, the construction of projects that generate, store, use or dispose of solid waste shall be subject to environmental impact assessment in accordance with the law and shall comply with the state's regulations on environmental protection management of construction projects. The environmental impact assessment documents for construction projects shall determine the solid waste pollution prevention and control facilities that need to be constructed in conjunction with the main project, and shall be designed, constructed and put into use at the same time as the main project. Failure to comply with the relevant regulations may result in the relevant entity being ordered to make corrections, and being fined and having its illegal gains confiscated by the competent ecological and environmental authorities.

Pursuant to the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, and lastly amended on June 27, 2017 and taking effect on January 1, 2018, an environmental impact assessment must be conducted lawfully in respect of all projects involving the construction, alternation or expansion of water facilities which discharge pollutions directly or indirectly into water. Facilities for prevention and control of water pollution of construction projects must be designed, constructed and put into operation simultaneously with the main facility. Water pollution prevention and control facilities should meet the requirements of the approved or

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filed environmental impact assessment documents. Failure to comply with the relevant regulations may result in the relevant entity being ordered to make rectifications by the competent environmental protection department, fined, ordered to suspend operations or even closed down.

Pursuant to the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987 and amended on August 29, 1995, April 29, 2000, August 29, 2015, and amended and effective on October 26, 2018, when construction projects have an impact on atmospheric environment, enterprises, public institutions and other production operators shall conduct environmental impact assessments and publish the environmental impact assessment documents according to the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

Regulations on Environmental Protection Tax

Pursuant to the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》) promulgated by the SCNPC on December 25, 2016 and taking effect on January 1, 2018, and most recently amended and taking effect on October 26, 2018, and the Implementing Regulations for the Law of the People's Republic of China on Environmental Protection Tax (《中華人民共和國環境保護稅法實施條例》) promulgated by the State Council on December 25, 2017 and taking effect on January 1, 2018, enterprises that discharge taxable pollutants directly to the environment within the territorial areas of the PRC and other sea areas are under the jurisdiction of the PRC. Such polluters should pay environmental protection tax based on the pollutant discharged. Enterprises that directly discharge taxable pollutants into the environment shall, in addition to paying an environmental protection tax, bear legal liability for the damage caused.

REGULATIONS ON PRODUCTION SAFETY AND HAZARDOUS CHEMICALS

Regulations on Permits and Filing for Hazardous Chemicals

Pursuant to the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), issued by the State Council on January 26, 2002 and amended on March 2, 2011 and December 7, 2013, the PRC government implements catalog management for hazardous chemicals. Entities engaged in the production, storage, usage, operation or transportation of hazardous chemicals are required to meet the safety conditions set out by the relevant laws, administrative regulations, national standards and industrial standards and to obtain relevant permit.

The Catalog of Hazardous Chemicals (2015 edition) (《危險化學品目錄(2015版)》), promulgated on February 27, 2015 and implemented on May 1, 2015 by the State Administration of Work Safety (now known as the Ministry of Emergency Management), Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of

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Environmental Protection (now known as the Ministry of Ecology and Environment), Ministry of Transportation, Ministry of Agriculture (now known as the Ministry of Agriculture and Rural Affairs), the General Administration of Quality Supervision, Inspection and Quarantine (now known as the State Administration for Market Regulation) and National Railway Administration has stipulated the definition and characterization of hazardous chemicals and contains a list of each hazardous chemical.

Pursuant to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》), issued by the State Administration of Work Safety (now known as the Ministry of Emergency Management) on October 8, 2002, effective on November 15, 2002 and revised on July 1, 2012, the PRC implements a registration system for hazardous chemicals. Enterprises engaged in the production or import of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) shall conduct regular inspection of their hazardous chemicals, keep records for these hazardous chemicals, apply for registration with the relevant registration authorities as set out therein, file the registration based on facts and submit supporting documents, and submit to inspection by the work safety administrative departments as set out in the relevant laws.

Regulations on the Production and Storage of Hazardous Chemicals

Pursuant to the Regulations on the Safe Management of Hazardous Chemicals (《危險化學品安全管理條例》), the construction of new, modified and expanded production and storage facilities for hazardous chemicals shall be subject to safety reviews by the work safety administrative department. Enterprises that produce and store hazardous chemicals shall also commission an institution with the qualifications prescribed by the state to conduct a safety evaluation of the enterprise's safety production conditions once every three years and submit a safety evaluation report. The content of the safety evaluation report shall include a plan for rectifying problems with safe production conditions, and the safety evaluation report and the implementation of the rectification plan shall be reported to the local county-level people's government's production safety supervision and administration department for filing.

Pursuant to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》), enterprises engaged in the production and import of any chemicals listed in the catalog of hazardous chemicals must register with the competent safety production regulatory department, and must do so before completion and acceptance or before the first import. The registration certificate for hazardous chemicals is valid for three years and can be renewed within three months before its expiry date after re-examination.

According to the Interim Provisions on the Supervision and Administration of Major Hazard Sources of Hazardous Chemicals (《危險化學品重大危險源監督管理暫行規定》), promulgated by the State Administration of Work Safety (now known as the Ministry of Emergency Management) on August 5, 2011, amended on May 27, 2015, and effective on July 1, 2015, enterprises engaged in the production, storage, use and operation of hazardous chemicals shall identify, evaluate and assess their major hazard sources, establish and improve

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a safety monitoring and control system, formulate emergency plans for major accidents, register any major hazard sources found in a timely manner and on a case-by-case basis, and file them with the local county-level work safety administration department.

Regulations on the Work Safety

According to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) promulgated by the Standing Committee of National People's Congress on June 29, 2002 and taking effect on November 1, 2002 and last amended on June 10, 2021, production entities are required to have a safe production environment as specified by the Work Safety Law and other applicable laws, administrative regulations, national standards and industry standards. Entities that do not meet such work safety conditions shall not engage in production or operating activities. Entities engaging in the production, operation and storage of hazardous items shall establish a department to carry out safety management or designate personnel solely responsible for work safety management. Production and operating entities shall provide their employees with education and training on production safety to ensure that the employees have the necessary knowledge regarding work safety. Pursuant to the Regulation on Work Safety License (《安全生產許可證條例》), promulgated by the State Council on January 13, 2004, effective on January 13, 2004 and revised on July 18, 2013 and July 29, 2014, the PRC government implements a work safety permit system for enterprises that engage in the production of hazardous chemicals. Enterprises shall not engage in such production activities without a work safety license.

REGULATIONS ON WATER EXTRACTION

The Water Law of the PRC (《中華人民共和國水法》) was promulgated by the SCNPC on January 21, 1988, and last revised by the SCNPC on July 2, 2016. Pursuant to the Water Law of the PRC, the PRC implements a water extraction licensing system and compensated use of water system. However, such system is not applicable to the use of water by rural collective economic organizations and their members in the ponds and reservoirs owned by such rural collective economic organizations. The water administration authority under the State Council is responsible for the organization and implementation of the water abstraction permit system and compensated use of water system.

On February 21, 2006, the State Council issued the Regulations on Water Abstraction Permits and Water Resources Fee Collection (《取水許可和水資源費徵收管理條例》), which was last revised and implemented on March 1, 2017. On April 9, 2008, the Ministry of Water Resources of the PRC promulgated and implemented the Measures for the Administration of Water Abstraction Permits (《取水許可管理辦法》), which was most recently amended on December 22, 2017. According to the Measures for the Administration of Water Abstraction Permits and the Regulations on Water Abstraction Permits and Water Resources Fee Collection, water abstraction refers to abstracting water directly from rivers, lakes or underground by means of water extraction systems or facilities. Any entities and individuals that draw water resources, except for the circumstances that they are not required to apply for water abstraction permits according to regulations, shall apply for water abstraction permits and pay water

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resources fees. A water abstraction entity or individual shall abstract water according to the approved annual water abstraction plan. For the water extraction exceeding the plan or quota, water resource fees shall be charged progressively on the excessive part. Where the same applicant applies for the use of multiple sources of water, the examination and approval authority for water abstraction shall, after unified examination and approval, distinguish different sources of water and issue separate permits for water abstraction. A water abstraction permit is generally valid for 5 years, with the maximum valid term not exceeding 10 years. If, at expiry of the valid term, the permit needs to be renewed, the water abstraction entity or individual shall file an application to the original approval authority 45 days prior to the expiry of the valid term. The original approval authority shall, prior to the expiry of the valid term, make a decision on whether or not to approve the renewal.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and implemented on June 1, 2021 and the Implementing Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), promulgated by the State Council on January 19, 1985, most recently amended on December 11, 2023 and implemented on January 20, 2024, there are three types of patents in China: invention patents, utility model patents and design patents. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years and the duration of patent right for designs shall be fifteen years, counted from the date of filing.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) (the “**Copyright Law**”) promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020 and implemented on June 1, 2021, copyright rights include personal rights such as the right of publication and the right of authorship as well as property rights such as the right of reproduction and the right of distribution. Works include computer software, art works, engineering design drawings and product design drawings on paper, as well as other graphic works and model works. Unless otherwise provided in the Copyright Law, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein shall constitute infringements of copyrights. The infringer shall undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities.

In accordance with the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and most recently amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002, the State Copyright

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Administration shall be responsible for the administration of software copyright registration nationwide, and the China Copyright Protection Center is recognized as the software registration authority. The China Copyright Protection Center shall issue a registration certificate to the applicant for the copyright of computer software in accordance with the regulations.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, most recently amended on April 23, 2019 and implemented on November 1, 2019, and the Implementation Regulation on Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated on August 3, 2002 and revised on April 29, 2014, the Trademark Office of China National Intellectual Property Administration (the “**Trademark Office**”) is in charge of trademark registration. The validity period of registered trademarks is ten years which can be renewed for another ten years by the trademark registrant. The Trademark Law of the People's Republic of China has implemented a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any application for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party's use by improper means. A trademark registrant may, by concluding a trademark license contract, authorize another person to use its registered trademark. For a registered trademark licensing, licensor shall file the trademark licensing with the Trademark Office for record, and the Trademark Office shall gazette the licensing. The licensing of a trademark that has not been filed for record may not be used against a bona fide third party.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

The Labor Law and Labor Contract Law

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, amended and became effective on August 27, 2009 and December 29, 2018, employers shall establish and perfect their rules and regulations in accordance with the laws and ensure that laborers enjoy labor rights and fulfill labor obligations. The employer shall establish and enhance its system for labor safety and sanitation, strictly abide by State rules and standards on labor safety and sanitation, provide laborers with training in labor safety and sanitation, prevent accidents in the process of work, and reduce occupational hazards. The employer shall provide laborers with labor safety and sanitation conditions that meet State stipulations, necessary gears for labor protection, and regular health examination for laborers engaged in work with occupational hazards.

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The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, and the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and became effective on the same day set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. An employer establishes an employment relationship with an employee from the date when the employer puts the employee to work. A written labor contract shall be concluded in the establishment of an employment relationship. When an employer employs an employee, it shall faithfully inform him of the work duties, conditions and location, occupational harm, safe production condition, remuneration, and other information which the employee requires to be informed.

Social Insurance

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, as amended and became effective on December 29, 2018, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated on January 22, 1999 and revised on March 24, 2019, and the Regulation on Work-Related Injury Insurance (《工傷保險條例》) promulgated on April 27, 2003 and as amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999 and became effective on the date of promulgation by the State Council, and the Trial Measures for Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) promulgated by the former Ministry of Labor on December 14, 1994 and became effective on January 1, 1995, employers within the territory of the PRC shall pay social insurance premiums in accordance with the laws. Where an employer fails to handle social insurance registration, the social insurance administrative department has the power to order it to make rectification within a prescribed time limit and, if it fails to do so within the prescribed time limit, the relevant department shall impose a fine of 1-3 times the amount of the social insurance premiums payable upon it, and a fine of not less than RMB500 but not more than RMB3,000 upon the directly responsible person in charge and other directly responsible persons. Where an employer fails to pay social insurance premiums on time or in full amount, the collection agency of social insurance premiums has the power to order it to pay or make up the deficit of premiums within a prescribed time limit, and impose a daily overdue fine at the rate of 0.05% of the amount in default from the due date; and if it still fails to pay the premiums within the prescribed time limit, the relevant administrative department has the power to impose a fine of 1-3 times the amount in default upon it.

REGULATORY OVERVIEW

Housing Fund

Pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and became effective on the same day and amended on March 24, 2002 and March 24, 2019, employers in the PRC are required to contribute to housing fund. A company shall register at the housing provident fund management center within 30 days from the date of its establishment, and open a housing provident fund account at the entrusted bank on behalf of its employees within 20 days from the date of the registration. A company shall pay and deposit housing provident fund on time and in full, and may not be overdue in the payment and deposit or underpay the housing provident fund. Where a company fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund account for its employees, the housing provident fund management center has the power to order it to go through the formalities within a prescribed time limit; and where such company fails to do so at the expiration of the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. Where a company is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center has the power to order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory fulfillment of payment obligation.

Occupational Diseases Prevention and Control

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated by the SCNPC on October 27, 2001 and subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018, an employer shall establish and improve its accountability system for prevention and treatment of occupational diseases, enhance the management of, and improve the standards thereof, and bear the liability for the occupational disease hazards produced in the unit. For construction projects, including new construction, expansion and reconstruction projects, and projects for technical upgrading and introduction (hereinafter collectively referred to as “**construction projects**”) that may produce occupational disease hazards, the company responsible for the project shall, during the period of feasibility study, carry out a preliminary assessment on occupational disease hazards.

The preliminary assessment report on occupational disease hazards shall include the assessment of the risks of occupational disease hazard that the construction project may face and of the impacts that such hazards may have on the workplace and workers' health, and identify the types of the hazards and the measures to be taken for the prevention of occupational diseases. The expenditure for the establishment of the facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project, and such facilities shall be designed, constructed, and put into production and use at the same time with the main construction. Before inspecting and accepting a construction project upon its completion, the construction unit shall have the effect of occupational disease hazard control assessed in relation to the project. For the construction project, it may be put

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into production and use upon completion only after its occupational disease control and prevention facilities, which shall be subject to inspection by the construction unit in accordance with the laws, pass the inspection and acceptance.

The Measures for the Supervision and Administration of “Three Simultaneities” of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects (《建設項目職業病防護設施“三同時”監督管理辦法》), promulgated by the Former Administration of Work Safety on March 9, 2017 and became effective on May 1, 2017, has stipulated detailed provisions which includes conducting an occupational disease hazard preliminary assessment, evaluating and reviewing the design of the protective facilities for occupational diseases and the results of occupational disease hazard control, and carrying out the inspection and acceptance of the protective facilities for occupational diseases for construction projects that may produce occupational disease hazards. The administrations of work safety of all the local people’s governments above the county level shall exercise classified and hierarchical regulation of “Three Simultaneities” of facilities for the prevention and control of occupational diseases of construction projects in an area of the competence defined by the people’s governments at the same level within their jurisdiction according to the laws and the specific measures shall be formulated by the administrations of work safety at the provincial level and filed with the State Administration of Work Safety. In case of violation of relevant regulations, the company may face the legal risk of fines, suspension and closure.

Pursuant to the Administrative Provisions on Occupational Health in the Workplace (《工作場所職業衛生管理規定》) promulgated by the National Health Commission on December 31, 2020 and became effective on February 1, 2021, the employer with serious occupational hazards shall engage an occupational health technical service institution with the corresponding qualification to conduct the assessment of factors of occupational hazards at least once each year, and evaluate the current situation of occupational hazards at least once every three years.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law (the “EIT Law”) promulgated by the SCNPC on March 16, 2007 and most recently amended on December 29, 2018 and the Implementation Rules of the EIT Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and most recently amended on December 6, 2024 and effective from January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

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Value-Added Tax

The major PRC law and regulation governing value-added tax (the “VAT”) are the Interim Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》) (promulgated by the State Council on December 13, 1993, implemented on January 1, 1994 and most recently amended on November 19, 2017) and the Implementation Rules for the Interim Regulations on Value-Added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》) (promulgated by the Ministry of Finance on December 18, 2008, implemented on the same day and most recently amended on October 28, 2011). According to the above-mentioned regulations, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The Ministry of Finance and the State Administration of Taxation of the PRC (the “SAT”) issued the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the SAT and the General Administration of Customs of the PRC jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

OVERSEAS LISTING AND FULL CIRCULATION

Regulations on Overseas Listing

The Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the China Securities Regulatory Commission (the “CSRC”) on February 17, 2023 and implemented on March 31, 2023, has stipulated detailed provisions where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within three working days after submitting the application documents for overseas offering and listing. From February 17, 2023, the CSRC stopped accepting applications for administrative licenses for overseas public offering of shares and listing (including additionally issued) of joint stock companies with limited liability, and at the same time started accepting applications for filing and communication. From March 31, 2023, the CSRC started accepting applications for filings. According to the above-mentioned regulations, an issuer shall not be allowed to issue and list overseas under any of the following circumstances: (1) the listing and financing are specifically prohibited by the law, administrative regulations or relevant national regulations; (2) the relevant competent authorities of the State Council have determined by examination in accordance with the law that the overseas offering and listing may jeopardize national security; (3) the domestic enterprise, or its controlling shareholders or the de facto controller, has or

REGULATORY OVERVIEW

have been involved in embezzlement, bribery, conversion of property, misappropriation of property or criminal offences against the socialist market economic order within the last three years; (4) the domestic enterprise is being investigated by law for suspected crimes or major violations of laws and regulations, where the opinion on the conclusion is not clear; (5) there is a major ownership dispute over the shareholdings held by the controlling shareholders or shareholders under the domination of the controlling shareholders and de facto controllers. The Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies has also stipulated that in the event of the occurrence of any of the following material events after the overseas offering and listing, an issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: change in controlling rights; being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities; changing the listing status or transferring the listing board; and voluntary or compulsory termination of a listing.

Regulations on full circulation

“Full Circulation” represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. 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 “**Guidelines for the ‘Full Circulation’**”), which were amended on August 10, 2023. As regulated in the Guidelines for the “Full Circulation”, shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for “full circulation” with the CSRC. An unlisted domestic joint stock company may file with the CSRC for “full circulation” at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), 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. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf. 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.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Our Company was established on November 11, 2011 as a limited liability company under the PRC Company Law. On October 13, 2021, the promoters of the Company entered into a promoters' agreement, pursuant to which, the promoters of the Company agreed to convert the Company (with an audited net asset value of RMB889,385,375.17 as of May 31, 2021) into a joint stock limited company with a registered capital of RMB257,754,800 and renamed our Company as Beijing Shougang LanzaTech Technology Co., Ltd. (北京首鋼朗澤科技股份有限公司). The conversion was completed on November 12, 2021. Our business model mainly consists of (i) product sales which mainly include the sales of ethanol and microbial protein, and (ii) provision of our low-carbon integrated solutions to industrial clients. According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key business development milestones since our inception:

Year	Milestones
2011	Our predecessor, Beijing Shougang LanzaTech New Energy Technology Co., Ltd. (北京首鋼朗澤新能源科技有限公司), was established in Beijing, the PRC
2012	We commenced pilot-scale experiment of carbon monoxide gas fermentation technology for ethanol production at a scale of 300 tons/year
2016	We commenced the construction of Hebei Shoulang Phase I production facility
2018	Hebei Shoulang Phase I production facility commenced operations, establishing the world's first large-scale industrial fermentation facility for steel industry off-gases
2021	The conversion of our Company into a joint stock company with limited liability was completed, and our Company was renamed as Beijing Shougang LanzaTech Technology Co., Ltd. (北京首鋼朗澤科技股份有限公司)

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestones
	<p>Our Shoulang Jiyuan production facility was put into trial production, which became the world's first large-scale industrial facility in the ferroalloy sector, successfully extending the technology from steel to ferroalloy sectors</p> <p>We successfully developed the second-generation carbon negative technology</p> <p>Our microbial protein products obtained the first new product certificate for feed and feed additives under the category of Feed Raw Material issued by the Ministry of Agriculture and Rural Affairs (New Feed Certificate (2021) No. 01)</p>
2022	<p>Our Ningxia Binze production facility successively launched, realizing replication of our technology in ferroalloy sector</p> <p>We were recognized as a national-level Specialized, Refined, Differential and Innovative “Little Giants” Enterprise (專精特新「小巨人」企業) by the MIIT</p>
2023	Our Guizhou Jinze facility, with an annual capacity of 60,000 tons and utilizing ferroalloy off-gas, commenced operation in June 2023
2024	<p>We commenced the Hebei Shoulang Phase II project which will be our first facility to adopt the second-generation carbon negative technology</p> <p>We started to plan for the construction of our SAF facility in Baotou, Inner Mongolia, China</p> <p>We were recognized as a national-level Specialized, Refined, Differential and Innovative Key “Little Giant” Enterprise (專精特新重點「小巨人」企業) by the MIIT</p>

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Incorporation of our Company

On November 11, 2011, the predecessor of our Company, Beijing Shougang LanzaTech New Energy Technology Co., Ltd. (北京首鋼朗澤新能源科技有限公司), was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB86 million. As of the date of its establishment, our Company was owned as to 51% by Shougang Group, 30% by LanzaTech Hong Kong and 19% by Shougang Tangming (Auckland) Corporation Limited. The then 30% capital contribution to the Company was made by

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

LanzaTech Hong Kong by way of granting a licence to the Company for the use of various intellectual property rights. Please refer to “Business — Research and Development — Licensing Agreements with LanzaTech Group” for further details.

2. Equity Transfer in March 2012 and Capital Increase in May 2015 and September 2016

On January 30, 2012, Shougang Tangming (Auckland) Corporation Limited entered into an equity transfer agreement with NZ Tang Ming, pursuant to which Shougang Tangming (Auckland) Corporation Limited transferred its entire 19% equity interest in our Company, representing RMB16.34 million of the registered capital, to NZ Tang Ming for nil consideration and NZ Tang Ming assumed Shougang Tangming (Auckland) Corporation Limited’s obligation of capital contribution to the Company and paid the registered capital of such transferred equity interest in the amount of RMB16.34 million in full on April 20, April 24 and May 2, 2012.

On May 4, 2015, the registered capital of our Company was increased from RMB86 million to RMB129 million, with the additional RMB43 million subscribed at par value by Shougang Group and NZ Tang Ming for RMB29.67 million and RMB13.33 million, respectively. Such subscriptions were settled on September 16, 2015 and December 16, 2015 by Shougang Group and NZ Tang Ming, respectively.

On September 9, 2016, the registered capital of our Company was increased from RMB129 million to RMB161.96 million, with the additional RMB32.96 million subscribed by Caofeidian Fund at a consideration of RMB115 million. The premium amount of RMB82.04 million was credited to the capital reserve of our Company. Such subscription was settled on June 30, 2016.

3. Equity Transfer and Capital Increase in February 2018

Pursuant to an equity transfer agreement dated July 21, 2017, NZ Tang Ming transferred 3.294% equity interest in our Company after the capital increase after February 2018, representing RMB6,478,400 of the registered capital, to Shanghai Dehui Group Co., Ltd. (上海德匯集團有限公司) (“**Shanghai Dehui**”) at a consideration of RMB28 million. The consideration was settled on February 28, 2018.

On February 9, 2018, the registered capital of our Company was increased from RMB161.96 million to RMB196,665,600, with the additional RMB34,705,600 subscribed by Shanghai Dehui at a consideration of RMB150 million. The premium amount of RMB115,294,400 was credited to the capital reserve of our Company. Such subscription was settled on August 3, 2017.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

4. Capital Increase in March 2020

On March 26, 2020, the registered capital of our Company was increased from RMB196,665,600 to RMB231,576,600, which was subscribed by the following subscribers.

Subscriber	Settlement Date	Registered Share Capital Subscribed	Consideration
		(RMB)	(RMB)
Shanghai Dehui	July 15, 2020	13,964,400	120,000,000
NZ Tang Ming	May 7, 2020	3,083,800	26,500,000
Mitsui & Co., Ltd.	May 7, 2020	6,982,200	60,000,000
Tang Ming Group Limited (“Tang Ming Hong Kong”)	May 7, 2020	3,491,100	30,000,000
Zhuhai Jinsheng Youxuan Yihao Equity Investment Fund Partnership (Limited Partnership) (珠海今晟優選壹號股權投 資基金合夥企業(有限合夥)) (“Zhuhai Jinsheng”)	March 27, 2020	3,491,100	30,000,000
Beijing Jiayeyuan	July 21, 2020	2,734,700	23,500,000
Qingdao Baiwei Zhihe Investment Co., Ltd. (青島佰偉智合投資有限公司) (“Qingdao Baiwei Zhihe”)	May 8, 2020	1,163,700	10,000,000
Total¹		<u>34,911,000</u>	<u>300,000,000</u>

Note:

- (1) The difference between the consideration paid and registered share capital subscribed, being RMB265,089,000, was credited to the capital reserve of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

5. Capital Increase in April 2021

On April 20, 2021, the registered capital of our Company was increased from RMB231,576,600 to RMB257,754,800, which was subscribed by the following subscribers.

Subscribers	Full Settlement Date	Registered Share Capital Subscribed	Consideration
		(RMB)	(RMB)
Ruihong Investment (Pingtan) Partnership (Limited Partnership) (睿泓投資(平潭)合夥企業(有限合夥)) ("Ruihong Investment")	May 25, 2021	20,137,100	200,000,000
Guangzhou Fanmei New Energy Partnership (Limited Partnership) (廣州市泛美新能源合夥企業(有限合夥)) ("Guangzhou Fanmei")	May 25, 2021	6,041,100	60,000,000
Total¹		26,178,200	260,000,000

Note:

- (1) The difference between the consideration paid and registered share capital subscribed, being RMB233,821,800, was credited to the capital reserve of the Company.

6. Equity Transfers from November 2020 to June 2021

From November 2020 to June 2021, the following equity transfers were made by certain then Shareholders:

Date of Equity Transfer Agreement(s)	Transferor	Transferee	Registered Share Capital Transferred	Consideration
			(RMB)	(RMB)
November 23, 2020 and April 28, 2021	Shanghai Dehui	Shanghai Mingda Industry (Group) Co., Ltd. (上海 銘大實業(集團)有限公司) ("Shanghai Mingda Industry")	42,518,400	379,401,100

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Date of Equity Transfer Agreement(s)	Transferor	Transferee	Registered Share Capital Transferred (RMB)	Consideration (RMB)
April 20, 2021	Caofeidian Fund	Pingyang Puyi Investment Partnership (Limited Partnership) (平陽樸毅投 資合夥企業(有限合夥)) ("Pingyang Puyi")	8,101,800	70,000,000
May 26, 2021	Caofeidian Fund	Guangxi Guofu Yonglang Venture Capital Partnership (Limited Partnership) (廣西國富永 朗創業投資合夥企業(有 限合夥)) ("Guofu Yonglang")	9,259,200	80,000,000
June 22, 2021	Caofeidian Fund	Mitsui & Co., Ltd.	5,787,000	50,000,000

7. Conversion into a Joint Stock Limited Company

Pursuant to the shareholders' resolutions on November 5, 2021, and the promoters' agreement dated October 13, 2021, the then existing Shareholders of our Company agreed to covert our Company into a joint stock limited liability company with a registered capital of RMB257,754,800. According to the audit report issued by Da Hua Certified Public Accountants LLP on August 6, 2021, the audited net asset value of our Company as of May 31, 2021 amounted to RMB889,385,375.17, of which (i) RMB257,754,800 had been converted into 257,754,800 Shares of RMB1.00 par value each, which were subscribed by and issued to the then Shareholders of our Company in proportion to their respective equity interest in our Company; and (ii) the remaining amount of RMB631,630,575.17, was converted to capital reserve of our Company. Upon the completion of registration with the Shijingshan District Bureau of Market Supervision and Administration of Beijing Municipality (北京市石景山區市場監督管理局) on November 12, 2021, our Company was converted into a joint stock company with limited liability and renamed as Beijing Shougang LanzaTech Technology Co., Ltd. (北京首鋼朗澤科技股份有限公司).

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Immediately after the conversion into a joint stock company, the Company was held by the following shareholders who acted as promoters for the purpose of the stock conversion of our Company. The information of our promoters is set forth as follows:

Shareholders	Number of Shares	Approximately Shareholding Percentage (%)
Shougang Group	73,530,000	28.53
Shanghai Mingda Industry	42,518,400	16.50
NZ Tang Ming	26,275,400	10.19
LanzaTech Hong Kong	25,800,000	10.01
Ruihong Investment	20,137,100	7.81
Mitsui & Co., Ltd.	12,769,200	4.95
Shanghai Dehui	12,630,000	4.90
Caofeidian Fund	9,812,000	3.81
Guofu Yonglang	9,259,200	3.59
Pingyang Puyi	8,101,800	3.14
Guangzhou Fanmei	6,041,100	2.34
Tang Ming Hong Kong	3,491,100	1.35
Zhuhai Jinsheng	3,491,100	1.35
Beijing Jiayeyuan	2,734,700	1.06
Qingdao Baiwei Zhihe	1,163,700	0.45
Total	<u>257,754,800</u>	<u>100.00</u>

8. Capital Increase in May 2022

On May 12, 2022, the registered capital of our Company was increased from RMB257,754,800 to RMB277,086,400, which was subscribed by the following subscribers.

Subscribers	Full Settlement Date	Registered Share Capital Subscribed (RMB)	Consideration (RMB)
Shanghai Guoping Private Equity Investment Fund Partnership (Limited Partnership) (上海國珲私募投資基金合 夥企業(有限合夥)) (“Shanghai Guoping”)	April 29, 2022	5,735,100	89,000,000

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Subscribers	Full Settlement Date	Registered Share Capital Subscribed (RMB)	Consideration (RMB)
Jiaxing Guoxing Equity Investment Partnership (Limited Partnership) (嘉興國理股權投資合夥企業(有限合夥)) (“Jiaxing Guoxing”)	April 29, 2022	3,930,800	61,000,000
Binhe SIC	April 29, 2022	3,221,900	50,000,000
Jiaxing Tianchen Venture Capital Partnership (Limited Partnership) (嘉興添辰創業投資合夥企業(有限合夥)) (“Jiaxing Tianchen”)	April 29, 2022	3,221,900	50,000,000
Ningbo Meishan Bonded Logistics Park Jinxin Kaiying Investment Partnership (Limited Partnership) (寧波梅山保稅港區金信凱盈投資合夥企業(有限合夥)) (“Jinxin Kaiying”)	April 29, 2022	3,221,900	50,000,000
Total¹		19,331,600	300,000,000

Note:

- (1) The difference between the consideration paid and registered share capital subscribed, being RMB280,668,400, was credited to the capital reserve of the Company.

9. Capital Increase in June 2022

On May 25, 2022, the then Shareholders of our Company resolved to increase the registered capital of the Company out of the capital reserve of the Company in the amount of RMB82,913,600 on pro rata basis according to the shareholding ratios of the existing Shareholders. After the completion of the capital increase, the registered capital of our Company increased to RMB360 million.

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The following table sets out our shareholding structure (a) as of the date of this prospectus and (b) immediately upon the completion of the Global Offering and the Conversion of Unlisted Shares, assuming the Over-allotment Option is not exercised:

Shareholders	Number of Shares held by the Shareholder as of the date of this prospectus	Ownership percentage as of the date of this prospectus	Number of Shares upon completion of the Global Offering ⁽¹⁾		Aggregate ownership percentage upon completion of the Global Offering ⁽¹⁾
			Unlisted Shares	H Shares ⁽²⁾	
Shougang Group	95,532,658	26.54%	95,532,658	—	25.13%
Shanghai Mingda Industry and Shanghai Dehui ⁽³⁾ . . .	71,650,662	19.90%	35,650,662	36,000,000	18.85%
NZ Tang Ming	34,137,886	9.48%	—	34,137,886	8.98%
LanzaTech Hong Kong . . .	33,520,231	9.31%	—	33,520,231	8.82%
Ruihong Investment	26,162,800	7.27%	—	26,162,800	6.88%
Mitsui & Co., Ltd.	16,590,175	4.61%	—	16,590,175	4.36%
Caofeidian Fund	12,748,081	3.54%	—	12,748,081	3.35%
Guofu Yonglang	12,029,865	3.34%	—	12,029,865	3.16%
Pingyang Puyi	10,526,132	2.92%	—	10,526,132	2.77%
Guangzhou Fanmei	7,848,801	2.18%	—	7,848,801	2.06%
Tang Ming Hong Kong . . .	4,535,755	1.26%	—	4,535,755	1.19%
Zhuhai Jinsheng	4,535,755	1.26%	2,267,877	2,267,878	1.19%
Beijing Jiayeyuan	3,553,015	0.99%	—	3,553,015	0.93%
Qingdao Baiwei Zhihe . . .	1,511,918	0.42%	—	1,511,918	0.40%
Shanghai Guoping	7,451,235	2.07%	—	7,451,235	1.96%
Jiaxing Guoxing	5,107,028	1.42%	—	5,107,028	1.34%
Binhe SIC	4,186,001	1.16%	—	4,186,001	1.10%
Jiaxing Tianchen	4,186,001	1.16%	—	4,186,001	1.10%
Jinxin Kaiying	4,186,001	1.16%	—	4,186,001	1.10%
Investors taking part in the Global Offering	—	—	—	20,159,800	5.30%
Total	360,000,000	100.00%	133,451,197	246,708,603	100.00%

Notes:

- (1) Assuming the Over-allotment Option is not exercised.
- (2) The number of H Shares upon Listing represent (i) in respect of the existing Shareholders, the number of H Shares as converted from Unlisted Shares under the Conversion of Unlisted Shares into H Shares, and (ii) in respect of the public Shareholders, the number of H Shares to be issued pursuant to the Global Offering.
- (3) Shanghai Dehui is an associate of Shanghai Mingda Industry under the Listing Rules. For further details, please refer to “— Pre-IPO Investments — 4. Information about our Pre-IPO Investors — Shanghai Mingda Industry and Shanghai Dehui”.

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OUR SUBSIDIARIES

As of the Latest Practicable Date, our Company had a total of five subsidiaries. The information about our subsidiaries are shown below.

Name of principal subsidiary	Place of incorporation	Registered share capital (RMB)	Date of incorporation	Principal business activities	Effective percentage of interest held by the Group as of the Latest Practicable Date
Hebei Shoulang . .	PRC	200 million	January 30, 2015	R&D, manufacturing and sales of ethanol and protein	100%
Shoulang Jiyuan . .	PRC	200 million	May 16, 2019	R&D, manufacturing and sales of ethanol and protein	58% ⁽¹⁾
Ningxia Binze . . .	PRC	220 million	November 11, 2020	R&D, manufacturing and sales of ethanol and protein	51% ⁽²⁾
Guizhou Jinze . . .	PRC	200 million	September 28, 2020	R&D, manufacturing and sales of ethanol and protein	51% ⁽³⁾
Shoulang Biotechnology . .	PRC	50 million	October 27, 2016	R&D and sales of protein	100%

Notes:

- (1) As of the Latest Practicable Date, Hainan Jiyuan Junyi Biotechnology Co., Ltd (海南吉元君熠生物科技有限公司), a connected person at the subsidiary level of the Company, held 42% of the equity interest of Shoulang Jiyuan.
- (2) As of the Latest Practicable Date, Ningxia Binze was owned by Xindeze (Shenzhen) Investment Partnership (Limited Partnership) (鑫德澤(深圳)投資合夥企業(有限合夥)), a connected person at the subsidiary level of the Company, Binhe SIC, one of our Pre-IPO Investors and an Independent Third Party, and Ningyuan New Materials, an Independent Third Party, as to approximately 34.91%, 9.09% and 5.00%, respectively.
- (3) As of the Latest Practicable Date, Guizhou Jinze was owned by Jinyuan Suiyang, a connected person at the subsidiary level of the Company, and Mitsui & Co., Ltd., one of our Pre-IPO Investors and our connected person at the subsidiary level of the Company, as to 36% and 13%, respectively.

No special rights were granted to any minority shareholders of any of our subsidiaries.

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MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

On March 31, 2023, Hebei Shoulang, a wholly-owned subsidiary of the Company, entered into an asset transfer agreement with Shougang Jingtang, an associate of our Controlling Shareholder Shougang Group, pursuant to which Hebei Shoulang agreed to transfer the ownership of certain buildings of our Hebei Shoulang Phase I production facility to Shougang Jingtang at a consideration of RMB54,292,093.40, which was determined with reference to the appraised value of such buildings as assessed by China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), an independent valuer. The consideration was settled on October 18, 2023. Prior to the asset transfer, Hebei Shoulang held the ownership of certain buildings but not the respective land use right. These buildings were located in the production zone owned by Shougang Jingtang, which we leased the land from Shougang Jingtang since 2015. We considered that an integration of buildings and the respective land use right would enhance the asset stability as real estate ownership certificates could be obtained thereafter. Since Shougang Jingtang owned the surrounding land of these buildings, we could only transfer the buildings to Shougang Jingtang instead of purchasing the land from Shougang Jingtang to achieve the integration. We recorded a gain on disposal of approximately RMB1.6 million on our Group's consolidated financial statement for the year ended December 31, 2023.

On the same date, Hebei Shoulang entered into a lease agreement with Shougang Jingtang in relation to these buildings with the following material terms:

Lease term: from April 1, 2023 to January 29, 2035.

Rent: an annual rent of RMB2,944,689.49 (exclusive of tax).

Termination: Unless the lease agreement cannot be continued due to force majeure or otherwise agreed in the lease agreement, neither party may terminate the lease agreement without mutual consents of both parties.

Other: It is agreed that Hebei Shoulang shall continue to lease the buildings upon the expiry of the lease term. Parties may enter into a supplemental agreement if there are any outstanding issues in the lease agreement.

Our Directors are of the view that the likelihood of termination of lease by Shougang Jingtang is low for the following reasons:

- (i) Shougang Jingtang is bound by the lease agreement and Shougang Jingtang cannot terminate this lease agreement without our consent, unless the lease agreement cannot be continued due to force majeure or otherwise agreed in the lease agreement;
- (ii) The buildings were built and designed for the use of our Hebei Shoulang phase I production facility, and it is unlikely that Shougang Jingtang can source another lessee; and

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- (iii) Shougang Jingtang does not possess our skills and technology, and thus they cannot use the buildings if they are not leased to us.

As advised by our PRC Legal Advisor, the aforesaid asset transfer has been properly and legally settled and completed, and necessary internal decision-making procedures have been fulfilled. To the best of our Directors information and knowledge after making reasonable enquiries, there was no material pending litigation or unresolved non-compliance relating to the relevant buildings being transferred to Shougang Jingtang as of the Latest Practice Date.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not conducted any major acquisitions, disposals or mergers that we consider to be material to us.

CONCERT PARTY ARRANGEMENT

Pursuant to the concert party agreements (the “**Concert Party Agreements**”) dated February 26, 2020 and December 21, 2022 entered into by and between Shougang Group and NZ Tang Ming (each a “**Concert Party**” and collectively, the “**Concert Parties**”), the Concert Parties acknowledged that (i) they shall consult each other in respect of the decision making relating to the business operation and corporate governance of the Company and reach consensus before voting unanimously at the general meetings or board meetings of the Company, and (ii) where consensus cannot be reached between the parties, NZ Tang Ming shall follow the instruction of Shougang Group. The Concert Party Agreements will not terminate until, whichever is the earlier: (i) all parties thereto agree in writing to terminate such agreement, or (ii) (as to such party) a party no longer directly or indirectly hold any Shares of the Company.

EMPLOYEE SHAREHOLDING PLATFORM

In order to fully leverage the talent, technological innovation, business, and industry advantages of our Company and to incentivize our management and employees to further promote our development, we have adopted an employee shareholding scheme in accordance with the Opinions on the Pilot Program of Employee Shareholding in State-controlled Mixed-ownership Enterprises (《關於國有控股混合所有制企業開展員工持股試點的意見》), and with the approval of Beijing SASAC, Beijing Jiayeyuan has been established as our employee shareholding platform in the PRC.

Beijing Jiayeyuan was established in the PRC as a limited partnership on July 22, 2019. As of the Latest Practicable Date, there were one general partner and 38 limited partners. The general partner of Beijing Jiayeyuan is Chao Wei (晁偉), our deputy general manager, which held 11.06% of the economic interest in Beijing Jiayeyuan. Except for Beijing Xinjiayuan Science and Technology Partnership (Limited Partnership) (北京新嘉源科技合夥企業(有限合夥)) (“**Beijing Xinjiayuan**”), all of the limited partners are current employees of the Group. Beijing Xinjiayuan, as one of the limited partners of Beijing Jiayeyuan, was owned as to approximately 0.43% by Mr. Song Qingkun (宋慶坤), our deputy general manager, as the

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general partner, and the remaining approximately 99.57% by 26 employees of our Group, as limited partners. The voting rights of the Shares held by Beijing Jiayeyuan are controlled and exercisable by its general partner. As of the Latest Practicable Date, Beijing Jiayeyuan held 0.99% of the issued share capital of our Company.

PREVIOUS LISTING PLAN

To explore the opportunity of establishing a capital market platform in the A-share market, the Company entered into a tutoring agreement with Zhong De Securities Co., Ltd. (中德證券有限責任公司) (“**Zhong De**”), a qualified sponsor, as the tutoring institution to provide guidance and preliminary compliance advice on the requirements of the CSRC and the Shanghai Stock Exchange. In November 2022, Zhong De made a preliminary filing (上市輔導備案) with the Beijing Supervisory Commission of the CSRC (中國證券監督管理委員會北京監管局), which did not constitute a formal listing application with the CSRC as confirmed by our PRC Legal Advisor. On June 21, 2023, Zhong De received the Letter Regarding the Completion of Inspection and Acceptance Work for Tutoring Work by Zhong De from Beijing Supervisory Commission of the CSRC (the “**Completion of Inspection Letter**”). Pursuant to the Completion of Inspection Letter, Beijing Supervisory Commission of the CSRC confirmed that they finished the inspection and acceptance of the tutoring work in relation to the application for public offering and listing on the STAR Market of the Shanghai Stock Exchange of the Company and the Completion of Inspection Letter was valid until June 20, 2024. We submitted the A-share listing application to the Shanghai Stock Exchange on June 24, 2023. Subsequent to the submission and up to the Latest Practicable Date, we had not received any acceptance notice or enquiries from the Shanghai Stock Exchange. We voluntarily submitted a letter of request to withdraw the said listing application to the Shanghai Stock Exchange on July 27, 2023, considering the then development of onshore and global capital markets and uncertainties regarding the timetable of an onshore A-share listing which may hinder our ability to capitalize on a window of opportunity. Furthermore, we observed that ESG considerations were increasingly capturing the interest of the Hong Kong market, aligning more closely with the Company’s business focus on ESG. As advised by our PRC Legal Advisor, since the Company did not receive any notice on the supplementary application (補正通知) or any comments from the CSRC or the Shanghai Stock Exchange, there is no indication that the Company did not receive the acceptance notice because application materials was not substantially complete or due to any other regulatory concerns. Since (i) the validity of the Completion of Inspection Letter had expired, (ii) the Company plans to further expand to global business, and (iii) the Company considers that the Hong Kong Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas investors, the Company decided to pursue a Listing in Hong Kong.

No material findings or issues have been identified by the professional parties (including sponsor, accountant and legal adviser) in relation to the preparation for the A-Share listing plan during the due diligence or tutoring processes of Zhong De. During the period in preparation for the A-share listing plan, we also did not encounter any disagreements with the professional

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parties, the CSRC or the Shanghai Stock Exchange. During the tutoring period and up to the Latest Practicable Date, we have not received any material comments or inquiries from the CSRC or the Shanghai Stock Exchange.

Our Directors, to the best of their knowledge, information and belief, and the Sole Sponsor concurs that, are not aware of any other matters relating to the A-share listing plan that may affect the Company's suitability for listing on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange and investors.

Share Option Scheme

The Board approved on June 20, 2023 a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the Group's operations, granting a total of 10,620,000 stock options to 73 eligible participants, including senior management, mid-level managers and other employees of the Group. As we were contemplating an A-share listing on the STAR Market of the Shanghai Stock Exchange at that time, the Share Option Scheme stipulates that the share options are exercisable upon the regulatory approval on issuance of A shares from the China Securities Regulatory Commission by December 31, 2024. The participants have the right to subscribe new A shares of the Company at the exercise price of RMB12.02 per share upon the satisfaction of the vesting condition. As no such regulatory approval was received by December 31, 2024, the vesting condition was not fulfilled and all of the share options under the Share Option Scheme were lapsed. Pursuant to the terms of the Share Option Scheme, the Share Option Scheme shall be terminated if the Company does not obtain the regulatory approval on issuance of A shares from the China Securities Regulatory Commission by December 31, 2024. As such, the Share Option was terminated and no shares of the Company will be issued pursuant to the Share Option Scheme.

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PRE-IPO INVESTMENTS

1. Overview

We underwent the following rounds of pre-IPO investments, details of which are set forth below.

No.	Round	Subscription Method	Date of Investment	The last settlement date in the relevant round of investment	Subscriber ⁽¹⁾	Investment Consideration	Total Funds Raised	Post-money Valuation (approximately) ⁽²⁾	Cost per Share ⁽³⁾	Discount to the Offer Price ⁽⁴⁾
1 . . .	Series A	Subscription of registered share capital by cash	June 29, 2016	June 30, 2016	Caofeidian Fund	RMB115 million	RMB115 million	RMB565 million	RMB2.69	82.38%
2 . . .	Series B	Share transfer from existing shareholders	July 21, 2017	February 28, 2018	Shanghai Dehui	RMB28 million	RMB150 million	RMB850 million	RMB3.33	78.17%
		Subscription of registered share capital by cash	February 5, 2018		Shanghai Dehui	RMB150 million				
3 . . .	Series C	Subscription of registered share capital by cash	February 26, 2020	July 21, 2020	Shanghai Dehui	RMB120 million	RMB300 million	RMB1,990 million	RMB6.61	56.60%
					NZ Tang Ming	RMB26.5 million				
					Mitsui & Co., Ltd.	RMB60 million				
					Tang Ming Hong Kong	RMB30 million				
					Zhuhai Jinsheng	RMB30 million				
					Beijing Jiayeyuan	RMB23.5 million				
					Qingdao Baiwei Zhife	RMB10 million				

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No.	Round	Subscription Method	Date of Investment	The last settlement date in the relevant round of investment	Subscriber ⁽¹⁾	Investment Consideration	Total Funds Raised	Post-money Valuation (approximately) ⁽²⁾	Cost per Share ⁽³⁾	Discount to the Offer Price ⁽⁴⁾
4 . . .	Series C+	Subscription of registered share capital by cash	March 30, 2021	December 18, 2021	Ruihong Investment	RMB200 million	RMB260 million	RMB2,560 million	RMB7.64	49.84%
		Share transfer from existing shareholders	November 23, 2020 and April 28, 2021		Guangzhou Fanmei Shanghai Mingda Industry	RMB60 million RMB379.4 million			RMB6.87	54.93%
		Share transfer from existing shareholders	April 20, 2021		Pingyang Puyi	RMB70 million			RMB6.65	56.36%
		Share transfer from existing shareholders	May 26, 2021		Guofu Yonglang	RMB80 million			RMB6.65	56.36%
		Share transfer from existing shareholders	June 22, 2021		Mitsui & Co., Ltd.	RMB50 million			RMB6.65	56.36%
5 . . .	Series Pre-IPO	Subscription of registered share capital by cash	April 8, 2022	April 29, 2022	Shanghai Guoping	RMB89 million	RMB300 million	RMB4,300 million	RMB11.94	21.62%
					Jiaxing Guoxing Binhe SIC	RMB61 million RMB50 million				
					Jiaxing Tianchen Jinxin Kaiping	RMB50 million RMB50 million				

Notes:

- (1) For further details on the Pre-IPO subscribers, please refer to “— Pre-IPO Investments — 4. Information about our Pre-IPO Investors”.
- (2) Post-money valuation equals the valuation of the Company immediately following the respective investment.
- (3) The cost per Share paid by the Pre-IPO Investors was calculated based on the amount of investment made by the relevant Pre-IPO Investors and number of Shares held by them immediately before the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares.
- (4) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$16.69 per Offer Share, being the mid-point of the indicative Offer Price range.

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2. Other Principal Terms of the Pre-IPO Investments

Basis of determination of the valuation and consideration	The considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation amongst the respective Pre-IPO Investors and our Group or the then existing shareholders, as applicable, after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the status of our business operations, financial performance of our Group, and the prospectus of our business.
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months from the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them.
Use of proceeds from the Pre-IPO Investments . . .	As of the Latest Practicable Date, we have fully utilized the net proceeds from the Pre-IPO Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes.
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the relevant Pre-IPO Investments, our Directors were of the view that (i) the Pre-IPO Investments would strengthen our shareholder base; (ii) our Group could benefit from the additional funds provided by the Pre-IPO Investors' investments in our Group and the knowledge and experience of the Pre-IPO Investors; (iii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group; and (iv) the Pre-IPO Investments would empower corporate development and our accelerate technology promotion.
Special Rights	No special right was granted by our Company to any of the Pre-IPO Investors.

3. Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was irrevocably settled more than 28 clear days before the date of our first submission of the listing application to the Stock Exchange; and (ii) no special right was granted by our Company to any of the Pre-IPO Investors, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the guidance set out in Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange.

4. Information about our Pre-IPO Investors

The background information of our Pre-IPO Investors is set out below.

Caofeidian Fund

Caofeidian Fund is a limited partnership established in the PRC on June 6, 2016, which is a private equity investment fund managed by its general partner, Shoucheng Rongshi. As of the Latest Practicable Date, Caofeidian Fund was owned as to approximately 3.00% by Shoucheng Rongshi, 72.00% by Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司) (“**Shougang Fund**”) and 25.00% by Hebei Jicai Industry Guidance Equity Investment Fund Co., Ltd. (河北省冀財產業引導股權投資基金有限公司) (“**Hebei Jicai**”). Caofeidian Fund is principally engaged in equity investment. Shoucheng Rongshi is a limited liability company established in the PRC and is in turn wholly-owned by Shoucheng Holdings Limited (首程控股有限公司), a company listed on the Stock Exchange (stock code: 0697). Shoucheng Rongshi is principally engaged in private fund management services. Shougang Fund is a limited liability company established in the PRC, which is wholly-owned by Shougang Group, one of our Controlling Shareholders, and ultimately owned by Beijing SASAC. Shougang Fund is private equity investment fund dedicating to investing in infrastructure, ESG, biotech, culture and sports, financial services and real estate sectors. Hebei Jicai is a limited liability company established in the PRC and is ultimately controlled by the Department of Finance of Hebei Province. Hebei Jicai is principally engaged in equity investment.

Shanghai Mingda Industry and Shanghai Dehui

Shanghai Mingda Industry is a limited liability company established in the PRC on December 26, 2002 and was owned as to 50% by Chen Dehua (陳德華), 30% by Wang Miao (汪淼), 10% by Xu Yan (徐艷) and 10% by Jiang Wei (姜蔚) as of the Latest Practicable Date, each an Independent Third Party. Shanghai Mingda Industry is principally engaged in industrial investment.

Shanghai Dehui is a limited liability company established in the PRC on April 23, 2001 and was owned as to approximately 63.64% by Xue Jiayu (薛加玉), the spouse of Chen Dehua, 21.82% by Wei Dong (魏冬), 9.09% by Chen Xiaodong (陳曉東) and 5.45% by Kong Liuliu (孔劉柳) as of the Latest Practicable Date, each an Independent Third Party. Shanghai Dehui is principally engaged in scientific and innovative investment.

NZ Tang Ming

NZ Tang Ming is a limited liability company incorporated under the laws of New Zealand on September 2, 2011, one of our Controlling Shareholders, which is principally engaged in equity investment. As of the Latest Practicable Date, NZ Tang Ming was owned as to 65.57% by Ms. Dong, our executive Director, 30.89% by Shouye Xinyuan and 3.54% by Ms. Ye. Shouye Xinyuan is a subsidiary of Beijing Changfazhan Assets Operation And Management

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Company Limited (北京昌發展產業運營管理股份有限公司), which is listed on NEEQ (Stock code: 873943) and it is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Changping District.

Tang Ming Hong Kong

Tang Ming Hong Kong is a limited company incorporated in Hong Kong on April 29, 2019 and engaged in equity investment. As of the Latest Practicable Date, Tang Ming Hong Kong was wholly-owned by Harmony Success Group Limited, a family trust established by Chan Allie as settlor for the benefit of her children Tiffany You, Emily You, Jack Yishun Yan, Jessica Yija Yan, of which FUNG YU TRUST SERVICES (HONG KONG) LIMITED and OVERSEAS TRUSTEES COMPANY LIMITED are trustees. To the best knowledge of our Directors, each of the shareholder, beneficial owners, the settlor and trustees of Tang Ming Hong Kong is an Independent Third Party.

Mitsui & Co., Ltd.

Mitsui & Co., Ltd. is a corporation incorporated under the laws of Japan on July 25, 1947. As of September 30, 2024, its shares are listed in the Tokyo Stock Exchange, the Nagoya Stock Exchange, the Sapporo Securities Exchange and the Fukuoka Stock Exchange. Mitsui & Co., Ltd.'s major business areas are Mineral and Metal Resources, Energy, Infrastructure Projects, Mobility, Chemicals, Iron and Steel Products, Food, Food and Retail Management, Wellness, IT and Communication Business and Corporate Development Business. Mitsui & Co., Ltd. is a substantial shareholder (holding 13% interest) in Guizhou Jinze (one of our subsidiaries) and a core connected person of the Company.

Zhuhai Jinsheng

Zhuhai Jinsheng is a limited partnership established in the PRC on December 18, 2018, which is a private equity investment fund managed by its general partner, Shenzhen Jinsheng Equity Investment Management Co., Ltd. (深圳今晟股權投資管理有限公司) (“**Shenzhen Jinsheng**”), a limited liability company ultimately controlled by Yang Wulin (楊梧林). As of the Latest Practicable Date, Zhuhai Jinsheng was owned as to approximately 62.42% by Cheng Xiaoyu (成曉雨), 37.45% by Liu Jun (劉軍) and 0.13% by Shenzhen Jinsheng, each an Independent Third Party. Zhuhai Jinsheng is principally engaged in equity investment.

Qingdao Baiwei Zhihe

Qingdao Baiwei Zhihe is a limited liability company established in the PRC on June 25, 2019 and was owned as to 46.00% by Haomai Technology (Shenzhen) Co., Ltd. (灝邁科技(深圳)有限公司) (“**Haomai Technology**”), 23.00% by Qingdao Baiwei Yingge Biotech Co., Ltd. (青島佰偉英格生物科技有限公司), 15.00% by Ye Yanzhen (葉彥臻), 15.00% by Qingdao Lanse Zhiku Management Consulting Co., Ltd. (青島藍色智庫管理諮詢有限公司) and 1.00% by Zhu Lin (朱琳) as of the Latest Practicable Date. Haomai Technology is a limited liability

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company established in the PRC and is ultimately controlled by MAI SIWEI. To the best knowledge of our Directors, each shareholder of Qingdao Baiwei Zhihe is an Independent Third Party. Qingdao Baiwei Zhihe is principally engaged in equity investment and investment consulting.

Pingyang Puyi

Pingyang Puyi is a limited partnership established in the PRC on February 1, 2018 and is managed by its general partner, Shanghai Tianzhun Private Equity Fund Management Co., Ltd. (上海天准私募基金管理有限公司) (“**Shanghai Tianzhun**”), a limited liability company ultimately controlled by You Xiaoping (尤小平). As of the Latest Practicable Date, Pingyang Puyi is owned as to approximately 36.36% by Zhou Quan (周全), 36.36% by Huaфон Group Co., Ltd. (華峰集團有限公司) (“**Huaфон Group**”), 13.64% by Chen Xu (陳旭), 9.09% by Shanghai Tianzhun and 4.55% by You Feihuang (尤飛煌). Huaфон Group is a limited liability company established in the PRC, which is ultimately owned as to 79.63% by You Xiaoping. To the best knowledge of our Directors, each partner of Pingyang Puyi is an Independent Third Party. Pingyang Puyi is principally engaged in industrial investment, asset management and consulting services.

Guofu Yonglang

Guofu Yonglang is a limited partnership established in the PRC on May 11, 2021, which is a private equity investment fund, whose general partners are Guangxi Guofu Rongtong Equity Investment Fund Management Co., Ltd. (廣西國富融通股權投資基金管理有限公司) (“**Guofu Rongtong**”) and Shanghai Shuangzhengjia Business Information Consulting Center (上海雙正嘉商務信息諮詢中心) (“**Shanghai Shuangzhengjia**”). Guofu Rongtong is a limited liability company ultimately controlled by Guangxi Zhuang Autonomous Region Government, and Shanghai Shuangzhengjia is wholly-owned by Qiu Liyu (邱勵予). As of the Latest Practicable Date, Guofu Yonglang had five limited partners, and except for Qiu Liyu (邱勵予), none of the limited partners of Guofu Yonglang held more than 30% economic interest in it. To the best knowledge of our Directors, each partner of Guofu Yonglang is an Independent Third Party. Guofu Yonglang is principally engaged in venture capital investment.

Ruihong Investment

Ruihong Investment is a limited partnership established in the PRC on October 27, 2020, which is a private equity investment fund managed by its general partner, Fujian Guancheng Asset Management Co., Ltd. (福建冠城資產管理有限公司), a limited liability company ultimately controlled by Xue Lixi (薛黎曦). As of the Latest Practicable Date, Ruihong Investment had five limited partners and was owned as to approximately 54.30% by Hongsheng Investment (Pingtan) Partnership Enterprise (Limited Partnership) (泓盛投資(平潭)合夥企業(有限合夥)) as the largest limited partner, which was ultimately controlled by Chen Ya (陳雅). None of the other limited partners of Ruihong Investment held more than 30% economic interest in it. To the best knowledge of our Directors, each partner of Ruihong Investment is an Independent Third Party. Ruihong Investment is principally engaged in investment activities.

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Guangzhou Fanmei

Guangzhou Fanmei is a limited partnership established in the PRC on August 6, 2020, whose general partner is Guangzhou Fanmei Enterprise Management Co., Ltd. (廣州市泛美企業管理有限公司) (“**Fanmei Enterprise Management**”), a limited liability company owned by Liu Ying and Ye Xilian as to 60.50% and 39.50%, respectively. As of the Latest Practicable Date, Guangzhou Fanmei was owned as to 60.20% by Liu Ying (劉英), 39.30% by Ye Xilian (葉細廉) and 0.50% by Fanmei Enterprise Management. Each Liu Ying and Ye Xilian is an Independent Third Party. Guangzhou Fanmei is principally engaged in gas operation.

Shanghai Guoping

Shanghai Guoping is a limited partnership established in the PRC on November 23, 2021, which is a private equity investment fund, whose general partner is Ningbo Zhongping Enterprise Management Co., Ltd. (寧波仲平企業管理有限公司) (“**Ningbo Zhongping**”), a limited liability company ultimately controlled by Wang Kaiguo (王開國). As of the Latest Practicable Date, Shanghai Guoping was owned as to approximately 97.53% by Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), 2.44% by Yangzhou Guolang Equity Investment Partnership Enterprise (Limited Partnership) (揚州國朗股權投資合夥企業(有限合夥)) and 0.03% by Ningbo Zhongping. Ping An Life Insurance Company of China, Ltd. is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) whose shares are listed both on the Shanghai Stock Exchange (stock code: 601318) and the Stock Exchange (stock code: 2318). To the best knowledge of our Directors, each partner of Shanghai Guoping is an Independent Third Party. Shanghai Guoping is principally engaged in equity investment.

Jiaxing Guoxing

Jiaxing Guoxing is a limited partnership established in the PRC on October 14, 2021, which is a private equity investment fund, whose general partner is Shanghai Zhongping Guoyu Asset Management Co., Ltd. (上海中平國瑀資產管理有限責任公司), a limited liability company ultimately controlled by Wang Kaiguo (王開國). As of the Latest Practicable Date, Jiaxing Guoxing had 14 limited partners and was owned as to approximately 32.76% by Dong Anfeng (董安峰) as the largest limited partner. None of the other limited partners of Jiaxing Guoxing held more than 30% economic interest in it. To the best knowledge of our Directors, except for our non-executive Director Wu Bin who held approximately 3.12% economic interest in Jiaxing Guoxing, each partner of Jiaxing Guoxing is an Independent Third Party. Jiaxing Guoxing is principally engaged in equity investment.

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Binhe SIC

Binhe SIC is a limited liability company established in the PRC on May 25, 2005 and was owned as to 97.50% by Zhang Haibo (張海波) and 2.50% by Yang Linghua (楊玲華) as of the Latest Practicable Date, each an Independent Third Party. As of the Latest Practicable Date, Binhe SIC was interested in approximately 9.09% in Ningxia Binze, one of our subsidiaries. Binhe SIC is principally engaged in production, deep processing and sales of silicon carbide products.

Jiaying Tianchen

Jiaying Tianchen is a limited partnership established in the PRC on December 21, 2021, which is a private venture capital fund, whose general partners are China Universal Investment Management Co., Ltd. (匯添富投資管理有限公司) (“**CUIM**”) and Shanghai Chentao Asset Management Co., Ltd. (上海辰韜資產管理有限公司) (“**Shanghai Chentao**”). CUIM is wholly-owned by China Universal Asset Management Limited Liability Company (匯添富基金管理股份有限公司). Shanghai Chentao is a limited liability company ultimately controlled by Xu Haiying (徐海英). As of the Latest Practicable Date, Jiaying Tianchen had 10 limited partners and was owned as to approximately 33.33% by Ningbo Huitong Venture Capital Partnership Enterprise (Limited Partnership) (寧波慧通創業投資合夥企業(有限合夥)) as the largest limited partner, which was ultimately controlled by Xu Haiying (徐海英). None of the other limited partners of Jiaying Tianchen held more than 30% economic interest in it. To the best knowledge of our Directors, each partner of Jiaying Tianchen is an Independent Third Party. Jiaying Tianchen is principally engaged in equity investment, venture capital investment and investment consulting.

Jinxin Kaiying

Jinxin Kaiying is a limited partnership established in the PRC on January 14, 2016, which is a private equity investment fund, whose general partners are Shenzhen Xingbaihui Business Information Consulting Center (深圳市興佰匯商務信息諮詢中心), a sole proprietorship wholly-owned by Wei Songhui (魏松輝) and Shoutai Jinxin (Beijing) Equity Investment Fund Management Co., Ltd. (首泰金信(北京)股權投資基金管理股份有限公司). As of the Latest Practicable Date, Jinxin Kaiying had seven limited partners and none of the limited partners of Jinxin Kaiying held more than 30% economic interest in it. To the best knowledge of our Directors, each partner of Jinxin Kaiying is an Independent Third Party. Jinxin Kaiying is principally engaged in industrial investment, investment management and consulting services.

COMPLIANCE WITH LAWS AND REGULATIONS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, the establishment of our Company and transfers of equity interests and changes in registered capital (where applicable) have been properly and legally completed in compliance with the applicable laws and regulations.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As advised by our PRC Legal Advisor, our Company has obtained relevant approvals or confirmation and has registered or filed with the relevant competent authorities (where applicable) in accordance with the relevant laws and regulations in respect of its establishment and subsequent transfers of equity interests, including the Pre-IPO Investments as referred to above, and changes in registered capital (where applicable), and the establishment of our Company and subsequent transfers of equity interests and changes in registered capital (where applicable) are effective and legally binding.

PUBLIC FLOAT

The 133,451,197 Unlisted Shares held by our Shareholders, representing approximately 35.10% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), will not be considered as part of the public float as the Shares they hold are Unlisted Shares which will not be converted into H Shares and will not be listed following the completion of the Global Offering.

In addition, upon completion of the Global Offering and the Conversion of the Unlisted Shares into H Shares, the Shares held by certain of our Shareholders who are, or are indirectly controlled by, our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

1. Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi were together a group of controlling shareholders of our Company as of the Latest Practicable Date, and will remain as our group of Controlling Shareholders upon Listing. As a result, the 142,418,625 Unlisted Shares (out of which 46,885,967 Shares will be converted into H Shares and listed following the completion of the Global Offering, and 95,532,658 Shares will not be converted into H Shares) held by them will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after Listing;
2. As of the Latest Practicable Date, Beijing Jiayeyuan, the employee shareholding platform of the Company, was a limited partnership ultimately controlled by its general partner, Dr. Chao Wei (晁偉), a director of Shoulang Jiyuan and Ningxia Binze (each a subsidiary of the Company), and was therefore a core connected person of the Company (as defined under the Listing Rules). As a result, the 3,553,015 Unlisted Shares which will be converted into H Shares and listed following the completion of the Global Offering held by Beijing Jiayeyuan will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after Listing;
3. As of the Latest Practicable Date, Mitsui & Co., Ltd. was a substantial shareholder holding 13% of equity interests in Guizhou Jinze, a subsidiary of the Company, and was therefore a core connected person of the Company (as defined under the Listing Rules). As a result, the 16,590,175 Unlisted Shares which will be converted into H

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shares and listed following the completion of the Global Offering held by Mitsui & Co., Ltd. will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after Listing; and

4. Shanghai Mingda Industry and Shanghai Dehui, in aggregate, will own more than 10% of our total issued Shares upon the Listing. As a result, the 71,650,662 Unlisted Shares (out of which 36,000,000 Unlisted Shares will be converted into H Shares and listed following the completion of the Global Offering, and 35,650,662 Shares will not be converted into H Shares) held by Shanghai Mingda Industry and Shanghai Dehui will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after Listing.

Please refer to “Substantial Shareholders” for further details on these shareholders and their controllers as of the Latest Practicable Date and immediately following the Global Offering (assuming the Over-allotment Option is not exercised).

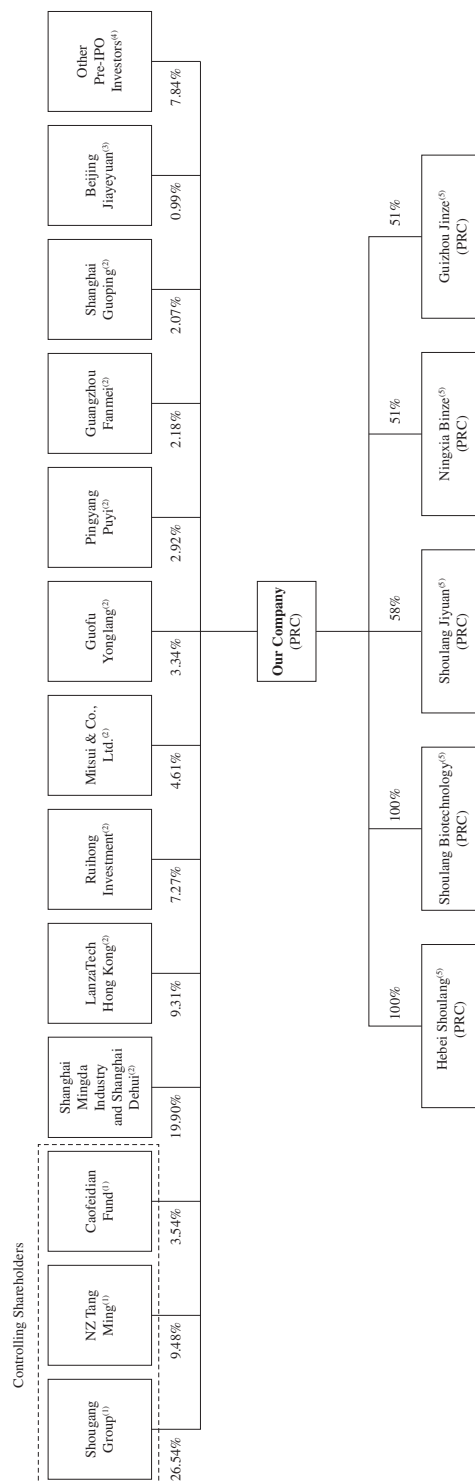
Saved as disclosed above, all the Shares held by the Pre-IPO Investors and other Shareholders will count towards part of the public float.

Immediately upon completion of the Global Offering, assuming that (i) 20,159,800 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; (iii) 380,159,800 Shares are issued upon completion of the Global Offering; and (iv) the Conversion of the Unlisted Shares into H Shares is completed, the total number of listed H Shares held by the public represents approximately 37.79% of our total issued Shares upon Listing. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules. Please refer to “Share Capital — Transfer of Shares issued prior to the Global Offering” for further details relating to disposal restrictions of our Shares issued prior to the Global Offering.

CORPORATE STRUCTURE

1. Our Group's Shareholding Structure Immediately prior to the Global Offering

The chart below sets out the corporate structure of our Group immediately before the Global Offering:

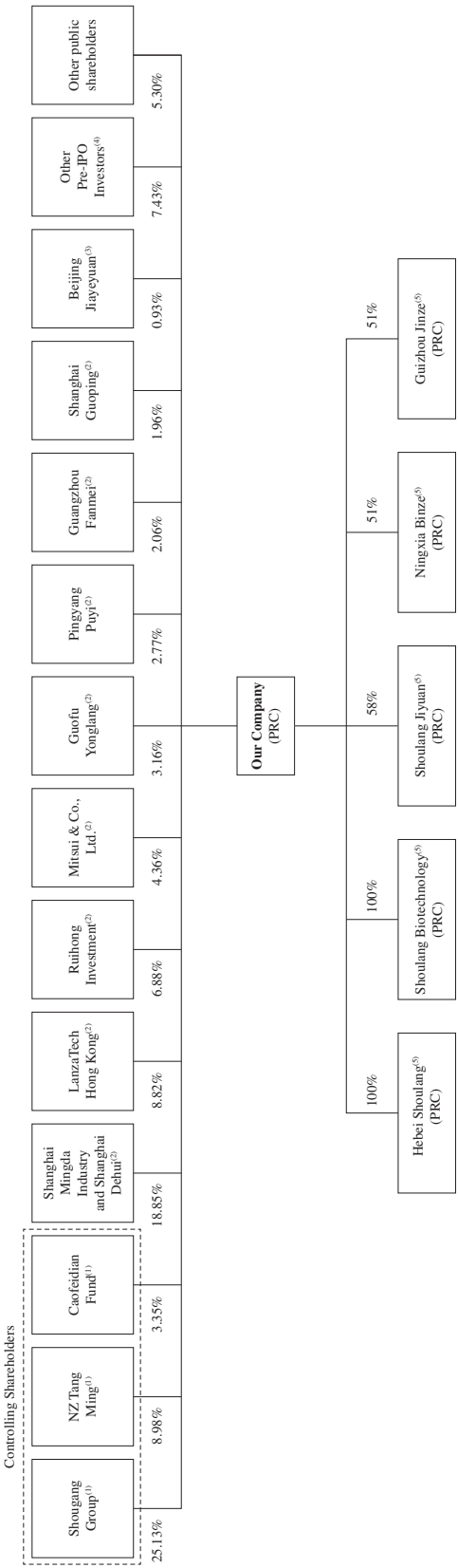


Notes:

- (1) Shougang Group, NZ Tang Ming and Cao Feidian Fund, together with Ms. Dong, Ms. Ye, Shouye Xinyuan and Shoucheng Rongshi, comprise a group of Controlling Shareholders. Please refer to “Relationship with Our Controlling Shareholders” for further details.
- (2) Please refer to “— Pre-IPO Investments — 4. Information about our Pre-IPO Investors” for further details on these Pre-IPO Investors.
- (3) Beijing Jiayeyuan is our employee shareholding platform, whose general partner is Chao Wei (晁伟), our deputy general manager. Please refer to “— Employee Shareholding Platform” for further details on the partnership structure of Beijing Jiayeyuan.
- (4) As of the Latest Practicable Date, except for Beijing Jiayeyuan, we had seven other Shareholders who were our Pre-IPO Investors each holding less than 2% shareholding of our Company. Please refer to “— Corporate Development and Major Shareholder Changes — 9. Capital Increase in June 2022” for further details on the shareholding of other Pre-IPO Investors.
- (5) Please refer to “— Our Subsidiaries” for further details on these subsidiaries.

2. Our Group’s Shareholding Structure Immediately Following Completion of the Global Offering

The chart below sets out the shareholding structure of our Group immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

For notes (1) to (5), please refer to “— Corporate Structure — 1. Our Group’s Shareholding Structure Immediately prior to the Global Offering”.

OVERVIEW

We are a company in the carbon capture, utilization and storage industry, also known as CCUS industry, mainly focusing on producing low-carbon products including ethanol and microbial protein through carbon capture and utilization technologies and providing low-carbon integrated solutions. Since our establishment in 2011, we have been cultivating in the CCUS industry. According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. We have achieved a number of breakthrough innovations, such as completing the world's first set of industrial devices for producing ethanol and microbial protein through bio-fermentation processes by utilizing the carbon-containing industrial off-gas generated by steel and ferroalloy mills. As of the Latest Practicable Date, we had successfully commissioned four large-scale production facilities across China, which demonstrates our ability to achieve replication of our proprietary technology on an industrial scale.

Our ethanol can be used in automotive fuel, as well as be used as raw materials for the production of perfumes, sports fashion, cleaning agents, packaging materials and other products. Our microbial protein is China's first novel feed protein raw material. In 2021, we received the first new product certificate for feed and feed additives under the category of Feed Raw Material ever issued by the Ministry of Agriculture and Rural Affairs of the PRC in its history (New Feed Certificate [2021] No. 01). It was also recognized as a significant novel scientific and technological achievement in agriculture and rural areas by the Chinese Society of Agricultural Sciences. Our technology also helps to reduce the space and time constraints of traditional agricultural planting and breeding and creates a new path to obtaining high-quality protein through industrial production.

Our Business Model

Our business model mainly consists of (i) product sales, which mainly include the sales of ethanol and microbial protein, and (ii) the provision of low-carbon integrated solutions to industrial clients.

The main raw material required for our production is carbon-containing industrial off-gas generated during the production processes of steel and ferroalloy mills. Our production process mainly consists of purification of gas components, bio-fermentation, distillation and protein separation. Our first-generation carbon reduction technology has a carbon fixation rate of 33%. Compared with combustion emissions, each ton of ethanol we produce can reduce emissions of approximately 4.36 tons of carbon dioxide on average. We continue to develop second-generation carbon negative technology and have successfully overcome the challenge of converting carbon dioxide at normal temperature and low pressure. Our second-generation carbon negative technology has passed the scientific achievement appraisal conducted by the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會), with results indicating it is "internationally leading." Each ton of ethanol produced with the second-generation carbon negative technology can directly consume 0.5 tons of carbon dioxide, and

the carbon fixation rate can be increased to 93.5%. We have started the Hebei Shoulang Phase II project, which is a project to be built with second-generation carbon negative technology. We plan to gradually extend the second-generation carbon negative technology to new projects in the future. We sell ethanol and microbial protein products to domestic and overseas customers through direct sales or distribution.

We are also actively exploring new ways to diversify our revenue, including licensing out our technology through low-carbon integrated solutions business to industrial clients. We believe this new business model facilitates the rapid promotion of our technology, thus achieving rapid growth in our business scale. We entered into a technology licensing agreement with Mingtuo in March 2024, pursuant to which we are entitled to receive licensing fees for licensing our technologies to Mingtuo and fees for our technical services. As of the Latest Practicable Date, we signed memorandums of understanding with three potential new customers regarding our low-carbon integrated solutions. We believe the expansion of our low-carbon integrated solutions business will enable us to increase our profitability due to its higher profit margin. Please refer to “— Our Products — Our Low-carbon Integrated Solutions” for further details.

Development Opportunities

Faced with the threat of significant greenhouse gas emissions and severe climate change, major economies around the world have formulated carbon reduction policies to cope with climate change. According to Frost & Sullivan, the annual investment in the CCUS industry is expected to increase from USD12.6 billion in 2023 to USD76.8 billion in 2028 and is expected to grow at a CAGR of 43.5% during this same period. As the country with the largest carbon emissions, the annual investment in China’s CCUS industry is expected to increase from RMB21.6 billion in 2023 to RMB99.3 billion in 2028 and is expected to grow at a CAGR of 35.7% during this same period.

The PRC government restricts the increase in the production of fuel ethanol using corn as raw material which makes it increasingly difficult for grain ethanol to satisfy the incremental market demand for fuel ethanol in China. For details, please see “Regulatory Overview — Regulations On Clean Production and Renewable Energy — Regulatory policy on strict control of grain-based fuel ethanol”. According to Frost & Sullivan, China’s fuel ethanol market will continue to grow in the next few years. It is estimated that from 2024 to 2029, the CAGR of China’s fuel ethanol output market will reach 5.5%. Against the backdrop of China’s policy of cracking down on the production of coal-based ethanol and strictly controlling the growth of grain ethanol, the future incremental market for fuel ethanol will present a significant opportunity for our business as such market will only be accessible by the producers of ethanol with low-carbon and sustainable attributes. In addition, our SAF facility, which is expected to be operational by 2026 in Baotou, Inner Mongolia, China, will enable us to capture the tremendous market opportunities in SAF sector. As a major source of carbon emissions in the transportation sector, the aviation industry is trending toward a green transformation, with the adoption of SAF being the primary path for carbon reduction. SAF consumption is expected to increase steadily, driving market growth. According to Frost & Sullivan, the global SAF

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consumption market size grew from RMB0.6 billion in 2020 to RMB18.7 billion in 2024, with a CAGR of 140.4% during this same period. It is expected that the global SAF consumption market size will continue to grow in the future, reaching RMB301.7 billion in 2029, with a CAGR of 140.4% from 2024 to 2029. China's SAF consumption market size grew from RMB4.7 million in 2022 to RMB187.7 million in 2024. It is expected that China's SAF consumption market size will continue to grow and reach RMB12.1 billion in 2029, with a CAGR of 130.2% from 2024 to 2029.

Development Milestones

The main development milestones of our technology and industrialization are as follows:

Year	Development milestones
2011 . . .	• Our predecessor, Beijing Shougang LanzaTech New Energy Technology Co., Ltd. (北京首鋼朗澤新能源科技有限公司), was established in Beijing, the PRC
2012 . . .	• We commenced pilot-scale experiment of carbon monoxide gas fermentation technology for ethanol production at a scale of 300 tons/year
2015 . . .	• Obtained for the first time the certification from the Roundtable on Sustainable Biomaterials (RSB) by SCS Global
2016 . . .	• Our Hebei Shoulang Phase I project commenced construction
2018 . . .	• Our Hebei Shoulang Phase I production facility commenced operations, establishing the world's first large-scale industrial fermentation facility for steel industry off-gases
	• Hebei Shoulang Phase I project was included in the pilot demonstration project of the Overall Layout Plan of National Biofuel Ethanol Industry by the National Development and Reform Commission and the National Energy Administration
2020 . . .	• Our Hebei Shoulang Phase I production facility was included as an advanced biofuel case by the International Energy Agency (IEA)

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Year	Development milestones
2021 . . .	<ul style="list-style-type: none"> • Our Shoulang Jiyuan production facility was put into trial production, which became the world’s first large-scale industrial facility in the ferroalloy sector, successfully extending the technology from steel to ferroalloy sectors • We successfully developed the second-generation carbon negative technology • Our microbial protein products obtained the first new product certificate for feed and feed additives under the category of Feed Raw Material issued by the Ministry of Agriculture and Rural Affairs (New Feed Certificate (2021) No. 01, Product Category)
2022 . . .	<ul style="list-style-type: none"> • Our Ningxia Binze production facility successively launched, realizing replication of our technology in ferroalloy sector • We were recognized as a national-level Specialized, Refined, Differential and Innovative “Little Giants” Enterprise (專精特新「小巨人」企業) by the MIIT
2023 . . .	<ul style="list-style-type: none"> • Our Guizhou Jinze facility, with an annual capacity of 60,000 tons and utilizing ferroalloy off-gas, commenced operation in June 2023 • Our Hebei Shoulang Phase I production facility obtained Kosher Certification • Our Hebei Shoulang Phase I project and Ningxia Binze project obtained the ISCC CORSIA certificate and ISCC PLUS certificate from SCS Global, which means that the traceability of our production process of ethanol and the sustainability of production raw materials are in line with the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
2024 . . .	<ul style="list-style-type: none"> • 8 PRC government authorities including NDRC and MIIT have included our technology in the Guidance Catalog for Green and Low-Carbon Transformation Industries (2024 Edition)

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Year	Development milestones
	<ul style="list-style-type: none">• We commenced the Hebei Shoulang Phase II project which will be our first facility to adopt the second-generation carbon negative technology• We entered into technology license agreement in respect of our low-carbon integrated solutions business, namely with Mingtuo• We started to plan for the construction of our SAF facility in Baotou, Inner Mongolia, China• We were recognized as a national-level Specialized, Refined, Differential and Innovative Key “Little Giant” Enterprise (專精特新重點「小巨人」企業) by the MIIT

OUR COMPETITIVE STRENGTHS

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

We successfully applied synthetic biotechnology to the CCUS industry, which enables us to enjoy first-mover advantage.

Faced with the threat of significant greenhouse gas emissions and severe climate change, major economies around the world have formulated carbon reduction policies to cope with climate change. Among them, the United States has proposed to reduce net greenhouse gas emissions by 50%-52% in 2030 compared with 2005 and to achieve net zero carbon emission by no later than 2050. Europe has proposed to reduce carbon emissions by 55% by 2030 compared with 2019, and to achieve carbon neutrality by 2050. Asian countries such as Japan, South Korea, Malaysia and Vietnam have all proposed the goal of achieving net zero carbon by 2050. Benefiting from the energy conservation and emission reduction goals of major economies around the world, the CCUS industry has ushered in major development opportunities.

China has also proposed the “double carbon” goal, that is, carbon dioxide emissions will peak before 2030 and carbon neutrality will be achieved by 2060. According to the estimates from the Ministry of Ecology and Environment of the PRC, the carbon capture demand in China will increase from approximately 20 million tons per year in 2025 to approximately 630 million tons per year in 2040, representing a CAGR of 24.3%.

We have been committed to the research and development of carbon reduction technologies since 2011. After years of research and development, we successfully applied our synthetic biotechnology to industrial production. According to Frost & Sullivan, as of the Latest Practicable Date, our technology is the only validated synthetic biotechnology pathway

to achieve commercialization and scalability of the production of ethanol and microbial protein by converting carbon-containing industrial off-gas in the CCUS industry globally, and therefore we believe our technology enjoys significant competitive advantages against our competitors. According to Frost & Sullivan, comparing with other technological pathways, synthetic biotechnology offers advantages in supporting ESG development and accelerating the transition from CCS to CCUS. In addition, downstream products of carbon capture methods like carbon absorption are mainly basic chemical products such as soda ash and baking soda. In contrast, synthetic biotechnology produces environmentally friendly and higher-value products, such as ethanol and microbial protein. Therefore, synthetic biotechnology will be the primary technological pathway for the future development of the CCUS industry. With our excellent product strength, from 2022 to 2024, our revenue grew rapidly, with a CAGR of 20.3%.

We are engaged in carbon conversion and utilization with validated technology for commercialization and scalability, and we are continuing to improve our production efficiency.

With over a decade of continuous research and development, we have successfully transformed synthetic biotechnology from laboratory innovation to pilot-scale experiment and subsequently to industrial application. We have established standardized production operation procedures covering the whole production process which enable us to take the lead in realizing the industrialization of the technology across the world. We have established and operated four major production facilities in China. According to Frost & Sullivan, we have achieved several world's firsts including the first large-scale industrial production facility for bio-fermentation of steel industrial off-gas, and the world's first production facility for bio-fermentation of ferroalloy industrial off-gas.

We leverage our expertise and related experience in developing industrial applications to develop bio-fermentation technology from a laboratory-based technology to a technology capable of industrial production. We employ a continuous fermentation model for industrial production, which requires a highly stable fermentation condition. Through years of research and development on industrial production, according to Frost & Sullivan, we had invented China's first large-scale gas-liquid-solid continuous bioreactor capable of supporting production at a scale of tens of thousands of tons, which enables our production facilities to operate continuously for up to 300 days after a single inoculation of the bacteria strain, demonstrating strong stability and significantly improved production efficiency. In 2018, Hebei Shoulang Phase I production facility was put into operation. According to Frost & Sullivan, it is the world's first large-scale industrial bio-fermentation facility for steel industry off-gases. In 2022, Shoulang Jiyuan project was launched. According to Frost & Sullivan, it is the world's first industrial bio-fermentation facility for ferroalloy off-gases, which was rapidly replicated in the Ningxia Binze and Guizhou Jinze projects in 2022 and 2023, respectively as of the Latest Practicable Date. Such expansion of the source of industrial off-gas from steel to ferroalloy industry demonstrates that we have the ability to quickly replicate the industrial application from steel to ferroalloy industry and have the potential to further expand to other industries.

Focusing on bio-fermentation technology, we own technologies in six key steps. We have overcome the technical difficulties such as gas component purification and regulation, continuous fermentation, distillation and dehydration, protein separation and recovery, sewage treatment and recovery of remaining heat. For example, on the purification of gas components process, we have developed purification technologies capable of handling different gas sources and compositions, detecting the composition of upstream off-gas, accurately identifying impurities harmful to strains, and effectively remove harmful substances. Such technology ensures that the purified industrial off-gases meet the stringent quality requirements for continuous fermentation.

Through technological innovation and improvements, we have enabled the industrial off-gas from our bio-fermentation process to be used as regeneration gas during the gas pre-treatment stage, reducing raw gas consumption, enhancing overall utilization levels, and lowering production costs. By advancing factory automation through information technology, and safety initiatives, we have reduced reliance on excessive labor while improving working conditions and occupational safety and health standards. We believe such measures have significantly increased production safety and reliability, ensuring orderly and efficient operations.

We have successfully developed two major commercial products and gained a stable customer base by leveraging our distinctive sustainable and low-carbon environmental attributes

We believe our main products enjoy the following competitive advantages against the products from our competitors due to the following facts:

For ethanol:

- Traditionally, ethanol is produced primarily through the fermentation of sugars derived from crops such as corn and sugarcane. According to Frost & Sullivan, compared with producing ethanol from grains, producing ethanol from industrial off-gas through synthetic biotechnology has the advantages of reducing dependence on food resources and conserving arable land. Furthermore, the production costs of our ethanol products are approximately 20%-30% lower than those associated with ethanol derived from food crops. For instance, from January to December 2023, our average production cost for ethanol in the PRC was around RMB4,990 per ton, while according to data from Frost & Sullivan, the average cost of producing ethanol from food crops for the same period is about RMB7,000 per ton. This demonstrates the cost advantage of our production method.
- The ethanol produced by our Hebei Shoulang Phase I production facility has been incorporated into the “National Biofuel Ethanol Overall Layout Plan” published by the National Development and Reform Commission and the National Energy Administration due to its low-carbon and environmentally friendly attributes. The

ethanol we produce has been recommended by the Hebei Development and Reform Commission for entry into the local petroleum sales system, which enabled us to gain customers including the world's top 500 oil and gas producers.

- During the Track Record Period, our ethanol was exported as a chemical raw material to Europe and the United States. In addition, it was exported to LanzaTech Global for the production of SAF and which was used to facilitate a successful commercial flight from Orlando, the United States to London in 2018.
- We have capitalized on the demand of the world's consumer goods for materials with ESG labels, and our ethanol has been widely used in downstream products such as perfumes, cosmetics, detergents and packaging materials, and sustainable fashion, with end customers including well-known brands such as Unilever. Since our inception, we have exported a total of 5,790 tons of ethanol to meet our customers, demand to produce these products.

For Microbial Protein:

- In 2021, we received the first new product certificate for feed and feed additives under the category of Feed Raw Material ever issued by the Ministry of Agriculture and Rural Affairs of the PRC in its history. In addition, we also led the process of establishing the industry standard for *Clostridium autoethanogenum* products. According to Frost & Sullivan, as of the Latest Practicable Date, we were the only company in China capable of producing feed protein on an industrial scale by utilizing industrial off-gas, reinforcing our unique competitive advantages in the feed protein industry.
- Microbial protein is a high-quality feed protein raw material that can be used in downstream products such as fish feed, piglets feed, and poultry feed. Our products have several advantages over traditional feed proteins:
 - o Changes in production methods: Unlike traditional feed protein which is primarily derived from animal and plant raw materials, our microbial protein utilizes carbon-containing industrial off-gas as the main carbon source, which effectively reduce the reliance on land resources associated with the conventional animal and plant protein production process.
 - o Outstanding nutritional properties: Our product possesses a crude protein content generally exceeding 80%, which is over 15% higher than fish meal and nearly twice that of soybean meal. It provides high-quality protein while also plays an additional role in enhancing animal immunity, digestion and absorption, anti-inflammatory responses, and stress resistance.

- o Due to its nutritional and functional properties of our microbial protein, it commands a higher price premium per ton of protein and is less affected by seasonal price fluctuations in the commodity market for soybean meal. For example, according to Frost & Sullivan, the average prices of soybean meal per ton were approximately RMB4,600, RMB4,350, and RMB3,220 for the years ended December 31, 2022, 2023 and 2024 respectively. In contrast, the average selling prices for our microbial protein remained consistently high and stable, with prices of RMB8,268.8, RMB8,505.2, and RMB8,454.5 for the years ended December 31, 2022, 2023 and 2024. We expect the price for our microbial protein to stay at this level in the near future.

The nutritional and functional properties of our microbial protein enable us to gain customers including one of the leading feed farming enterprises in the PRC. As a key customer of our microbial protein products, the purchase amount from that leading feed farming enterprise had been increasing during the Track Record Period. As a result of the above features of our products, we enjoy a stable customer base. On average, our business relationship with our top five customers for each year during the Track Record Period are over five years, five years and four and half years.

Our gas fermentation technology and one-stop R&D platform from microbial strains breeding to industrial application enable us to achieve continuous advancement from first-generation carbon reduction technology to second-generation negative carbon technology

Through R&D, engineering transformation and commercial application, we have mastered the core engineering transformation technologies in respect of our synthetic biotechnology in six key areas: purification of gas components, bio-fermentation, distillation dehydration, protein separation, wastewater treatment, and waste heat recovery. As of the Latest Practicable Date, we were granted a total of 241 granted patents and had applied for the registration of 102 patents. We have developed a comprehensive intellectual property system that supports our efforts to commercialize and industrialize our synthetic biotechnology.

We have established a synthetic biotechnology research platform to conduct metabolic engineering modifications on the fermentation strains and optimize their fermentation efficiency. Based on the practical fermentation operation conditions, our R&D team adjusts the formulation and explore different gas compositions, which greatly improved the adaptability and tolerance of the strains.

Through our continuous technological innovations, we have developed first-generation carbon reduction technology and second-generation carbon negative technology.

- Our first-generation carbon reduction technology transforms carbon monoxide from industrial off-gas into ethanol, which can be used to utilize the industrial off-gas from sources such as steel, ferroalloys, calcium carbide, silicon carbide, and phosphorus chemical industries. Conventionally, such industrial off-gas is usually

burned to obtain its thermal energy or used for power generation. With our first-generation carbon reduction technology, we are able to achieve approximately one-third reduction in carbon dioxide emissions from such industrial off-gases.

- We successfully developed our second-generation carbon negative technology in 2021. Compared with the first-generation carbon reduction technology, the second-generation carbon negative technology achieves more efficient utilization of industrial off-gas without emitting carbon dioxide during fermentation, has a carbon fixation rate of 93.5% and can directly consume 0.5 tons of carbon dioxide per ton of ethanol produced according to China Petroleum and Chemical Industry Federation's scientific achievement appraisal. We have completed 100-ton level pilot-scale experiment on our second-generation carbon negative technology and have started the project of 15,000-ton Hebei Shoulang Phase II in November 2024.

Our technology has received various certifications from both international and domestic authoritative institutions, including certification from the Roundtable on Sustainable Biomaterials (RSB) and ISCC CORSIA certificate and ISCC PLUS certificate from SCS Global and Kosher certificate from Committee of Kashrut. We were recognized by the International Energy Agency as a successful biofuels case study for biofuels.

We have a strong R&D team composed of highly educated professionals, including PhD holders and postdoctoral researchers. As of December 31, 2024, our R&D team comprised 74 R&D employees, accounting for 13.78% of the total number of our employees. Of these team members, approximately 10.81% possess doctoral degree. In addition, we have cooperation with well-known universities and research institutions to enhance our technology R&D capabilities. For example, starting from 2021, we have cooperated with Tsinghua University to conduct the research and development on process optimization for bio-fermentation to produce ethanol from carbon monoxide gas and reactor technology. In 2021, we jointly undertook the green bio-manufacturing project under national key R&D program with Nanjing Tech University. In 2023, we jointly undertook the Specialist Young Scientist project under the national key R&D program "New Breeds of Livestock and Poultry Breeding and Modern Pasture Science and Technology Innovation" with Institute of Feed Research of Chinese Academy of Agricultural Sciences, and in 2024, we jointly undertook the special project of "Carbon Dioxide Artificial de novo Protein Synthesis" under the national key R&D program "Synthetic Biology" with Tianjin Institute of Industrial Biotechnology, Chinese Academy of Sciences.

We have achieved growth by rapid replication of our technology to new projects and through our flexible business models.

We have two major business models, namely sales of products and low-carbon integrated solutions, to drive our growth in our business.

We have established four major production facilities across China. According to Frost & Sullivan, we have successively established the world's first large-scale industrial facility for bio-fermentation of industrial off-gas generated from a steel mill and the world's first industrial facility for bio-fermentation of industrial off-gas from a ferroalloy producer. We have achieved rapid replication of our production facilities in ferroalloy industry. It takes only an average of approximately 1.5 years from the initiation to completion, demonstrating our strengths in industrial capabilities.

We also have a robust pipeline of projects, including the Hebei Shoulang Phase II, which started in November 2024 and will be built with our second-generation carbon negative technology. In addition, we also plan to build our SAF facility, with an annual production capacity of 50,000 tons of SAF.

We are also actively seeking ways to diversify our revenue, including licensing our low-carbon integrated solutions to industrial clients seeking to implement our proprietary synthetic biotechnology in their facilities. We believe this new business model facilitates the rapid promotion of our technology, thus enabling us to achieve rapid growth in our business scale. We have entered into licensing agreement with Mingtuo in March 2024, pursuant to which we are entitled to receive licensing fees for licensing our technologies to Mingtuo and technical service fees. Please refer to “— Our Products — Our Low-Carbon Integrated Solutions” for further details.

Our visionary management team and Shareholders with diverse and strong backgrounds, form a corporate structure that combines sound management practices and corporate vitality

Our management team has an international perspective. Ms. Dong, our Director and general manager, was former vice president of the China Chamber of Commerce in New Zealand. Under her leadership, we were able to connect with a full range of international and domestic resources including commercial opportunities, technology licensing, gaining new customers, obtaining certifications and talent.

Our visionary management team primarily comprises members with a R&D background. They have rich practical experience across the industrial value chain, from R&D to commercialization. Our management team members have years of experience in the industry. Our Vice Chairwoman, Dr. Jennifer Holmgren, holds a PhD degree from the University of Illinois at Urbana-Champaign and has over 20 years of experience in the energy industry. She has been the CEO of LanzaTech Global since 2010.

We have a mixed ownership structure with a diverse shareholder base with state-owned shareholders, foreign shareholders, social capital shareholders, and our employees. We have strong shareholder support from both in and outside of China. Shougang Group, our Controlling Shareholder, is a Fortune Global 500 index enterprise. Its business covers steel, comprehensive urban services, financial services, mineral resource development, import and export trade, overseas project construction, etc. The steel and energy enterprises under the

Shougang Group can create synergies with us. For example, the carbon-containing off-gases produced by Shougang Jingtang can be used as the raw materials for our production of ethanol and protein. Shougang Group has also provided us with strong support in partner and customer introductions, and financing. In addition, our Company has a strong shareholder base comprising both overseas and domestic capital, and has won the support of multiple shareholders in areas such as technology licensing, customer introduction, project co-investment, and future business expansion.

OUR STRATEGIES

Vigorously expanding into SAF production

The conversion of industrial off-gas to ethanol and subsequently to SAF holds great development prospects. The EU has put forward clear long-term goals, and China is closely following suit. For example, in the 14th Five-Year Special Plan for Green Development of Civil Aviation (《十四五民航綠色發展專項規劃》), China states that it will strive to achieve a total consumption of SAF of 50,000 tons by 2025. According to Frost & Sullivan, the annual jet fuel consumption of China was 33.9 million tons in 2023, and is expected to reach 48.3 million tons in 2026.

Our ethanol products were exported to LanzaTech Global and for the production of SAF. We will also build the first SAF plant in Baotou, Inner Mongolia, China. The construction of the plant is expected to commence in 2025 and is projected to be operational by 2026, with an annual production capacity of approximately 50,000 tons of SAF.

We believe the following strengths will enable us to gain a competitive advantage in the SAF industry:

- **Raw material advantage:** According to Frost & Sullivan, HEFA, as the most mature technical pathway of SAF production, primarily relies on waste grease from kitchens as raw materials. These raw materials are limited, difficult to collect and store, and require strict temperature control during transportation, which poses challenges to ensure a stable supply and results in high raw material costs. Leveraging the abundant industrial off-gas resources in China, the ATJ technical pathway ensures a more stable and sustainable supply of raw materials for SAF production. For details on various SAF production technology pathway, please refer to “Industry Overview — Industrial Examples of Applying Synthetic Biotechnology in the CCUS Industry — Ethanol Derivatives — Sustainable Aviation Fuel”.
- **Cost advantage:** We utilize industrial off-gas as the raw material to produce ethanol, which is subsequently converted into SAF. Compared to grain-based ethanol production, industrial off-gas is significantly more cost-effective. For example, our ethanol production cost ranges from approximately RMB4,800-5,500 per ton, which is substantially lower than the RMB6,800-7,000 per ton required for grain-based ethanol production. Additionally, our product portfolio benefits from by-product

synergies — high-value co-products such as microbial protein (used as a feed ingredient) contribute to supplementary revenue streams and enhance overall profit margins. As elaborated above, compared to the HEFA pathway, the ATJ pathway, which utilizes ethanol derived from industrial off-gas, offers a more cost-efficient alternative for SAF production.

We propose to adopt the following strategic initiatives to establish our market presence and compete effectively in the SAF industry:

- Lowering production costs: The primary cost factor in the ATJ pathway for SAF production is the cost of the raw material, namely ethanol. We plan to achieve greater cost efficiency by scaling up ethanol production, thereby enhancing the competitiveness of our SAF products in the market. Additionally, we intend to build an integrated ethanol and SAF production facility to reduce capital investment and operational management costs.
- Expanding product sales: We aim to actively expand our presence in both domestic and international SAF markets by exploring collaborations with key players in the aviation industry and joint venture opportunities. For instance, in March 2025, we entered into a memorandum of understanding with a leading international aircraft manufacturer to jointly explore the promotion of SAF and assess its potential demand. Furthermore, we plan to launch co-marketing initiatives with aviation industry players to enhance market awareness and drive demand for our SAF products.

For our customer acquisition strategy, we plan to market and sell our SAF products through a combination of different sales channels including direct sales and sales through distributors. We plan to establish long-term cooperation with domestic and foreign airlines, airport operators and fuel distributors to ensure a stable and long-term SAF market for our products. For our promotion strategy, we plan to actively participate in industry events such as the International Aviation Organization Conference and the Green Energy Expo to showcase environmental-friendly nature and technical advantages of our SAF products. In addition, we also aim to actively expand our presence in both domestic and international SAF markets by exploring collaborations with key players in the aviation industry, and joint venture opportunities. For instance, in March 2025, we entered into a memorandum of understanding with a leading international aircraft manufacturer to jointly explore the promotion of SAF and assess its potential demand. We are also discussing potential sales of our SAF products with the largest supplier of aviation fuel in the PRC. Furthermore, we plan to launch co-marketing initiatives with aviation industry players to enhance market awareness and drive demand for our SAF products.

We believe our products enjoy significant competitive advantages over our competitors' products which are mostly produced through HEFA technology. According to Frost & Sullivan, HEFA, as the most mature technical pathway of SAF production, primarily relies on waste grease from kitchens as raw materials. As elaborated above, our products have raw material

advantage and cost advantages over the SAF products produced through HEFA technology. Please see above for discussion on our raw materials advantage and cost advantage over our competitors in the SAF industry.

Maintaining our position in gas fermentation technology and expanding our downstream products portfolio through continuous R&D

Our R&D in the field of protein focuses on the R&D of product derivatives and continuous product upgrading, including:

- (i) Research and development of new downstream products, including proteolytic products and ethanol derivatives such as polyethylene packaging materials, etc., which can be used as bio-based materials for clothing, chemical fibers, or cosmetics packaging. Taking polyethylene as an example, according to Frost & Sullivan, the polyethylene output in China reached RMB233.6 billion in 2024 and is expected to grow to RMB366.1 billion by 2029, with a CAGR of 9.4% during this period, indicating substantial market opportunities; and
- (ii) Exploring new bacterial strains to develop new C3 and C4 products, including isopropanol and butanediol. Isopropanol products are widely used in various downstream applications, with key customers including chemical companies, electronic component producers, semiconductor manufacturers, pharmaceutical companies, and daily chemical/cosmetics producers. These products are primarily used as chemical solvents, extraction agents, disinfectants, and antibacterial materials. As a key raw material in daily chemical industries, the isopropanol market in China reached approximately RMB3.5 billion in 2023 and is expected to maintain steady growth, surpassing RMB5 billion by 2029 according to Frost & Sullivan. Butanediol products are mainly applied in the chemical, food, and pharmaceutical industries. In the chemical sector, they are widely used in the production of coatings, inks, and adhesives. In the food industry, they serve as important preservatives and flavoring agents, while in pharmaceuticals, they act as drug carriers, solvents, and antimicrobial agents. The market size for 2, 3-Butanediol in China reached approximately RMB15 billion in 2023 and is expected to exceed RMB25 billion by 2029.

We plan to implement the following strategies to achieve market expansion and drive sales for these products:

- (i) We intend to engage in deep collaboration and communication with leading enterprises in downstream industries such as health supplements, daily chemicals, chemicals, and pharmaceuticals, to demonstrate our product and supply chain advantages, including product purity, batch-to-batch consistency, and environmental sustainability;

- (ii) We plan to actively explore new raw material R&D and supply strategies with downstream enterprises to offer more customized material services; and
- (iii) We intend to establish a dedicated sales team to proactively identify and respond to market demand, partnering with reputable chemical product distributors and agents, building a comprehensive sales network and expanding our product sales through their channels and customer resources.

Furthermore, we will strengthen our brand presence by leveraging our official website, product and technical brochures, and industry exhibitions to disseminate the latest product technologies, technical insights, and industry trends. We will maintain active engagement with customers to fully demonstrate our innovation and R&D capabilities in gas fermentation technology. Additionally, we plan to participate in industry association activities, engage in the development of industry standards, and assist downstream customers in fulfilling their sustainability commitments. These efforts will help cement our image as a green, innovative, and reliable partner within the industry, ensuring long-term customer loyalty.

In addition to product development, in order to build a long-term technology pipeline, we will continue to increase the medium and long-term development of the following technologies through a combination of independent R&D and external cooperation: (i) using carbon monoxide and hydrogen produced by biomass gasification as fermentation raw materials to produce ethanol; and (ii) increasing the use of carbon dioxide, including iterating on the basis of second-generation technology to reduce the demand for carbon monoxide off-gas to expand application scenarios.

We have in-depth cooperation with renowned universities and scientific research institutes such as Tsinghua University, Institute of Feed Research of Chinese Academy of Agricultural Sciences, Tianjin Institute of Industrial Biotechnology, Chinese Academy of Sciences, Nanjing Tech University, etc., to constantly absorb new technological concepts and methods and vigorously promote the R&D capabilities of our Company to a new level.

Actively exploring the opportunities to expand our low-carbon integrated solutions

Leveraging the technical advantages accumulated by us through years of research and development, we plan to expand our customer base by providing them with comprehensive technical solutions, including patent licensing, engineering and technical services, strain and bacteria culture medium. Our low-carbon integrated solutions business has a higher profit margin. We believe the diversification of the source of our revenue through our low-carbon integrated solutions business will help us improve our profitability.

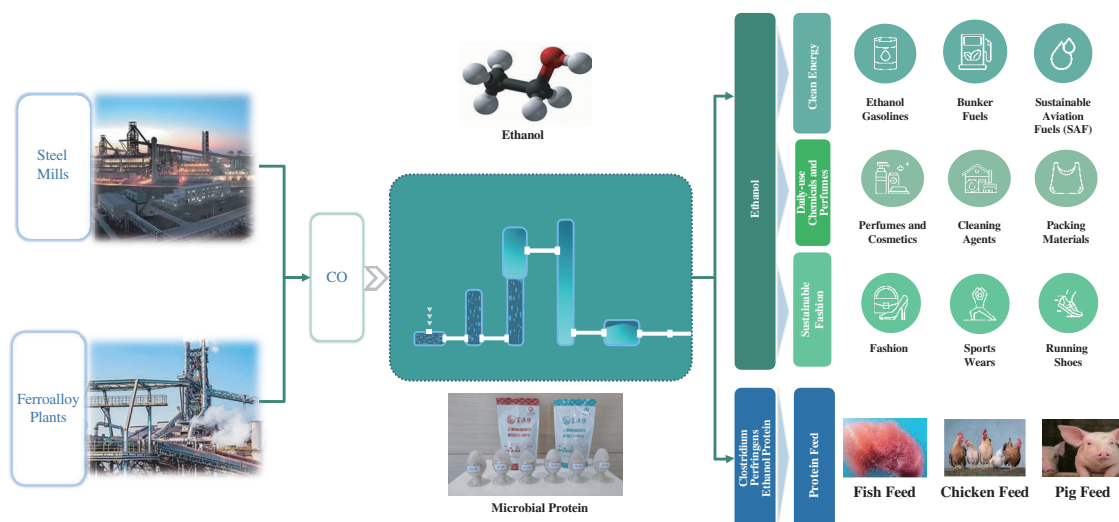
Actively participating in China's carbon trading market

We plan to enter the carbon trading market in the future. As of the Latest Practicable Date, we had completed the preparation of the Decarbonization Project Methodology for Producing Ethanol and High-Value Products from Carbonaceous Industrial off-gas via Fermentation (《含碳工業尾氣生物發酵製乙醇和蛋白等高值產品的減碳項目方法學》) and were seeking approval from the PRC Ministry of Ecology and Environment in respect of such methodology. Once approved, a qualified third party expert will be able to track and determine the amount of carbon reduction for each of our production facilities based on this methodology, after which we will be able to trade our carbon reduction in the domestic carbon market based on the Chinese Certified Emission Reduction (CCER) system.

OUR PRODUCTS

Our synthetic biotechnology is capable of converting carbon-containing industrial off-gas into ethanol, microbial protein, and other by-products. This technology utilizes carbon-containing industrial off-gas as raw material and involves processes such as gas purification, fermentation, and solid-liquid separation.

Our primary revenue is derived from the sale of ethanol and microbial protein, as well as by-products such as biogas and crude alcohol. We also offer low-carbon integrated solutions to industrial clients seeking to implement our proprietary synthetic biotechnology in their facilities. Our technology and services reflect our commitment to sustainability by transforming carbon-containing industrial off-gas into valuable resources. Through this innovative approach, we actively contribute to carbon reduction efforts and promote sustainable economy initiatives across various industries. Our revenue increased by 52.1% from RMB389.5 million in 2022 to RMB592.6 million in 2023 and decreased by 4.9% to RMB563.6 million in 2024. Please see “Financial Information” for further details.



The following chart reflects the revenue generated by our main products and services, along with their respective proportions:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Revenue from sales of products						
Ethanol	328,825	84.4	499,730	84.3	440,415	78.1
Microbial protein	53,549	13.7	86,533	14.6	90,823	16.1
Other products	7,138	1.9	6,288	1.1	6,242	1.1
Revenue from low-carbon integrated solutions						
	—	—	—	—	26,131	4.7
Total	<u>389,512</u>	<u>100.0</u>	<u>592,551</u>	<u>100.0</u>	<u>563,611</u>	<u>100.0</u>

Ethanol

Ethanol is a versatile chemical with numerous applications across various industries. It serves as a critical component in the global energy landscape, contributing to cleaner air and reduced greenhouse gas emissions when blended with gasoline. As a high-octane fuel, ethanol enhances engine performance and is increasingly utilized in various applications beyond transportation. Please refer to “Industry Overview” for further details.

Traditionally, ethanol is produced primarily through the fermentation of sugars derived from crops such as corn and sugarcane. According to Frost & Sullivan, compared with producing ethanol from grains, producing ethanol from industrial off-gas through synthetic biotechnology has the advantages of reducing dependence on food resources and conserving arable land. Furthermore, the production costs of our ethanol products are approximately 20%-30% lower than those associated with ethanol derived from food crops, primarily due to cost advantages in raw material. For instance, from January to December 2023 our average production cost for ethanol in the PRC was around RMB4,990 per ton, while according to Frost & Sullivan, the average cost of producing ethanol from food crops for the same period is about RMB7,000 per ton. This demonstrates the cost advantage of our production method. We sold approximately 54,303.7 tons, 83,225.9 tons, and 86,868.9 tons, of ethanol for the years ended December 31, 2022, 2023 and 2024, respectively. Our revenue generated from sales of ethanol was approximately RMB328.8 million, RMB499.7 million, RMB400.4 million, for the years ended December 31, 2022, 2023 and 2024, respectively, representing approximately 84.4%, 84.3% and 78.1%, our total revenue for the periods indicated. The ethanol we produced is stored in storage tanks and sold in liquid form.

The majority of our ethanol products are sold as raw material for automotive fuel. Ethanol-blended gasoline is widely used in cars. Ethanol sales represent a significant source of our revenue, thanks to our strong partnerships with leading domestic oil and gas producers, as well as established relationships with ethanol distributors. These partnerships not only expand our market reach but also position us as an important player in the renewable energy sector. Our ethanol product has been recognized by the International Energy Agency as a successful biofuels case study entitled “Success Stories of Advanced Biofuels for Transport”. Our Hebei Shoulang Phase I production facility produces fuel ethanol that has been incorporated into the “National Biofuel Ethanol Overall Layout Plan” published by the National Development and Reform Commission and the National Energy Administration due to its low-carbon and environmentally friendly attributes. The ethanol we produce has been recommended by the Hebei Development and Reform Commission for entry into the local petroleum sales system, which helps us to increase customer loyalty.

Our ethanol is exported as fundamental chemical raw material to Europe and the United States. It is used in the production of downstream products such as perfumes, cosmetics, cleaning agents, packaging materials, and sustainable fashion, contributing to the sustainable development of the consumer goods industry. We have capitalized on the demand from leading global consumer goods clients for materials that carry ESG labels. Our end customers include renowned brands such as Unilever. Since our inception, we have exported a total of 5,790 tons of ethanol to meet our customers’ demand to produce these products. By integrating ethanol into these value chains, we help to promote carbon fixation, foster a sustainable economy, and leverage industrial off-gas for environmentally friendly applications.

In addition, we are actively expanding the development of downstream ethanol products, such as SAF. As our ethanol is produced in a sustainable and low-carbon manner which satisfies the requirements for the raw material for SAF, we have a unique competitive advantage to expand our business into SAF production. As of the Latest Practicable Date, we

were in discussion for a license agreement in relation to obtaining a license for a technology regarding the SAF manufacturing process. Our SAF plant is expected to commence construction in Baotou, Inner Mongolia, China in 2025 and is projected to be operational in 2026, with an annual production capacity of approximately 50,000 tons. Our ethanol products were also exported to LanzaTech Global for the production of SAF, which was used to facilitate a successful commercial flight from Orlando, the United States to London, the United Kingdom in 2018. Compared to traditional jet fuel, SAF has the potential to reduce carbon emissions by up to 80%, aligning with global aviation decarbonization goals. As policies and technological advancements continue to support the adoption of SAF, we anticipate that it will rapidly grow as a significant downstream application for our ethanol both domestically and internationally. Please refer to “Industry Overview” for further details.

Microbial Protein

Our production of microbial protein at industrial scale represents an innovation in the utilization of industrial off-gas in the CCUS industry. Through utilizing carbon-containing industrial off-gas as raw materials to produce microbial protein, we have established a new method for producing protein from inorganic raw materials on an industrial scale. This biotechnology not only achieves carbon fixation but also introduces a new approach to help addressing the feed protein shortage in the PRC.

Our microbial protein is China’s first novel feed protein raw material. In 2021, we received the first new product certificate for feed and feed additives under the category of Feed Raw Material ever issued by the Ministry of Agriculture and Rural Affairs of the PRC in its history (New Feed Certificate [2021] No. 01). It was also recognized as a significant novel scientific and technological achievement in agriculture and rural areas by the Chinese Society of Agricultural Sciences. Our microbial protein also sets the industry standards for *Clostridium autoethanogenum* cell protein in China. We sold approximately 6,476.0 tons, 10,174.1 tons, 10,742.6 tons, respectively, of microbial protein for the years ended December 31, 2022, 2023 and 2024. Our revenue generated from the sales of microbial protein was approximately RMB53.5 million, RMB86.5 million, RMB90.8 million, for the years ended December 31, 2022, 2023 and 2024, respectively, representing approximately 13.7%, 14.6% and 16.1% of our total revenue for the periods indicated. The microbial protein we produced is stored in composite woven bags which are lined with food-grade inner film and sold in powder form.

Microbial protein has transformative potential in the feed industry, due to its unique nutritional characteristics. It can be utilized in a variety of downstream products such as fish feed, piglet feed, and poultry feed. Our product possesses a crude protein content generally exceeding 80%, which is over 15% higher than fishmeal and nearly twice that of soybean meal, substantially outperforming these traditional feed sources. Not only does microbial protein exhibit outstanding nutritional characteristics, but it is also more effective as a feed protein source. It provides high-quality protein while also plays an additional role in enhancing animal immunity, digestion and absorption, anti-inflammatory responses, and stress resistance. From

a substitution perspective, it can save costs not only by replacing traditional proteins but also by reducing the need for exogenous amino acid supplementation. Functionally, the various added values of this protein can improve digestibility, enhance animal performance, and increase farming efficiency.

Due to the nutritional and functional properties of our microbial protein, it commands a higher price premium per ton of protein and is less affected by seasonal price fluctuations in the commodity market for soybean meal. For example, according to Frost & Sullivan, the average prices of soybean meal per ton were approximately RMB4,600, RMB4,350, and RMB3,220, for the years ended December 31, 2022, 2023 and 2024 respectively. In contrast, the average prices per ton of protein for our microbial protein remained consistently high and stable, with prices of approximately RMB8,268.8, RMB8,505.2, RMB8,454.5, for the years ended December 31, 2022, 2023 and 2024, and we expect the price for our microbial protein to stay at this level in the near future. This price stability of our microbial protein, combined with a strong premium, highlights the unique value proposition of our product in the feed protein market. By providing a higher-margin and less volatile alternative to conventional protein sources, our product offers a significant opportunity for sustainable and profitable growth, aligning with market demands for innovative and environmentally friendly solutions.

Unlike traditional feed protein which is primarily derived from animal and plant materials, our microbial protein utilizes carbon-containing industrial off-gas as its primary carbon source. This innovative approach reduces the reliance on land resources and minimizes the environmental impact associated with the conventional animal and plant protein production process. As China's dependence on imported protein sources continues to grow, our microbial protein offers a viable domestic alternative, reducing reliance on imported soybean meal and fishmeal. This aligns with national initiatives, such as the Ministry of Agriculture and Rural Affairs' campaign to promote substitutes for soybean meal in animal feed. By leveraging our innovative protein source, the industry can enhance feed self-sufficiency while achieving significant environmental benefits. It has been adopted by leading domestic feed enterprises, particularly in high-value aquaculture applications, reinforcing its position as an alternative to imported fishmeal.

Other Products

In addition to our main products, our production process also generates biogas and crude alcohol as by-products. Biogas is a renewable energy source that can be utilized as fuel or sold to third parties. Crude alcohol contains higher alcohols such as butanol, which are utilized as chemical solvents or additives in industrial applications. The biogas is stored in gas holders and sold in gas form, and crude alcohol is stored in storage tanks and sold in liquid form. Although these by-products account for only a small portion of our total revenue, they enhance our operational efficiency. By maximizing the utilization of industrial waste, these by-products add value to our production process and further reinforce our commitment to a resource-efficient and sustainable business model. This approach aligns with our strategy to optimize resource use and drive long-term value creation.

Our Low-Carbon Integrated Solutions

During the Track Record Period, we provide low-carbon integrated solutions to industrial clients seeking to implement our proprietary synthetic biotechnology in their facilities, which encompasses patent licensing, technical services, supply of microbial strains and media. We help our clients customize our complete gas fermentation technology and integrating it into their specific industrial processes, which includes optimizing gas purification systems, fermentation units, ethanol distillation, protein production units, as well as off-gas and wastewater treatment systems. This business model allows us to generate diversified revenue streams while enabling broader applications of our carbon recovery technology across multiple industries. By leveraging our expertise in scaling laboratory innovations to industrial applications and our project construction and operational experience, we provide end-to-end project execution services from initial feasibility studies to the commissioning of fully operational facilities.

As of the Latest Practicable Date, Mingtuo was our first customer for our low-carbon integrated solutions business. Mingtuo was established by Mingtuo Group Chrome Industry Technology Co., Ltd. (明拓集團鉻業科技有限公司) (“**Mingtuo Chrome**”) to utilize industrial furnace gas resources for the production of high value-added chemical products. Mingtuo Chrome is located in Baotou, Inner Mongolia. It is an enterprise mainly engaged in the technical research and development, production and sales of rare chromium alloys and ancillary products. It is designed to produce 700,000 tons of finished chrome ore pellets and 300,000 tons of high-carbon ferrochrome annually.

In March 2024, we signed a licensing agreement with Mingtuo under which we are entitled to receive one-off licensing fee for assisting Mingtuo to implement our synthetic biotechnology in their facilities and fees for our ongoing technical services (“**Mingtuo Agreement**”). Under the Mingtuo Agreement, we grant Mingtuo and their related companies licenses to use our proprietary know-how, patent, technology and other intellectual property for the construction of a production facility with an annual capacity of 60,000 tons of ethanol and ancillary facilities located in Baotou City, Inner Mongolia (“**Licensed Technology**”). The Licensed Technology covers fermentation, industrial off-gas treatment, protein separation, and related equipment, and includes patents for producing ethanol from specified raw materials via fermentation. Mingtuo is prohibited from granting sublicenses to any third party without our prior written consent. The term of the agreement will end at the earlier of (i) the end of the business term specified in the Mingtuo’s articles of association, or (ii) the expiration date of the last patent in the agreement (i.e. when all patents under the agreement expire). Intellectual property rights for any technological improvements to the Licensed Technology (except for fermentation technology) independently developed by either party shall vest solely with that party. But any improvements to the fermentation technology developed by Mingtuo without our prior written consent shall be the sole property of us. Improvements jointly developed by both parties will be jointly owned. However, Mingtuo is prohibited from licensing its improvements to third parties without obtaining our prior written consent. As a provider of the Licensed Technology, we may supply confidential proprietary information and relevant technical documents including production processes, engineering designs, technical data, manuals,

customer lists, and pricing policies, Mingtuo is obligated to maintain the confidentiality of our non-public technical and commercial information. Once the project is completed, we intend to utilize the ethanol produced by Mingtuo using our Licensed Technology to manufacture SAF through our collaboration with Mingtuo. Mingtuo's ethanol production utilizing the Licensed Technology is expected to complement and facilitate our strategic expansion into the SAF sector. The total license fee payable by Mingtuo to us is in the range of RMB45 million to RMB75 million under the Mingtuo Agreement. As of the Latest Practicable Date, we had RMB15 million receivables from Mingtuo as part of the fixed license fee under the Mingtuo Agreement. Besides the fixed license fee, Mingtuo will pay us a monthly license fee after the commencement of production, subject to a maximum cap.

We are also in talks with other industrial companies and local government in China for potential opportunities in respect of our low-carbon integrated solutions. As of the Latest Practicable Date, we had signed memoranda of understanding with three potential new customers regarding our low-carbon integrated solutions.

Furthermore, we plan to enter the carbon trading market in the future. To be able to trade the carbon reduction created by our operation in the Chinese carbon trading market, we need a methodology to determine the amount of carbon reduction. As of the Latest Practicable Date, we had completed the preparation of the Decarbonization Project Methodology for Producing Ethanol and High-Value Products from Carbonaceous Industrial Off-gas via Fermentation (《含碳工業尾氣生物發酵製乙醇和蛋白等高值產品的減碳項目方法學》) and were seeking approval from the PRC Ministry of Ecology and Environment in respect of such methodology. Once approved, a qualified third party expert will be able to track and determine the amount of carbon reduction for each of our production facilities based on this methodology, after which we will be able to trade our carbon reduction in the domestic carbon market based on the Chinese Certified Emission Reduction (CCER) system. The price for each ton of carbon dioxide reduction in China was at around RMB90 to RMB100 at the end of 2024. From January 1, 2022 to December 31, 2024, we have reduced approximately 999,654 tons of carbon emissions. If successful, carbon reduction trading will further expand our revenue sources, and these efforts further advance our goal to reduce industrial carbon emissions.

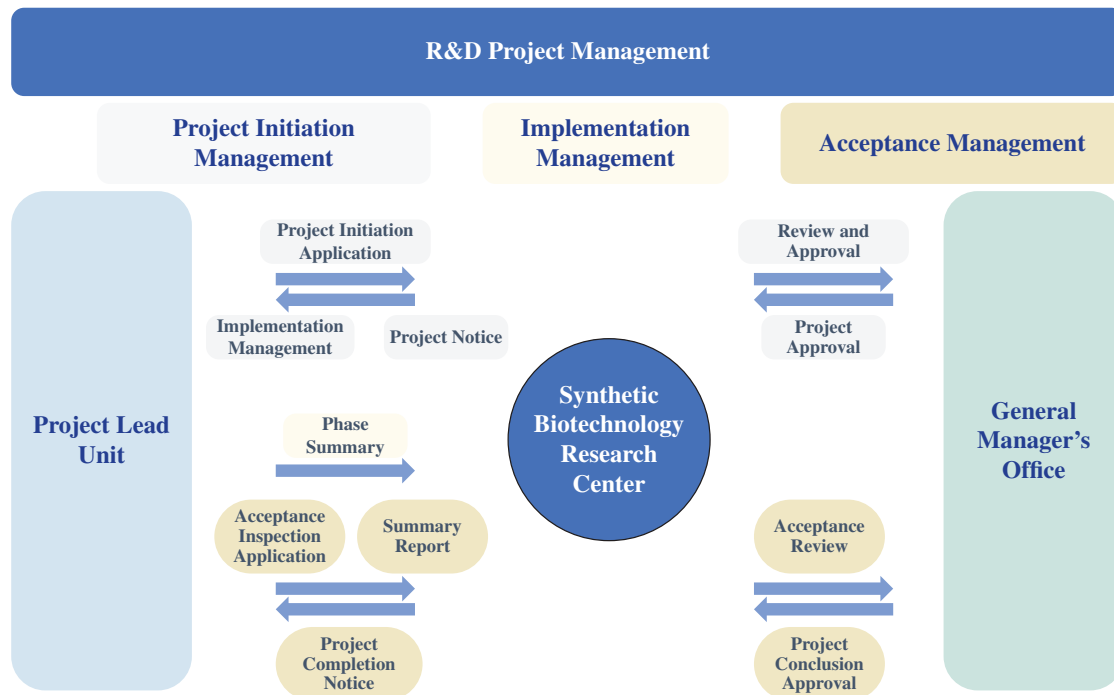
RESEARCH AND DEVELOPMENT

We have established a comprehensive R&D system that integrates product innovation, technology development and commercialization. Our approach combines independent research, strategic licensing arrangements and scientific collaboration, which enables us to remain at the forefront of the synthetic biotechnology and the CCUS industry. This system encompasses the entire R&D process from strain construction, fundamental research and pilot-scale experiment to industrial applications, which leads to smooth scaling and technological upgrades while maintaining our position in sustainable technologies.

Through R&D, engineering transformation and commercial application, we have mastered the core engineering transformation technologies in respect of our synthetic biotechnology in six key areas: purification of gas components, bio-fermentation, distillation

dehydration, protein separation, wastewater treatment, and waste heat recovery. As of the Latest Practicable Date, we owned 241 granted patents and had applied for the registration of 102 patents. Through independent research, strategic licensing arrangements and scientific collaboration, we have developed a complete intellectual property system that supports our efforts to commercialize and industrialize our synthetic biotechnology. Our research and development expenses were approximately RMB29.5 million, RMB35.9 million, and RMB42.0 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing approximately 7.6%, 6.1%, and 7.5% of our total revenue for the periods indicated. With our strong R&D and innovation capabilities, we have received multiple innovation awards and recognitions. Please refer to “— Awards and Recognitions” for further details.

Our major company departments are involved in our R&D process. The following diagram outlines our R&D project management:



Existing Technology

Our first-generation carbon reduction technology transforms carbon monoxide from industrial off-gas into ethanol and microbial protein, which can be used to utilize the industrial off-gas from sources such as steel, ferroalloys, calcium carbide, silicon carbide and phosphorus chemical industries. Conventionally, such industrial off-gas is usually burned to obtain its thermal energy or used for power generation. With our first-generation carbon reduction technology, we are able to achieve approximately one-third reduction in carbon dioxide emissions from these industrial off-gases. In comparison with the CO₂ emissions from burning these industrial off-gas, we can reduce approximately 4.36 tons of carbon dioxide for every ton

of ethanol produced. All of our current production facilities (namely, Hebei Shoulang Phase I production facility, Shoulang Jiyuan production facility, Ningxia Binze production facility, Guizhou Jinze production facility) adopt first-generation carbon reduction technology.

Following the successful industrialization of our first-generation carbon reduction technology, we have developed second-generation carbon negative technology that utilizes carbon dioxide, carbon monoxide and hydrogen as raw gas components for the conversion of ethanol and microbial protein. Our second-generation carbon negative technology was developed after four years of pilot-scale experiment and R&D including adaptive studies on fermentation strains, adjustments to nutrient formulations, improvements to product process flows and optimization of equipment selection. This represents a technological break-through from first-generation technology to second-generation technology. Our second-generation carbon negative technology can be used to utilize the industrial off-gas from sources such as steel mills, biomass gasification, petrochemical and coal coking. Our second-generation technology has completed the hundred-ton level pilot-scale experiment and has passed the scientific achievement appraisal conducted by the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會), with results indicating it is “internationally leading.” Our second-generation technology achieves more efficient utilization of industrial off-gas without emitting carbon dioxide during fermentation and can directly consume 0.5 tons of carbon dioxide per ton of ethanol produced according to China Petroleum and Chemical Industry Federation’s scientific achievement appraisal. Our Hebei Shoulang Phase II production facility will adopt the second-generation carbon negative technology once built.

With our first-generation carbon reduction technology, we are able to achieve approximately one-third reduction in carbon dioxide emissions from the industrial off-gases. Each ton of ethanol produced with our second-generation carbon negative technology can directly consume 0.5 ton of carbon dioxide, and the carbon fixation rate can be increased to 93.5%. In the context of our gas fermentation technologies, the carbon fixation rate refers to the proportion of carbon sources (such as CO and CO₂) consumed by fermentation strains that are converted into organic compounds like ethanol and acetic acid. A higher carbon fixation rate indicates a greater proportion of inorganic carbon being transformed into organic carbon. Carbon fixation rate is a quantitative measure of the level of carbon reduction that each technology can achieve. The table below sets out the performance comparison (including the carbon fixation calculation) for our first-generation and second-generation technologies.

	First-generation carbon reduction technology ¹	Second-generation carbon negative technology ²
Reaction equation	$6\text{CO} + 3\text{H}_2\text{O} \rightarrow \text{C}_2\text{H}_5\text{OH} + 4\text{CO}_2$	$3\text{CO} + 9\text{H}_2 + \text{CO}_2 \rightarrow 2\text{C}_2\text{H}_5\text{OH} + 3\text{H}_2\text{O}$
Input	Six molecules of CO Zero molecule of CO ₂	Three molecules of CO One molecule of CO ₂
Output	One molecule of C ₂ H ₅ OH Four molecules of CO ₂	Two molecules of C ₂ H ₅ OH No CO ₂

BUSINESS

	First-generation carbon reduction technology ¹	Second-generation carbon negative technology ²
Carbon atoms being fixed . . .	1-4/6=33%	100% ²
CO ₂ consumed directly per ton of ethanol produced	0 ton	0.5 ton
CO ₂ reduced in comparison with combustion ³ . .	4.36 tons	4.34 tons

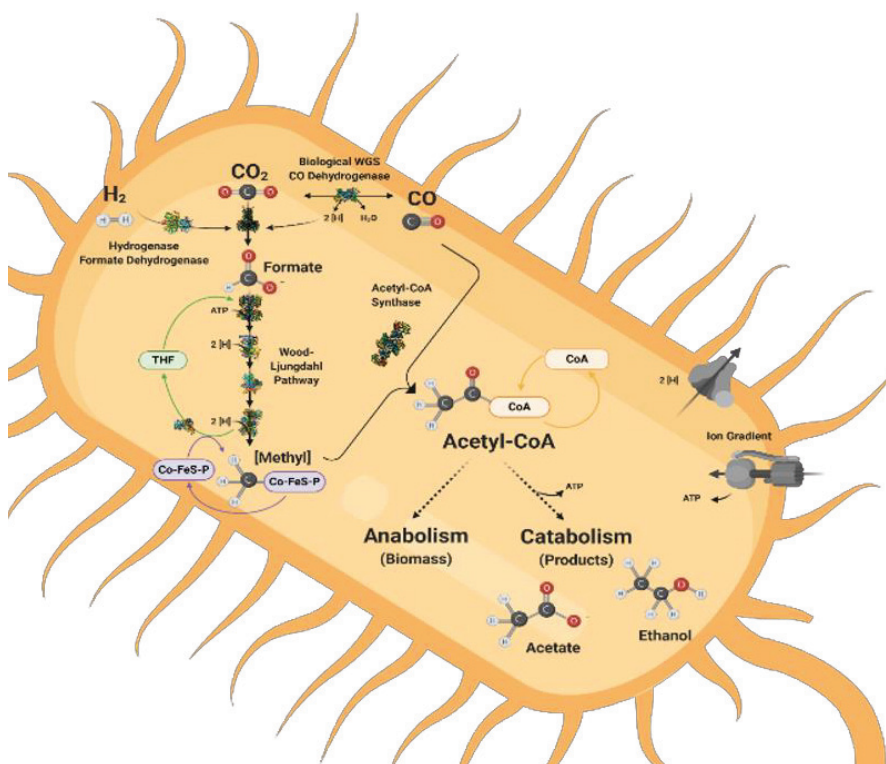
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1. First-generation carbon reduction technology consumes six molecules of carbon monoxide (CO), which, upon combustion of the resulting products, releases six molecules of carbon dioxide (CO₂). After completion of the fermentation process, only four molecules of CO₂ are emitted. This results in a theoretical carbon fixation rate of 33%.
 2. Second-generation carbon negative technology, on the other hand, consumes three molecules of CO and one molecule of CO₂. Combustion of the products would release a total of four molecules of CO₂. However, with this second-generation technology, all the carbon is retained within the final products. This leads to a theoretical carbon fixation rate of 100%, indicating the potential for direct CO₂ capture. In practice, the carbon fixation rate is calculated by measuring the amount of inorganic carbon consumed during the fermentation process and the amount of organic carbon produced. The actual carbon fixation rate is below 100% (i.e. 93.5%) due to the fact that the calculation only accounts for the key products that are fixed, specifically ethanol, microbial protein, and acetic acid. During the fermentation process, the fixed carbon dioxide also yields additional substances, including butanediol, lactic acid, and various other alcohols, which were not incorporated into the calculation.
 3. In comparison with the CO₂ emissions generated from burning the same type and volume of industrial off-gas.

With over a decade of continuous R&D, we have successfully transformed synthetic biotechnology from laboratory innovation to pilot-scale experiment and subsequently to industrial applications. We have also expanded its application scope from steel mill off-gases to ferroalloy mill off-gases, significantly broadening our raw material sources and enhancing our competitive advantage. Our production facilities allow us to smoothly integrate R&D efforts with industrial applications. This enables us to rapidly prototype and test new technologies under real-world conditions, significantly shortening the timeline from R&D to industrialization and commercialization. This approach not only enhances our innovation capabilities but also continually improves our products and services. For example, we employ a continuous fermentation model for production, which requires highly stable control adjustments. Through years of efforts for industrial adoption, according to Frost & Sullivan and as of the Latest Practicable Date, we had innovated and created China's first large-scale gas-liquid-solid continuous bioreactor capable of supporting production at a scale of tens of thousands of tons, which can operate continuously for up to 300 days after a single inoculation of the strain, demonstrating strong stability and significantly improved production efficiency.

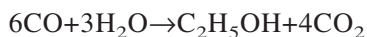
Our technology has received various certifications from both international and domestic authoritative institutions, including a certification from the Roundtable Sustainable Biomaterials (RSB), ISCC CORSIA certificate and ISCC PLUS certificate from SCS Global and Kosher certificate from Committee of Kashrut. Our ethanol product has been recognized by the International Energy Agency as a successful biofuels case study entitled “Success Stories of Advanced Biofuels for Transport”.

Technical Principles

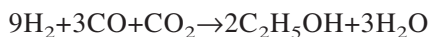
Microbial cells utilize the Wood-Ljungdahl metabolic pathway to convert CO and H₂/CO₂ through anaerobic fermentation to produce ethanol. These microorganisms consume CO through a biological water-gas shift reaction, where carbon dioxide is fixed into formic acid under the action of formate dehydrogenase, ultimately generating acetyl-CoA. Acetyl-CoA can be directly converted into acetaldehyde, which is further synthesized into ethanol, or it can first be converted into acetic acid and then reduced to acetaldehyde before being converted into ethanol. During the metabolic process, sufficient energy must be provided to synthesize ethanol, acetic acid, and other metabolic products. In this case, CO both serves as a carbon source and an energy source. When CO is used solely as the carbon source, the reducing power of active [H] is insufficient, resulting in the production of 1 mole of ethanol from 6 moles of CO while releasing 4 moles of CO₂, thus fixing relatively little CO. However, as the proportion of H₂ increases, more [H] is provided, allowing for reduction of the release of CO₂. At a certain consumption ratio of H₂, it is possible to convert all CO₂ directly into ethanol and microbial protein.



The primary application of our first-generation carbon reduction technology is the fermentation of CO- containing industrial off-gas to produce ethanol and microbial protein. As of the Latest Practicable Date, we had successfully established four production facilities across China adopting first-generation carbon reduction technology, which has matured significantly over the years. This breakthrough overcomes the seasonal and land limitations in relation to the conventional production method of ethanol by fermentation of sugars derived from crops, thus paving the way for continuous and efficient production of both ethanol and feed protein. The reaction equation for the first-generation carbon reduction technology is as follows:



Our second-generation carbon negative technology utilizes converter gas and coke oven gas from Shougang Jingtang as raw materials. In October 2021, we completed the pilot-scale experiment for our second-generation technology with the gas composition of $\text{H}_2:\text{CO}:\text{CO}_2 = 9:3:1$. During the pilot-scale experiment, we successfully achieved continuous and stable operation with this technology for 33 days. Based on the average concentration of effective gas components in the fermentation inlet and outlet, we calculated that the production of one ton of ethanol directly consumes 0.5 tons of CO_2 at an ethanol concentration of 24 g/L, resulting in a carbon fixation rate of 93.5%. The results of pilot-scale experiment show that our second-generation carbon negative technology achieves the direct conversion of CO_2 into ethanol and protein through fermentation. The reaction equation for the second-generation technology is as follows:



Fermentation Technology

We obtained certain intellectual properties for the bio-fermentation through external technology licensing from LanzaTech Hong Kong, who has granted us rights for its gas fermentation technology utilizing industrial off-gas in mainland China. Please refer to “— Research and Development — Licensing Agreements with LanzaTech Group” for further details. The activity and performance of the fermentation strains vary under different gas compositions and nutritional conditions. To address this, we have established a synthetic biotechnology research platform with LanzaTech Group’s help to conduct metabolic engineering modifications on the fermentation strains and optimize their rational design through deep learning and big data, enabling iterative improvement of the strains’ performance. Based on the practical fermentation operation conditions, our R&D team continuously adjust the formulation and explore different application cases, which led us to matured fermentation technologies. These optimized technologies make the strains exhibit stronger tolerance to raw gas and environmental conditions. Our optimized fermentation technologies enable us to extend the continuous fermentation operation time from over 100 days to a maximum of over 300 days. Through years of industrial operation experiences, we have developed gas purification and concentration control processes that can work with different gas sources, and

created a set of fermentation control technologies that are optimized for industrial operations. The new technology that processes our team developed significantly enhance the stability of the production system, allowing for stable year-round operation when external gas supply is sufficient.

In 2012, we utilized the intellectual property licensed from LanzaTech Hong Kong to start the 300-ton pilot-scale experiment of carbon monoxide gas fermentation technology for ethanol production. During the pilot-scale experiment, we worked closely with LanzaTech Group team who provided technical guidance on fermentation strains and fermentation units. Based on the experience we got from the 300-ton pilot-scale experiment, through continuous technological innovation, we grasped a full set of process technologies to support the implementation of industrialization projects going forward. We used our independently developed intellectual properties and the intellectual properties on the strains and fermentation units licensed from LanzaTech Hong Kong in the production activities of our Hebei Shoulang Phase I project and the subsequent three production projects. Please refer to “— Research and Development — Existing Technology” for further details.

We have established an integrated R&D platform capable of meeting the biological metabolism needs of different strains. As a result, we can cultivate multiple strains to meet the biosynthesis of various products using the same reactor and raw materials, and under the same operating conditions. With these new types of fermentation strains that we are developing, we may be able to produce C3 and C4 products and other products at a lower unit cost in addition to ethanol in the future, which enhances our adaptability to different potential market demands.

Independent R&D and Innovation

Our independent R&D efforts focus on driving innovation in synthetic biotechnology and industrial bioconversion, which has led to the development of cutting-edge technologies in relation to raw gas purification, continuous fermentation, fermentation reactor design, ethanol separation, protein recovery and system integration. To enhance production efficiency and meet diverse customer needs, we also focus on foundational research for new product development, such as exploring gas purification technologies and optimizing the separation processes for ethanol and microbial protein.

Our R&D efforts focused on advancing innovation in the renewable energy (“新能源”) and innovative agriculture (“新農業”) sectors, specifically in three key areas: (i) strain modification and optimization: we enhance the performance of microbial strains through genetic engineering; (ii) process optimization and development: we optimize production processes at our production facilities to improve efficiency and yield; (iii) protein product development: we develop bio-based protein products using innovative biotechnological methods.

- **Core Chassis Strain Performance Improvement** — Our R&D team is working on advancing gene-editing technologies for non-model gas fermentation strains, aiming to create new carbon and nitrogen fixation elements and pathways to improve strain

stability and carbon monoxide conversion efficiency. Through this technology, we expect to enhance the chassis strains' tolerance to ethanol and acetic acid, as well as improve the carbon monoxide conversion rate in the medium term.

- **H₂/CO₂ Fermentation Strain Development** — We focus on screening and modifying key enzymes that fix H₂ and CO₂ by utilizing strain mutagenesis and adaptive evolution techniques to develop engineered strains capable of synthesizing high-value chemicals solely from H₂/CO₂. Our medium-term goal is to create strains that can grow and metabolize normally using only H₂/CO₂ without CO gas sources.
- **High-Yield Heterologous C3 and C4 Long-Chain Product Strain Development** — By introducing genes for C3 and C4 long-chain product synthesis pathways from other species into *gas-fermenting clostridia*, we aim to achieve the synthesis of new heterologous products. This technology will also enhance carbon metabolic flow and redox balance by optimizing the compatibility between chassis cells and heterologous pathway genes, thereby increasing the synthesis yield of new heterologous products.
- **Industrial Gas Fermentation Microbial Breeding Platform** — In terms of foundational technology, our R&D team is developing industrial gas fermentation microbial breeding technologies aimed at improving single-cell sorting throughput and gas fermentation screening throughput to establish an intelligent breeding platform. This platform will encompass the entire chain of technologies from establishing a mutant strain library, single-cell sorting, high-throughput gas fermentation screening, CSTR small-scale verification, to pilot-scale experiment, supporting our innovative development in the field of gas fermentation.
- **SAF Engineering Technology** — We are committed to developing integrated technologies for the entire process from collecting industrial off-gases, pretreatment, fermentation to produce ethanol, and subsequently converting ethanol into SAF. Our goal is to establish the first domestic demonstration project with an annual production capacity of 50,000 tons of SAF in 2026, achieving stable production that meets standards to fulfill the needs of domestic commercial aviation.
- **New Protein Products** — In our R&D of new feed products, we break down macromolecules in microbial protein into functional small-molecule products through enzymatic hydrolysis. These products can not only be used as feed additives but also have potential applications in cosmetics and healthcare products after further separation and purification. Our medium-term goal is to complete pilot production of new protein products.

R&D Team and Collaborative Research

We have a R&D team composed of highly educated professionals, including PhD holders and postdoctoral researchers. As of December 31, 2024, our R&D team comprised 74 employees, representing 13.78% of our total workforce. Of these team members, 87.83% possess a bachelor's degree or higher, including eight individuals with doctoral degrees, which accounts for 10.81% of the R&D team. Our R&D team members not only hold advanced degrees but also have professional and practical experiences in fields such as bioengineering, microbiology, chemistry, fermentation engineering, animal nutrition and feed science, and automation. The diverse expertise and experiences of our team members allow us to evaluate a wide range of factors throughout the R&D process. This collaborative approach fosters creativity and cultivates innovative solutions that propel technological advancements. Our team is also equipped with deep experience and knowledge in scaling innovative technologies from the laboratory settings to industrial applications, which means that our R&D outcomes are practical, efficient and commercially viable. Many members of our management team also have R&D backgrounds, which provides strong leadership support for our research initiatives and product development.

Mr. Chao Wei holds a Ph.D. in physical chemistry from Peking University and qualification as senior engineer, and serves as our deputy general manager. Mr. Chao is a member of the One Carbon Biotechnology Professional Committee of the Chinese Society for Bioengineering (中國生物工程學會一碳生物技術專業委員會). He has a longstanding commitment to advancing research and promoting the industrial application of bio-fermentation technology for the production of ethanol and protein from industrial off-gases. As a key person-in-charge, he participated in the construction of our Hebei Shoulang Phase I production facility, the world's first ethanol production facilitate utilizing industrial off-gas from steel mills according to Frost & Sullivan, and our Shoulang Jiyuan production facility, the world's first ethanol production facilitate utilizing industrial off-gas from ferroalloy plants according to Frost & Sullivan. As of the Latest Practicable Date, Mr. Chao had published over ten academic papers and held 41 authorized patents. Additionally, he has undertaken research projects as the project leader in respect of the National Key R&D Programs on "Green Bio-Manufacturing" and "Synthetic Biotechnology" (國家重點研發計劃“綠色生物製造”和“合成生物學”重點專項研究課題). Mr. Chao has received numerous awards, including the Second Prize for Scientific and Technological Progress in Hebei Province (河北省科技進步二等獎), the Second Prize for Scientific and Technological Progress from the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會科技進步二等獎), the Third Prize for Invention Patents in Beijing (北京市發明專利三等獎), gold patent award from the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會專利金獎), the First Prize for Modern Enterprise Management Innovation Achievements in Beijing (北京市企業管理現代化創新成果獎一等獎), and the First Prize for Science and Technology from Shougang (首鋼科學技術一等獎).

Mr. Mo Zhipeng holds a master's degree in chemical engineering and technology from Beijing University of Chemical Technology and is a qualified senior engineer who serves as our chief engineer. Mr. Mo has successfully led our R&D team in achieving several significant milestones, including advancements in the stability and performance of our continuous fermentation processes, the enhancement of high-rate water reuse systems, research in mixed gas fermentation, and the optimization of microbial protein separation and drying techniques. He also made significant contribution to the operation of the Beijing Shougang Langze Pilot-Scale Test R&D Center. Moreover, Mr. Mo has also made contribution to the design, construction, commissioning, and production operations of Hebei Shoulang Phase I production facility. As of the Latest Practicable Date, he held 59 granted patents and had received several awards including the Second Prize for Scientific and Technological Progress in Hebei Province (河北省科技進步二等獎), the Second Prize for Scientific and Technological Progress from the China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會科技進步二等獎), Second Prize for Scientific and Technological Progress from the Wine Industry Association in 2022 (2022年度酒業協會科學技術進步二等獎), the First Prize for Science and Technology from Shougang (首鋼科學技術一等獎), and Innovation Talent in Small and Medium-sized Technology Enterprises in Hebei Province (河北省科技型中小企業創新英才).

We have demonstrated advantages in talent acquisition and development. We emphasize attracting and cultivating highly educated professionals by establishing a comprehensive internal training system and incentive mechanisms that provide employees with ample opportunities for growth and development. We continuously enhance employees' professional skills and overall competencies through industry-university collaboration, practical training, and project-driven experience, laying a solid talent foundation for our technological innovation and sustainable development.

We engage in collaborative R&D activities with leading universities, research institutions and industry partners, for example: (i) we have collaborated with Tsinghua University since 2021 with respect to process optimization for bio-fermentation to produce ethanol from carbon monoxide gas and reactor technology; (ii) we jointly undertook the Green Biomanufacturing Project "Efficient Membrane Separation Technology for Bioethanol Production" under National Key R&D Program (國家重點研發計劃綠色生物製造專項"面向生物乙醇製造的高效膜分離技術與成套裝備"項目) with Nanjing Tech University in 2021; (iii) we collaborated with the Feed Research Institute of the Chinese Academy of Agricultural Sciences (中國農業科學院飼料研究所) on biological synthesis of gas ($\text{CO}/\text{CO}_2/\text{H}_2$) microbial protein and product creation under the Cultivation of New Livestock Breeds and Technological Innovation in Modern Pastoralism project under the National Key R&D Program for Specialist Youth Scientists (國家重點研發計劃"畜禽新品種培育與現代牧場科技創新"專項青年科學家項目) in 2023 where we conducted collaborative research to create engineered strains of high-yield *Clostridium acetobutylicum* protein and improve production processes; (iv) we partnered with the Tianjin Institute of Industrial Biotechnology of the Chinese Academy of Sciences (中國科學院天津工業生物技術研究所) on the Synthetic Biology Key Special Project under the National Key R&D Program (國家重點研發計劃"合成生物學"重點專項項目) in 2024, where we conducted collaborative research on utilizing carbon dioxide to product protein. These collaborations enable us to leverage state-of-the-art academic research, smoothly integrate it

into practical applications, and effectively tackle intricate technical challenges. Collaborative projects facilitate the advancement of innovative gas fermentation techniques, optimize fermentation equipment, and investigate novel applications for our by-products, including the utilization of microbial protein in animal feed. Our network of collaboration strengthens our research capabilities and solidifies our market position.

Licensing Agreements with LanzaTech Group

Agreements Related to Ethanol Production Technology from Carbon Monoxide Fermentation

2011 License Agreement and 2022 License Agreement

In October 2011, the Company entered into an intellectual property rights license agreement with LanzaTech Hong Kong, Shougang Corporation, NZ Tang Ming, and LanzaTech NZ, Inc. (“**LanzaTech NZ**”) (“**2011 License Agreement**”), whereby LanzaTech Hong Kong (who was authorized by the intellectual property owner, LanzaTech NZ) granted the Company a non-transferable and non-sublicensable (unless with prior written notice to LanzaTech Hong Kong) license for certain intellectual property rights regarding producing ethanol by utilizing industrial off-gas.

In December 2022, the Company entered into the “2022 Intellectual Property License Agreement” with LanzaTech NZ and LanzaTech Hong Kong, as amended and supplemented by the subsequent amendments and supplemental agreements (“**2022 License Agreement**”). The 2022 License Agreement takes priority over the 2011 License Agreement to the extent there is a conflict between these two agreements. The technology licensed to the Company under the 2011 License Agreement was the same as the technology under the 2022 License Agreement, being the fermentation technology utilizing carbon monoxide in the industrial off-gas to produce ethanol and other products.

License scope

Under the 2022 License Agreement, LanzaTech Hong Kong granted the Company a non-transferable, exclusive, sublicensable commercial license in respect of LanzaTech Hong Kong’s technology to use off-gases produced from steel and ferroalloy mills as raw materials to produce ethanol and by-products at production facilities in the PRC only (“**Exclusive Licensed Business**”). LanzaTech Hong Kong also granted the Company a non-exclusive commercial license similar to the above but in relation to the production process utilizing other industrial off-gases other than off-gases from steel or ferroalloy production (“**Non-Exclusive Licensed Business**”), where the Company has priority rights to cooperate with a third party to conduct the Non-Exclusive Licensed Business in China. Under the 2022 License Agreement, the Company and LanzaTech NZ will jointly own any technology and related intellectual property rights created in the course of Exclusive Licensed Business or Non-Exclusive Licensed Business that (i) arise from the exercise of the licenses granted by LanzaTech Hong Kong to us, (ii) are based upon or incorporate LanzaTech Hong Kong’s technology, or (iii) are

used in relation to the fermentation block (“**Developed Technology**”). The Company will own any technology and related intellectual property rights created in the course of our business other than the Developed Technology. The production of microbial protein and other products (being biogas and crude alcohol) utilising industrial off-gas adopts the Group’s technology so it does not fall within the license scope of the 2022 License Agreement.

Fee structure and accounting treatment

(1) Capital contribution by LanzaTech Hong Kong and 2011 License Agreement

LanzaTech Hong Kong and the Company acknowledge that under the 2011 License Agreement, LanzaTech Hong Kong’s intellectual property rights and technology were licensed to the Company on a royalty-free basis, because the consideration received by LanzaTech Hong Kong was the registered capital and corresponding equity interests in the Company instead of royalty fees. The intellectual property rights invested by LanzaTech Hong Kong in the Company was valued at RMB25.8 million, which was initially capitalized as intangible assets, and are amortized on a straight-line basis over their estimated useful lives. During the Track Record Period, the Group recognized an aggregate amortization of RMB3.9 million related to the license and such amortization was reflected in our cost of sales. As of December 31, 2024, carrying amount of such intangible asset was RMB12.9 million which is to be amortized over the next 10 years.

(2) Royalty fees that the Company pays to LanzaTech Hong Kong under the 2022 License Agreement

The 2022 License Agreement specifies a royalty fee structure for commercial facilities where the Company pays LanzaTech Hong Kong a certain percentage between 8.5% to 20% of the sublicense fees the Company receives from our sublicensees regarding each commercial facility in respect of which the Company enters into a sublicense. According to Frost & Sullivan, such range of the percentages for the royalty fee aligns with industry normal. The percentage of royalty fees is tiered such that as the number of commercial facilities in respect of which the Company enters into sublicense increases, the Company pays a larger proportion of the sublicense revenue to LanzaTech Hong Kong until the number of commercial facilities reach a certain threshold where the percentage stays the same. The royalty fees are the only fees that our Group need to pay to the LanzaTech Group and are to be distinguished from the sublicense fees payable by our subsidiaries to the Company as intra-group payments.

For the production facilities owned and operated by the Group, the total royalty fees that the Company needs to pay to LanzaTech Hong Kong amounted to RMB12.3 million. Such amount was initially capitalized as intangible assets, which are amortized on the straight-line basis over their estimated useful lives. During the Track Record Period, the Group recognized an aggregate amortization of RMB2.6 million related to those royalty fees, and such amortization was reflected in our cost of sales. As of December 31, 2024, carrying amount of such intangible assets was RMB9.7 million which is to be amortized over the next 7-9 years. Out of the total royalty fees of RMB12.3 million, the Company had paid RMB6.41 million to

LanzaTech Group during the Track Record Period. The breakdowns of the royalty fees the Company paid in respect of each production facility during the Track Record Period are: (i) payment(s) in relation to the Ningxia Binze production facility totalled approximately RMB5.1 million; (ii) payment(s) in relation to the Shoulang Jiyuan production facility totalled RMB800,000, and (iii) payment(s) in relation to the Guizhou Jinze production facility totalled RMB510,000. LanzaTech Hong Kong acknowledges that Hebei Shoulang Phase I production facility is within the license scope of 2011 License Agreement so it is not subject to the royalty fee under the 2022 License Agreement. The Company paid total royalty fees of nil, RMB4.24 million and RMB2.17 million to LanzaTech Group for the years ended December 31, 2022, 2023 and 2024. No royalty fee was paid in respect of our low-carbon integrated solutions business during the Track Record Period. In May 2025, the Company received a written confirmation from the LanzaTech Group that the Company was not in breach of any of its obligations to pay royalty fees to LanzaTech Group under the 2022 License Agreement, and the payment status of royalty fees in respect of Shoulang Jiyuan and Guizhou Jinze would not constitute any termination events under the 2022 License Agreement. The Company plans to agree with LanzaTech Group with respect to payment plans regarding outstanding royalty fees in respect of Shoulang Jiyuan and Guizhou Jinze in the second half of 2025.

For our low-carbon integrated solutions business, the royalty fees that the Company needs to pay to LanzaTech Hong Kong are recognized as cost of sales for the low-carbon integrated solution business and the sublicense fees the Company receives from our customers are recognized as revenue and trade receivables. During the Track Record Period, we recognized income of RMB20 million from low-carbon integrated solutions business when the relevant technical package was delivered to and acknowledged by Mingtuo. At the same time, we recognized royalty fees payable to LanzaTech Hong Kong as cost of sales in an aggregate amount of RMB2.6 million, as the low-carbon integrated solutions we provided are related to the license arrangements with LanzaTech Hong Kong. Once the Mingtuo project commences operation, we will start to pay royalty fee to LanzaTech Hong Kong.

(3) Sublicense fees from our subsidiaries

Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze are subject to a sublicensing arrangement. Although being subsidiaries of the Group, Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze are not parties to the 2022 License Agreement by themselves. Therefore these subsidiaries need to enter into sublicense agreements with the Company in order to conduct Exclusive Licensed Business. The sublicense fee under each of these sublicense agreements that each of the subsidiaries needs to pay to the Company was in the range of RMB30 million to RMB60 million which was determined based on the production capacity of the relevant production facility.

In terms of the accounting treatment of sublicense fees, the Company recognizes revenue and trade receivables when it grants the sublicense to our subsidiaries. Our subsidiaries recognize the sublicense fee as payable to the Company and as intangible assets on their

balance sheets at the same time. The revenue and trade receivables at the Company level are set off against the sublicense fee payable to the Company and intangible assets at the subsidiaries level when the Group's financial statements are consolidated.

According to Frost & Sullivan, these royalty and sublicense fees and associated licensing arrangements align with industry norms.

Diligence requirements

The Company is also subject to diligence requirements in terms of building new commercial facilities. By December 31, 2029, the Company needs to enter into sublicenses for at least eight commercial facilities and order long-cycle equipment, or if the Company enters into sublicenses for less than eight commercial facilities, the design capacity of all our commercial facilities must reach 360,000 tons/year. If the Company fails to fulfill this obligation, its exclusive license from LanzaTech Hong Kong in relation to Exclusive Licensed Business will become a non-exclusive license, unless we are successfully listed on a stock exchange in China (including Hong Kong). If we fulfill the IPO requirement but fail to meet diligence requirement as detailed above by December 31, 2029, the Company shall pay to LanzaTech Hong Kong from January 1, 2030, royalties calculated as if sublicenses for eight commercial facilities have been executed. Separately, by December 31, 2029, the Company needs to enter into sublicenses for at least five commercial facilities and order long-cycle equipment. If the Company fails to fulfill this obligation, its license from LanzaTech Hong Kong to construct commercial facilities and enter into new sublicense in relation to Non-Exclusive Licensed Business will terminate (without affecting our existing commercial facilities), unless we are successfully listed in a stock exchange in China (including Hong Kong).

The Directors are of the view that the Company will be able to fulfil the diligence requirements on the basis that we have made substantial progresses to achieve the diligence requirements, and have a plan to complete such requirements in accordance with the terms of the 2022 License Agreement. As of the Latest Practicable Date, we operated four production facilities (i.e. Hebei Shoulang Phase I production facility, Shoulang Jiyuan production facility, Ningxia Binze production facility, and Guizhou Jinze production facility) with a total annual production capacity of 210,000 tons of ethanol and ordered long-cycle equipment, all of which are counted towards achieving the diligence requirements. The Company also had signed a sublicense agreement with Mingtuo, our low-carbon solution integrated business partner, and ordered long-cycle equipment, for a production facility with an annual production capacity of 60,000 tons of ethanol. The Mingtuo sublicense agreement is also counted toward achieving the diligence requirements. In conclusion, as of the Latest Practicable Date, we had achieved (i) five sublicense agreements out of the eight sublicense agreements requirement, and (ii) a total of 270,000 tons/year of design ethanol production capacity out of the 360,000 tons/year requirement, regarding the diligence requirements under the 2022 License Agreement.

As for our plan for future expansion, we entered into a strategic cooperation agreement with the government of Shizuishan City, Ningxia, in 2020. The purpose of this agreement was to establish a 300,000-ton ethanol per annum production project, and as of the Latest Practicable Date, the capacity of 105,000 tons of ethanol per annum have been successfully established (i.e. Shoulang Jiyuan production facility and Ningxia Binze production facility), with an additional 195,000 tons capacity to be built. In October 2023, we executed a strategic cooperation agreement with a local government and a local company in Shandong province. The aim of this agreement is for parties to jointly promote the development of a project with a capacity of 45,000-ton ethanol per annum.

Even in the event the Company fails to meet the diligence requirements, if we are successfully listed on a stock exchange in China (including Hong Kong), the only consequence is that, from January 1, 2030, the Company needs to pay to LanzaTech Hong Kong royalty fees calculated as if sublicenses for eight commercial facilities have been executed as disclosed above. Under such circumstance, the only additional payment the Company needs to make is in relation to the number of the commercial facilities that the Company has not signed sublicense agreements for towards the goal of eight commercial facilities as of the end of 2029. In light of the past payments the Company made in relation to three existing production facilities (namely, Shoulang Jiyuan production facility, Ningxia Binze production facility, and Guizhou Jinze production facility), the Directors are of the view that such additional payments will not cause material impact on our financial position.

Term and termination

The 2022 License Agreement does not expressly provide for a fixed expiration date. The 2022 License Agreement will remain effective until the earliest occurrence of the following: (i) expiration or termination of the last licensed intellectual property, licensed technology or Developed Technology (i.e. when all of the licensed intellectual properties, licensed technology and Developed Technology expire or are terminated. The Group created Developed Technology in each year during the Track Record Period, and is expected to continue to create Developed Technology annually going forward. The patent associated with the Developed Technology (which is part of the Developed Technology) only expires after twenty years since its application date), (ii) permanent decommissioning of the last commercial plant (i.e. when all of the commercial plants which use the licensed technology are permanently decommissioned), or (iii) the 2022 License Agreement is terminated because (1) the Company is dissolved or liquidated, or (2) if the Company fails to perform its obligations under the 2022 License Agreement regarding (a) not challenging the validity of any of the licensed intellectual properties, (b) confidentiality and causes LanzaTech Hong Kong or its affiliates material damage, or (c) making royalty payments and causes LanzaTech Hong Kong to not receive one year of royalties (being the royalty fees payable to LanzaTech Hong Kong for a particular calendar year calculated with reference to the sublicense fees the Company receives for that year multiple by the agreed percentages) or US\$5,000,000 (whichever is lower) for twelve consecutive months, and fails to remedy such default within 60 days, or within a longer reasonable period if more than 60 days are required and the Company has actively taken remedial measures for the initial 60 days, after receipt of a default notice. Other than this notice

of default period of 60 days, there is no other termination notice period under the 2022 License Agreement. The 2022 License Agreement is governed by the laws of the PRC. In the event of a dispute between the parties, it shall be submitted to the Hong Kong International Arbitration Center for arbitration, with the place of arbitration being Hong Kong. The 2011 License Agreement will remain effective until the earliest occurrence of the following: (i) 50 years from the effective date of the joint venture agreement under which the Company was established or if on such date there remains any licensed intellectual property, licensed technology or developed technology, the date that the last licensed intellectual property, licensed technology or developed technology expires or terminates, or (ii) the 2011 License Agreement is terminated because (a) the Company's decision to abandon or otherwise terminate the construction or operation of the demonstration facility (i.e. the facility for the 300-ton level pilot-scale experiment), or (b) the dissolution or liquidation of the Company. There is no notice period under the 2011 License Agreement.

The Directors believe the likelihood of the licensing arrangements with LanzaTech Group being terminated is low and that there will be no material impediment to the renewal of the agreements upon expiry on the following basis (the **"Directors' Views on Licensing Arrangements with LanzaTech Group"**): (i) we have a long-standing mutually beneficial relationship with LanzaTech Group. For further details, please see the section headed **"— Our Mutual Relationship with LanzaTech Group"**. The licensing arrangements with LanzaTech Group have been in place since 2011, which underpin our long-term cooperation relationship with LanzaTech Group; (ii) during the Track Record Period and up to the Latest Practicable Date, there had not been any material interruption or dispute in our licensing arrangement with LanzaTech Group. In addition, on May 19, 2025 we obtained a written confirmation from the LanzaTech Group confirming that the Company had adhered to all material provisions in the agreements with LanzaTech Group and there were no instances of material non-compliance or contractual breach identified by the LanzaTech Group; (iii) according to the 2022 License Agreement, neither the Company nor LanzaTech Group can unilaterally terminate the 2022 License Agreement without the occurrence of the termination events as disclosed above. Such termination events are pre-defined incidents with objective criteria and we are of the view that the likelihood of occurrence of these events is low.

Based on the independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on the Directors' Views on Licensing Arrangements with LanzaTech Group in any material respect.

Agreements related to second-generation carbon negative technology

In June 2023, the Company signed a CO₂ Technology Intellectual Property License Agreement with LanzaTech Hong Kong, whereby LanzaTech Hong Kong granted the Company a non-transferable (except with the written consent of LanzaTech Hong Kong), non-exclusive, sublicensable commercial license in respect of LanzaTech Hong Kong's CO₂ related technology to produce ethanol from carbon-containing industrial off-gas in China only (**"CO₂ Technology Intellectual Property License Agreement"**). Its key difference with the 2022 License Agreement is that CO₂ Technology Intellectual Property License Agreement relates to

technologies that transform the CO₂ in industrial off-gas to ethanol and related products, which supports our second-generation carbon negative technology, whereas the 2022 License Agreement is related to the technologies that transform the CO in industrial off-gas to ethanol and related products, which supports our first-generation carbon reduction technology. The production of microbial protein and other products (being biogas and crude alcohol) utilising industrial off-gas adopts the Group's technology so it does not fall within the licensed scope of the CO₂ Technology Intellectual Property License Agreement. The agreement stipulates the following arrangement regarding the license fees: (a) for the first 15,000-ton commercial facility (Hebei Shoulang Phase II project), the license fee is calculated and charged per metric ton and subject to a cap, payable in USD monthly within 60 days after the official commissioning of the relevant facility; (b) The license fee for sublicensing to other commercial facilities shall be determined separately by the parties before granting such sublicenses.

Our Mutual Relationship with LanzaTech Group

Founded in 2005 in New Zealand, LanzaTech Global is a U.S.-based company that is headquartered in Skokie, Illinois, and publicly traded on the Nasdaq stock exchange under the ticker symbol LNZA. At its core, LanzaTech Global is a carbon solutions company that develops and deploys proprietary technology which converts waste carbon into the chemical building blocks for consumer goods such as sustainable fuels, fabrics, packaging, and nutrition that people use in their daily lives. LanzaTech Global has historically generated revenue from three lines of business: (1) biorefining development projects and deployed licenses, (2) joint development agreements and contract research projects, and (3) sales of ethanol produced from biorefineries using LanzaTech Global's technology. LanzaTech Global also owns 37 percent of LanzaJet, Inc., a leading sustainable fuels technology company and sustainable fuels producer. There are six commercial-scale biorefineries using LanzaTech Global's technology, and it has numerous projects in the project development pipeline globally.

LanzaTech Group is both an equity owner and technology licensor to the Company, and our partnership with LanzaTech Group is mutually beneficial. When the Company was established on November 11, 2011, LanzaTech Group, through its group member LanzaTech Hong Kong, contributed certain rights to its intellectual properties regarding the relevant fermentation technologies as registered capital and held a 30% interest in the Company.

Licensing arrangements with LanzaTech Group have been in place since 2011, and our business operation continues to benefit from the ability to exploit the licensed technology. The licensing arrangements underpin our long-term cooperation relationship with LanzaTech Group. During the Track Record Period and up to the Latest Practicable Date, there had not been any material interruption or dispute in our licensing arrangement with LanzaTech Group. During the Track Record Period, our total revenue contribution (including royalty fees, technical service fees and other fees) to LanzaTech Group amounted to approximately RMB8.9 million, RMB4.2 million and RMB2.6 million for the years ended December 31, 2022, 2023 and 2024, out of which royalty fees were RMB8.1 million, RMB4.2 million and RMB2.6 million for the years ended December 31, 2022, 2023 and 2024.

BUSINESS

As our business continued to grow, LanzaTech Group maintained a 9.31% stake in us as of the Latest Practicable Date. As of the Latest Practicable Date, to our best knowledge, we are the only commercial partner and joint venture of LanzaTech Group in China. As a result of this and other factors, our growth and success would also be expected to provide financial advantages to LanzaTech Group.

Dr. Jennifer Holmgren, the chief executive officer and director of LanzaTech Global, serves as a non-executive Director and the vice chairwoman of our Board. Her responsibilities include providing recommendations on the strategic development of our Group. From November 2011 to May 2015, Dr. Jennifer Holmgren served as the chairwoman of the Board. Through her leadership of LanzaTech Group personnel, Dr. Jennifer Holmgren enables frequent communication between us and LanzaTech Group and helps us and LanzaTech Group to be strategically aligned on matters as may be mutually agreed.

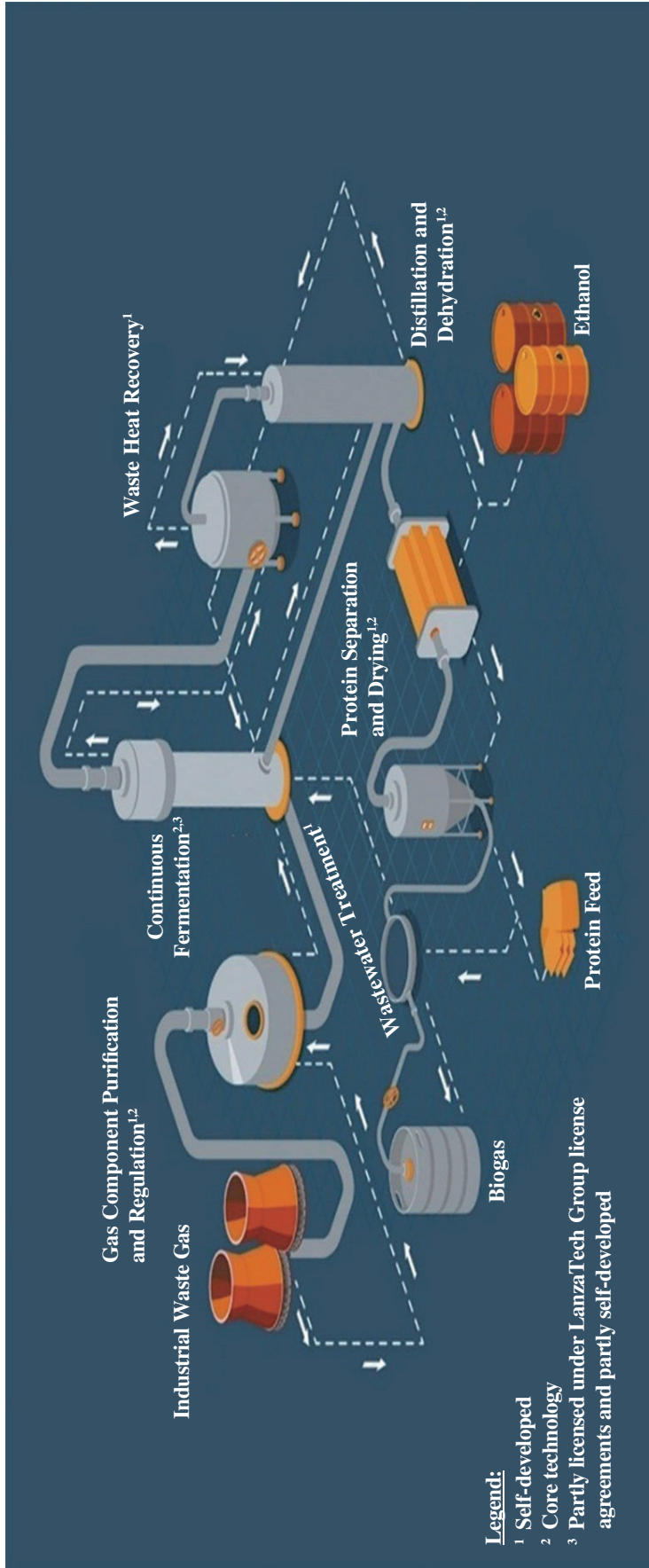
Among the global partners and/or joint ventures that LanzaTech Group is involved with, we were the first to successfully commercialize LanzaTech Group's gas fermentation technology and we continue to expand our business operations in China. According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. Our matured business model contributes to the commercialization of, and the expansion of, the low carbon technology, which is beneficial to us and, we believe, to the LanzaTech Group.

Based on our independent R&D and our business and technology relationship with LanzaTech Group, we have mastered the core engineering transformation technologies in respect of our synthetic biotechnology in six key areas: purification of gas components, biofermentation, distillation dehydration, protein separation, wastewater treatment, and waste heat recovery. Please refer to the section “— Licensing Agreements with LanzaTech Group” for further details of ownership rights in regards to intellectual property rights created in the course of Exclusive Licensed Business or Non-Exclusive Licensed Business.

PRODUCTION

Production Process

We adopt a vertically integrated production process. Our production model aims to effectively convert carbon-containing industrial off-gas into high-value products through six key steps: (i) gas component purification and regulation, (ii) continuous fermentation, (iii) distillation and dehydration, (iv) protein separation and drying, (v) waste heat recovery, and (vi) wastewater treatment. The diagram below illustrates the key aspects of our production model during the Track Record Period.



Gas Component Purification and Regulation

The purpose of gas purification and regulation is to transform carbon-containing industrial off-gas into raw gas suitable for subsequent production steps, including fermentation. This step is crucial in our production process, as the quality of the input gas directly affects the health of microbial strains and the stability of fermentation metabolism in later stages. With years of research and industrial-scale application, we have developed purification technologies capable of handling different gas sources and compositions. After pressurization by compressors, carbon-containing industrial off-gas undergo systematic purification through processes such as physical adsorption and catalytic reactions. These technologies effectively remove harmful substances, ensuring that the purified industrial off-gases meet the stringent quality requirements for continuous fermentation. The technologies regarding gas component purification and regulation are self-developed and considered as our core technologies.

Continuous Fermentation

The main objective of the fermentation step is to convert inorganic carbon in industrial off-gases into organic carbon through the metabolic actions of specific microbial strains. This step utilizes the metabolic activities of designated microbial strains to convert carbon monoxide (CO) into metabolites such as ethanol and biological proteins, while the microbial population proliferates through cell division to produce more biomass. Specifically, the fermentation section includes seed tanks and multiple parallel fermentation production lines, each containing two serially connected fermentation tanks. Dry powder strains are activated and expanded in seed tanks until a certain concentration and volume are reached before being transferred to the fermentation tanks, which continuously receive raw gas, nutrient solutions, and water. In the fermentation tanks, microorganisms convert CO into ethanol, with the resulting fermentation broth containing ethanol and biomass continuously sent to the distillation section for ethanol extraction. By carefully controlling parameters such as pH, temperature, pressure, gas flow rate, and microbial density, we have established a robust fermentation control system that enhances production stability, maximizes gas utilization efficiency, and increases ethanol concentration. The continuous fermentation technologies are considered as our core technologies and are jointly owned by LanzaTech Group and us. Part of the technology was licensed to us under the license agreement with LanzaTech Group and rest of it was developed by us.

Distillation and Dehydration

The ethanol-rich liquid produced during fermentation undergoes three-column or multi-column differential distillation to yield qualified ethanol products. The fermentation process generates both concentrated and diluted fermentation broths. The multi-column differential distillation process achieves 95% ethanol purity, followed by further dehydration using molecular sieves to remove moisture and purify ethanol products that meet quality standards. The post-distillation concentrated broth containing biomass serves as raw material for the

protein recovery section. The technologies regarding distillation and dehydration (two-tower feed — multi-tower differential pressure distillation technology) are self-developed and considered as our core technologies.

Protein Separation and Drying

The purpose of this step is to produce microbial protein products from the concentrated broth generated in the distillation step through centrifugation and drying operations. We transfer the concentrated broth — nearly devoid of ethanol after rough distillation — into storage tanks before concentrating the biomass protein using concentration devices for feeding into drying towers; products discharged from the drying tower are conveyed to product buffer storage. The products in the buffer storage are packaged by an automatic packaging machine before storage. The technologies regarding protein separation and drying are self-developed and considered as our core technologies.

Waste Heat Recovery

The waste heat recovery phase captures low-grade heat from fermentation off-gases (unreacted carbon monoxide) and exhaust gases from the distillation process, converting CO in fermentation off-gases into CO₂ through high-temperature oxidation. These gases undergo harmless treatment to ensure emissions comply with regulations while recovered heat is redirected to support distillation and protein drying operations. Before discharge, flue gases are treated with desulfurization technology to meet environmental standards. The exhaust gas treatment system consists of oxidation and waste heat recovery components; fermentation off-gases fully contact air within a furnace to achieve high-temperature oxidation, ensuring CO meets emission requirements after high-temperature combustion and thorough thermal oxidation. High-temperature flue gases exit the furnace into a waste heat recovery system, absorbing heat from the flue gases to produce saturated steam for industrial use in distillation and protein processing. The technologies regarding waste heat recovery (including offgas treatment and waste heat recovery) are self-developed.

Wastewater Treatment

The wastewater treatment step aims to collect and treat process wastewater discharged from across the plant to meet standards for water recovery and reuse. This process includes pre-treatment, anaerobic digestion, phosphorus removal, biochemical nitrogen removal, and advanced treatment. Organic pollutants in wastewater are largely converted into biogas during anaerobic digestion. The treated water is either recycled back into the fermentation process or used as supplementary water for cooling systems, optimizing resource utilization while minimizing waste discharge. The technologies regarding wastewater treatment (including organic wastewater treatment technology technologies) are self-developed.

BUSINESS

Production Facilities

Existing Production Facilities

As of the Latest Practicable Date, we operated four production facilities across three provinces in the PRC: Hebei Shoulang Phase I production facility, Shoulang Jiyuan production facility, Ningxia Binze production facility, and Guizhou Jinze production facility, and each of these production facilities produces both ethanol and microbial protein with a total annual production capacity of 210,000 tons of ethanol and 23,200 tons of microbial protein. The Hebei Shoulang Phase I production facility is located in Hebei Province, and the project commenced operations in 2018, establishing the world's first large-scale industrial fermentation facility for steel industrial off-gases according to Frost & Sullivan. In 2022, the Shoulang Jiyuan project was launched in Ningxia Province, creating the world's first industrial fermentation facility for ferroalloy mill off-gas according to Frost & Sullivan, which was rapidly replicated in the Ningxia Binze and Guizhou Jinze projects in 2022 and 2023. Our production facilities typically take an average of one and half years from initiation to completion, demonstrating a strong advantage in industrialization with a rapid transition from construction to stable production. As of the Latest Practicable Date, our production facilities occupied land with a site area of approximately 339,681 square meters in total, and had an aggregate gross floor area of approximately 83,627 square meters.

The table below lists the revenue breakdown by each of the production facilities during the Track Record Period:

Production facilities	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hebei Shoulang Phase I production facility, Hebei	238,933	216,324	176,070
Shoulang Jiyuan production facility, Ningxia	129,917	98,447	117,718
Ningxia Binze production facility, Ningxia	41,316	192,076	134,189
Guizhou Jinze production facility, Guizhou	—	92,275	98,525

According to the feasibility studies conducted by qualified external engineering design firms in 2022 and 2023, the investment payback periods for all of the four production facilities are in the range of eight years to 11 years. Hebei Shoulang Phase I production facility reached breakeven in 2022. Based on our estimates, the breakeven years for Shoulang Jiyuan production facility, Ningxia Binze production facility and Guizhou Jinze production facility are expected to be 2026, 2026 and 2027, respectively.

BUSINESS

We are one of the few companies capable of simultaneously producing both ethanol and microbial protein. Our production team consists of over 300 employees. Hebei Shoulang Phase I production facility utilizes steel plant industrial off-gas as raw materials, while Shoulang Jiyuan production facility, Ningxia Binze production facility, and Guizhou Jinze production facility utilize ferroalloy industrial off-gases. This diversified resource base highlights our ability to adapt our production technology to different industrial off-gas compositions, enhancing operational flexibility and scalability.

Through technological innovation and improvements, we have enabled our fermentation process to regenerate industrial off-gas during the gas pre-treatment stage for value-added utilization, reducing raw gas consumption and enhancing overall utilization levels while lowering production costs. We will also continue to carry out energy management to improve energy efficiency in our production and improve the comprehensive utilization of waste heat and wastewater to bring down costs through energy-saving and consumption reduction measures. By advancing factory automation, information technology, and safety standardization initiatives, we have reduced reliance on excessive manual labor while improving employee working conditions and occupational health standards. This has significantly increased production safety and reliability, ensuring orderly and efficient operations. We have obtained all necessary government approvals, permits, and licenses for all production workshops and lines currently in operation. We also conduct regular inspections, maintenance, and repairs to ensure compliance with relevant regulations.

The table below lists detailed information about each of our major production facilities during the Track Record Period:

Location of production facilities	Site area (<i>s.q.m</i>)	Main products sold	Types of industrial off-gases as raw materials
Hebei Shoulang Phase I production facility, Steel and Electricity Park, Caofeidian Industrial Zone (曹妃甸工業區鋼電園區), Hebei	59,999.99 (leased)	Ethanol and microbial protein	Steel
Shoulang Jiyuan production facility, Ningxia Pingluo Industrial Park (寧夏平羅工業園區), Ningxia	84,860.00 (owned)	Ethanol and microbial protein	Ferroalloy

BUSINESS

Location of production facilities	Site area	Main products sold	Types of industrial off-gases as raw materials
	<i>(s.q.m)</i>		
Ningxia Binze production facility, Ningxia Pingluo Industrial Park (寧夏平羅工業園區), Ningxia	99,998.00 (owned)	Ethanol and microbial protein	Ferroalloy
Guizhou Jinze production facility, Suiyang Coal-Electricity-Manganese Circular Economy Integrated Industrial Park (綏陽煤電錳循環經濟一體化產業園), Guizhou . .	94,822.93 (owned)	Ethanol and microbial protein	Ferroalloy

Ningxia Pingluo Industrial Park (寧夏平羅工業園區), located in Pingluo County, Shizuishan City, Ningxia, is one of Ningxia’s “Five Major and Ten Special” (五大十特) industrial parks. It is recognized as a National Circular Economy Demonstration Park and a National Green Park. Covering a total area of approximately 50 square kilometers, the park boasts well-developed infrastructure, which includes efficient and seamless access to roads, water supply, electricity, drainage, steam, communications, and network services. It houses approximately 300 enterprises, including multiple ferroalloy enterprises, which are potential alternative suppliers of industrial off-gas for us.

In 2020, we entered into a strategic cooperation agreement with the government of Shizuishan City, Ningxia, under which parties aim to establish 300,000-ton ethanol per annum production projects. Following the establishment of Shoulang Jiyuan production facility in March 2022, being the first project under this strategic cooperation agreement, Binhe SIC and Ningyuan New Materials also expressed interests in our technology, which led to the establishment of Ningxia Binze production facility.

Production Capacity and Utilization Rate

The table below summarizes the production capacity, actual output, and capacity utilization rate of our four production facilities for ethanol and microbial protein in 2022, 2023, and 2024. For the details regarding the duration of maintenance periods for each of our production facilities during the Track Record Period, please see the section headed “— Business Sustainability” in this prospectus.

Plant name	Products	For the year ended 31 December 2024			For the year ended 31 December 2023			For the year ended 31 December 2022		
		Annual production capacity ⁽²⁾⁽³⁾	Actual output	Capacity utilization rates ⁽¹⁾	Annual production capacity ⁽²⁾⁽³⁾	Actual output	Capacity utilization rates ⁽¹⁾	Annual production capacity ⁽²⁾⁽³⁾	Actual output	Capacity utilization rates ⁽¹⁾
		(ton)	(ton)		(ton)	(ton)		(ton)	(ton)	
Hebei Shoulang phase I production facility ⁽⁴⁾ . .	Ethanol	45,000	27,042.65	60.09%	45,000	27,326.51	60.73%	45,000	28,770.65 ⁽⁵⁾	63.93%
	Microbial protein	5,000	3,125.83	62.52%	5,000	3,280.74	65.61%	5,000	3,332.84	66.66%
Shoulang Jiyuan production facility ⁽⁶⁾ . .	Ethanol	45,000	19,549.04	43.44%	45,000	13,407.12	29.79%	33,750	19,839.53	58.78%
	Microbial protein	5,000	2,472.72	49.45%	5,000	1,963.19	39.26%	3,750	2,325.47	62.01%
Ningxia Binze production facility ⁽⁷⁾ . .	Ethanol	60,000	23,758.38	39.60%	60,000	30,880.68	51.47%	10,000	5,708.32	57.08%
	Microbial protein	6,600	3,262.03	49.42%	6,600	3,885.06	58.86%	1,100	622.34	56.58%
Guizhou Jinze production facility ⁽⁸⁾	Ethanol	60,000	18,046.03	30.08%	30,000	14,949.58	49.83%	construction		
	Microbial protein	6,600	1,835.48	27.81%	3,300	1,103.20	33.43%	phase ⁽⁹⁾		

Notes:

- (1) The capacity utilization rate is calculated by dividing the actual output by the production capacity, excluding the production capacity for the corresponding period when the relevant project was not put into production in the year. The production capacity has not been calculated in the year or period when the project was under construction or has not been officially put into operation.

The main reason for the low utilisation rates of our production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze during the Track Record Period is that the volume of industrial off-gas that the upstream suppliers sold to these production facilities was significantly lower than the volume required for reaching their full designed capacity because the upstream suppliers experienced sudden production fault and were affected by unfavorable market conditions of the ferroalloy industry. The production utilisation rates of production facilities of Shoulang Jiyuan and Guizhou Jinze were also affected by their downtime due to technical reforms. For further details, please refer to notes (6) to (8) below and “— Business Sustainability — Our Upstream Industrial Off-gas supply and its Impact on Our Financial Performance”. Please see the analysis in note (4) below for further details about the production utilization rate for Hebei Shoulang Phase I production facility.

- (2) The annual production capacity of ethanol is based on 8,000 hours of operation per year. The production actual output is significantly influenced by the volume, stability of supply and carbon monoxide concentration of the upstream industrial off-gas. A sufficient volume of industrial off-gas with a high CO concentration that is supplied to us in a stable manner positively impacts the production actual output.
- (3) The annual production capacity of microbial protein is calculated based on a certain percentage of ethanol production capacity of each project.
- (4) The Hebei Shoulang Phase I production facility was designed with an annual ethanol production capacity of 45,000 tons, which was determined based on the project feasibility study conducted in 2015 that adopts carbon monoxide (CO) concentration of 53% as its industrial off-gas feedstock. After the project completion in 2018, the actual CO concentration in the industrial off-gas supplied to Hebei Shoulang Phase I production facility was consistently below this benchmark level of 53%. In the case of fixed fermentation tanks, a lower CO concentration leads to a lower achievable production capacity. During the Track Record Period, the CO concentration of the upstream industrial off-gas supplied by Shougang Jingtang to our Hebei Shoulang Phase I production facility has decreased gradually from 49.11% in 2022, to 47.68% in 2023 and 45.77% in 2024. For further analysis and updates on CO concentration in industrial off-gas for Hebei Shoulang, please see “Summary — Recent Development and No Material Adverse Change”. The reduced CO concentration led to lower production output and utilization rates for Hebei Shoulang Phase I production facility with the capacity utilization being at approximately 60-70% of its designed full capacity during the Track Record Period. Even though the upstream supplier was not affected by operational disruptions or adverse market conditions, the reduction in CO concentration means lower quality of feedstock (being industrial off-gas with lower CO concentration and more ineffective components) for Hebei Shoulang Phase I production facility. In the production process, the industrial off-gas is dissolved in the fermentation broth before being processed by the microbial strains. Lower CO concentration and more ineffective component mean less CO that can be dissolved in the same volume of fermentation broth. The amount of CO dissolved in the same volume of fermentation broth cannot be increased by simply adding more industrial off-gas. As a result, the lower CO concentration leads to decreased volume of industrial off-gas that microbial strains are able to process and consume.

Based on the prevailing CO concentration in industrial off-gas supplied to Hebei Shoulang Phase I production facility during the Track Record Period, Hebei Shoulang Phase I production facility’s maximum achievable annual output should be approximately 30,000 tons. As a result, the Optimal Production Utilization Rate for Hebei Shoulang Phase I production facility equals to such maximum achievable annual output (being 30,000 tons/year) dividend by its full design production capacity (being 45,000 tons/year), being 66.7% in 2024. Based on our estimate, Hebei Shoulang Phase I production facility can achieve its Optimal Production Utilization Rate of 66.7% when the CO concentration in industrial off-gas is 49.5%. By contrast our three other production facilities operate under industrial off-gas conditions aligned with design specifications and have not experienced the same issue as Hebei Shoulang Phase I. Therefore their Optimal Production Utilization Rates are 100% of the designed production capacity.

To address the issue regarding the low CO concentration in industrial off-gas supplied to Hebei Shoulang Phase I production facility, we included a unit in the production system in Hebei Shoulang Phase II to enrich the carbon monoxide concentration for Hebei Shoulang Phase I production facility. This will help to increase the ethanol production by 2,200 tons per year and lead to an increase of approximately 5% increase in the design capacity utilization rate in respect of Hebei Shoulang Phase I production facility once Hebei Shoulang Phase II Project starts operation in 2026, as a result, Hebei Shoulang would be close to, or be able to achieve its Optimal Production Utilization Rate. In the future, we may be able to expand the capacity of the CO enrichment device to further improve the CO concentration for Hebei Shoulang’s industrial off-gas feedstock.

- (5) In 2022, Hebei Shoulang Phase I production facility's total ethanol production was 29,392.26 tons, while the actual production was 28,770.65 tons. The discrepancy in these numbers is attributed to the procurement of low-concentration ethanol from external sources which we processed in our equipment and sold to our key customers. This arrangement was implemented because our production output was low during this period where our production was disrupted by the COVID-19 pandemic and our maintenance activities and we took this temporary measure to increase our total ethanol output to meet the demands from our key customers in order to maintain our long-term relationship with them. The price of low-concentration ethanol is determined by the market conditions with reference to the price of the concentration of ethanol purchased from external vendors. There has been no historical violation or breach of the sales agreements with customers. All low-concentration ethanol purchased externally was subject to quality inspection upon arrival at the warehouse, and it was only put into storage after passing the inspection.
- (6) In 2023, the upstream industrial off-gas supplier for Shoulang Jiyuan production facility experienced various production-related failures which led to interruptions in gas supply and multiple instances of re-inoculation of the fermentation strains. This situation adversely affected both actual output and capacity utilization rates of Shoulang Jiyuan production facility, which shows a decline compared to 2022. In the first half of 2024, due to unfavourable market conditions in the ferroalloy sector, the upstream industrial off-gas supplier suspended its operation and stopped its gas supply. Consequently, the Shoulang Jiyuan production facility entered a two-month annual maintenance period. This severely impacted Shoulang Jiyuan production facility's production capacity in the first half of 2024, resulting a downward trend compared to the first half of 2023.
- (7) Ningxia Binze production facility officially commenced operations in November 2022. In the third quarter of 2023, the decline in the production output was mainly due to the upstream industrial off-gas supplier experiencing power shortages, which led to production interruptions that affected gas supply to Ningxia Binze production facility. In the first half of 2024, the unfavourable market conditions in ferroalloy sector, combined with factors such as internal maintenance, resulted in a significantly longer period of suspension and reductions in production during the first half of 2024 compared to the same period of 2023.
- (8) Guizhou Jinze production facility officially commenced production at the end of June 2023. Since October 2023, the upstream ferroalloy plant has reduced its production level. As a result, only less than 50% of the production lines at Guizhou Jinze has industrial off-gas to maintain production. Consequently, Guizhou Jinze production facility's capacity utilization rate in the first half of 2024 declined compared to that of 2023.
- (9) Shoulang Jiyuan production facility was in the trial production phase in 2021 and officially commenced production at the end of March 2022, with the annual capacity utilization rate for 2022 calculated on an annualized basis. Ningxia Binze production facility officially commenced production in November 2022, and its annual capacity utilization rate for 2022 has also been calculated on an annualized basis. Guizhou Jinze production facility officially began production at the end of June 2023, and the capacity utilization rate for the period has been calculated on an annualized basis.

Future Facility

We plan to further expand our production capacity and promote the industrialization of our second-generation carbon negative technology in order to improve our product competitiveness and profit levels. As of the Latest Practicable Date, we had commenced Hebei Shoulang Phase II project, a brand-new project which adopts our second-generation carbon negative technology that utilizes carbon dioxide, carbon monoxide and hydrogen to produce ethanol and microbial protein products. This technology achieves more efficient utilization of industrial off-gas without emitting carbon dioxide during fermentation and can directly consume 0.5 tons of carbon dioxide per ton of ethanol produced according to China Petroleum and Chemical Industry Federation’s scientific achievement appraisal.

The implementation of the Hebei Shoulang Phase II Project will facilitate the commercialization of our second-generation negative carbon technology, expanding its application scenarios and broadening our customer base. We also plan to provide our second-generation negative carbon technology to other industrial clients for integration into their production facilities, thereby broadening the application of our technology and generating revenue from licensing fees. Additionally, the project’s production facilities will include a carbon monoxide concentration unit, which will enhance the concentration of carbon monoxide in industrial off-gas, thereby improving carbon conversion and utilization efficiency. As a result, it is expected to drive an increase of over 2,000 tons per year in ethanol output from the Phase I project.

According to Frost & Sullivan, Hebei Shoulang Phase II project is the first planned project in China with second-generation technology. The project was included in the PRC National Development and Reform Commission’s “List of Demonstration Projects for Green Low-Carbon Advanced Technologies (First Batch)” (國家發展改革委《綠色低碳先進技術示範項目清單(第一批)》) in March 2024. This project represents a new form of productive capacity in the fields of technological innovation and synthetic biotechnology, aligning with China’s “dual carbon” strategic goals (“雙碳”戰略目標). The project is expected to produce 15,000 tons of ethanol and 750 tons of microbial protein annually, and occupy an area of approximately 63,680 square meters. The total investment for Hebei Shoulang Phase II production facility is estimated to be RMB280.0 million, and it is expected to commence production in 2026.

We intend to utilize the net proceeds from the Global Offering to finance various production expansion plans. Our SAF plant is expected to commence construction in Baotou, Inner Mongolia, China in 2025 and is projected to be operational in 2026. Please refer to “Future Plans and Use of Proceeds” for further details.

According to the relevant PRC laws and regulations, the construction of our SAF facility and Hebei Shoulang Phase II production facility requires certain regulatory approvals, including (i) filing of investment project with relevant authorities of Development and Reform Commission, (ii) environmental impact assessment of the construction project, (iii) safety assessment, and (iv) energy conservation assessment.

On 17 March 2025, we entered into a memorandum of understanding with Mingtuo in respect of the establishment of a project company to develop SAF (the “**SAF Project Company**”). The memorandum of understanding documents parties’ intention for future cooperation, and the specific rights and obligations between the two parties shall be subject to the relevant contracts to be signed subsequently and the setting up of the SAF Project Company. The SAF Project Company will be incorporated in Inner Mongolia, with an initial registered capital of RMB150 million, with us contributing a ratio of 51% and Mingtuo a ratio of 49%. The SAF Project Company will focus on R&D and production of SAF and related products. We have the right to appoint three board members, while Mingtuo has the right to appoint two board members, including the chairman. The SAF Project Company’s management team will include a general manager appointed by us, a deputy general manager for technical equipment also appointed by us, a safety and production deputy general manager appointed by Mingtuo, a financial director appointed by us and a financial department head appointed by Mingtuo.

Once the Project Company is formally incorporated, both parties intend to invest in and construct a 50,000-ton-per-year ethanol-to-SAF project (the “**SAF project**”) located in Inner Mongolia. During operations, Mingtuo shall supply all ethanol produced at their production facility utilising our Licensed Technology to the SAF project, and any shortfall in ethanol supply shall be the responsibility of us. In terms of sales, both parties will in principle have an annual independent sales quota of 25,000 tons each, with specific volumes determined by the quantity of raw material ethanol supplied by each party. Before the SAF project is completed and operational, we will commit to providing optimized contract sales services for the ethanol produced by Mingtuo to support the project’s operation. We have identified two target pieces of land in Baotou New Materials Industrial Park (包頭新材料產業園) in Baotou, Inner Mongolia for the purposes of the SAF project which were made available by the government, the ownership of which is intended to be taken up by the Project Company.

Production Equipment

During the Track Record Period, the majority of our production machinery and equipment were purchased in China and we do not have any leased equipment. According to our accounting policies, depreciation of our equipment is calculated using the straight-line method to allocate the net value of the equipment (original cost minus estimated residual value) over its useful life to costs and expenses. We do not have a specific replacement cycle for our equipment and we will only replace them when necessary. Replacement decisions are made on a case-by-case basis having regard to the factors such as the operating conditions and cost effectiveness. Our Directors consider that our major equipment are in good condition as at the Latest Practicable Date. We perform regular maintenance on our equipment in accordance with the relevant suggestions by the respective manufacturers.

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The table below lists the information on our main machinery and equipment as of December 31, 2024:

Equipment	Purpose/Function	Service Life	Remaining Useful Life	Maintenance History	Replacement or Upgrade Time
Gas Centrifugal Compressor . .	Gas pressurization equipment	19 years	15.1 years	Annual maintenance	None
Fermentation Tank	Container for fermentation process	19 years	16.0 years	Annual maintenance	None
Protein Centrifuge . . .	Strain separation device	19 years	16.5 years	Annual maintenance	None
Complete Drying Equipment . . .	Device for producing protein powder	19 years	16.0 years	Annual maintenance	None
Distillation and Dehydration Unit	Ethanol purification unit	19 years	16.0 years	Annual maintenance	None
Wastewater Treatment Unit	Wastewater treatment and purification unit	19 years	16.0 years	Annual maintenance	None
Waste Heat Recovery Unit	Treatment of fermentation off-gas and steam generation, classified as an environmental protection facility	19 years	15.4 years	Annual maintenance	None

Production Plan and Operation

Our annual production plan is determined based on several factors, including our current production capacity, our production performance from the previous year, the maintenance schedules of our upstream suppliers for the following year, the maintenance plans of our production facilities, and our overall development priorities for the year. Guided by the annual plans, our subsidiaries organize production activities, monitor the inventory of raw and auxiliary materials, and adjust production processes in a timely manner to ensure stability and continuity of supply.

Throughout the production process, we conduct rigorous testing and inspections to generate accurate, real-time data that supports operational adjustments and process optimization. We also hold regular and special meetings, including technical meeting, production coordination meetings, and quality analysis discussions. Additionally, we implement a comprehensive quality, environmental, and occupational health and safety management system while strictly adhering to safety operating procedures and process disciplines. Regular inspections are conducted, and corrective and preventive measures are implemented to proactively address potential risks and eliminate issues related to quality, environmental impact, and occupational health and safety management systems.

SALES AND MARKETING

During the Track Record Period and in terms of product sales, we primarily focused on the sales and promotion of two main products: ethanol and microbial protein. We adopted a dual sales strategy that combines direct sales with distributorships to effectively cover various customer segments. This strategy allows us to implement different sales approaches based on the market demands and conditions of different regions, so that we are able to meet the needs of diverse markets in a flexible and efficient manner. In respect of the ethanol products, they are sold directly to major domestic oil and gas companies, as well as through distributors in the PRC and overseas. Our ethanol sales network covers most regions in China where ethanol fuel is used for vehicles. Our microbial protein products are also sold using a combination of direct sales and distributorship methods to livestock feed manufacturers.

In relation to the marketing activities for our low-carbon integrated solutions, we locate our potential clients by identifying industrial companies who produce the industrial off-gas that can be utilized by our synthetic biotechnology, and then conduct targeted marketing towards such companies including marketing materials distribution and site visits. We also acquire clients through referrals and introductions from industry peers and word of mouth marketing.

Our sales operations are supported by a professional sales and marketing team responsible for business development, customer relationship management, and market trend analysis. This team regularly communicates with customers to provide tailored support and gather feedback on our products. Our sales and marketing team actively explores new opportunities in both domestic and international markets, including regularly participating in academic conferences and industry exhibitions. The sales team also collaborates closely with our distributors, leveraging their expertise and industry networks to help expand our products' reach among key target customer groups. These efforts have enhanced the visibility and reputation of our products, laying a solid foundation for further growth of our green and sustainable offerings.

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The table below outlines the detailed sales revenue of our ethanol and microbial protein during the Track Record Period, categorized by sales channels.

	For the year ended December 31,					
	2022		2023		2024	
	<i>RMB'000,000</i>	%	<i>RMB'000,000</i>	%	<i>RMB'000,000</i>	%
Distributorship	266.2	69.6	456.2	77.8	342.9	64.6
Direct sales	116.2	30.4	130.1	22.2	188.3	35.4
Total	<u>382.4</u>	<u>100.0</u>	<u>586.3</u>	<u>100.0</u>	<u>531.2</u>	<u>100.0</u>

The table below outlines the gross profit and gross profit margin of our ethanol and microbial protein during the Track Record Period, categorized by sales channels.

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Distributorship . .	35,179	13.2%	62,960	13.8%	(58,068)	(16.9)%
Direct sales	25,438	21.9%	24,904	19.2%	4,566	2.4%

Pricing

We determine the sales prices of our products based on various factors, including prices of related commodity, market conditions, product costs and transportation costs.

Since our ethanol products are primarily used as automotive fuel, we set the price for ethanol by reference to (i) the PRC national guidance prices for gasoline products; and (ii) the gasoline price guide provided by our major oil and gas producer clients. Furthermore, we also take into consideration the supply-demand status in the fuel ethanol market and the fluctuation of the transportation costs. With respect to the pricing of our microbial protein, we take into account the price trends of commodity protein materials, such as fishmeal and soybean meal, and other market factors including the supply-demand dynamics.

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The following table reflects the average selling prices and sales volumes for ethanol and microbial protein during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	Average selling price ⁽¹⁾	Sales volume ⁽⁴⁾	Average selling price	Sales volume ⁽⁴⁾	Average selling price	Sales volume ⁽⁴⁾
	RMB/ton	tons	RMB/ton	tons	RMB/ton	tons
Ethanol	6,055.3	54,303.7	6,004.5	83,225.9	5,069.9 ⁽³⁾	86,868.9
Microbial protein .	8,268.8 ⁽²⁾	6,476.0	8,505.2	10,174.1	8,454.5	10,742.6

Notes:

- (1) Average selling price is calculated by dividing the revenue of each relevant product during the relevant period of the Track Record Period by the sales volume of such product during the relevant period of the Track Record Period.
- (2) In August 2021, we received the new product certificate for feed and feed additives under the category of Feed Raw Material issued by the Ministry of Agriculture and Rural Affairs of the PRC in respect of our microbial protein. With this certificate, we were able to raise the price of our microbial protein products among our customers and maintain such elevated price since that.
- (3) The price of ethanol dropped in 2024, which was mainly due to (1) the entry into the fuel ethanol market by a large amount of low-cost coal-based ethanol in the second half of 2024, and to a lesser extent, caused by (2) reduced demand for fuel ethanol as a result of the changed market conditions in China, and (3) reduced price for the raw material (corn), which is used to produce about 60% of the ethanol in China. The drop of corn price led to price reduction of ethanol.
- (4) The increase in the sales volumes of our ethanol and microbial protein products in 2023 and 2024 is because of the commencement of production of Ningxia Binze production facility in November 2022, and Guizhou Jinze production facility at the end of June 2023. As our total production volumes increased when a new production facility commenced production, the sales volume of each production increased accordingly.

Direct Sales

A large proportion of the ethanol we produce is sold directly to major domestic oil and gas companies, who blend our ethanol into gasoline to meet fuel blending requirements. The fuel ethanol produced by our Hebei Shoulang Phase I production facility has been recommended by the Hebei Development and Reform Commission for inclusion in the vehicle ethanol gasoline sales system for Hebei Province. Similarly, we also sell microbial protein directly to livestock feed manufacturer customers, who integrate our microbial protein into their animal feed products. Our microbial protein received the first new product certificate for feed and feed additives under the category of Feed Raw Material ever issued by the Ministry of Agriculture and Rural Affairs of the PRC in its history (New Feed Certificate [2021] No. 01), according to Frost & Sullivan, and is popular among our customers due to its high crude protein content, balanced amino acid composition, and excellent digestibility.

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We typically enter into annual sales agreements with direct sales customers. The table below outlines the typical material terms of such agreements.

Rights and obligations of the parties involved	We are obliged to provide customers with products (i.e. microbial protein and ethanol) that meet the quality requirements agreed in the contract in a timely manner, and customers are obliged pay for the goods according to the agreed time and price.
Term	One year, or for about one year from the date the contract is signed.
Pricing	<p>As for ethanol products, the price is determined based on the price inquiries and comparisons made by customers, and a separate contract will be signed for confirming the relevant price.</p> <p>As for microbial protein products, the price is determined in a tiered manner based on monthly shipment volume and is calculated at different tiers based on the size of the shipment volume.</p>
Payment	<p>Ethanol customers check the settlement quantity and price with us regularly. Once the check result is consistent, the customers will complete the payment.</p> <p>Microbial protein customers must pay the full amount according to the basic settlement price before the product is loaded. The difference and the remaining tiered prices will be settled at the end of each month and paid by the customers.</p>
Transportation	We arrange road transportation for ethanol products to be delivered to the ordering center of customers, or customers may pick up the goods by themselves. When the goods are delivered to the ordering center of customers, the point for transferring risk from us to the customers is the interface of the oil storage tank unloading pipeline.

Microbial protein customers pick up the products at our warehouse. We are deemed to have completed the delivery after we load the goods into the pickup vehicle sent by the customers. After the delivery is completed, the ownership and risk of damage of the goods are transferred to the customers.

Quality Standards As far as fuel ethanol is concerned, the quality of the products we provide must comply with the relevant national standards and the corresponding direct sales customers' internal control quality requirements for the products (including restrictions on sodium content).

As for microbial protein, the parties set a series of testing criteria for the content of different components in the goods in the relevant contracts.

Intellectual Property . . . For ethanol products, there is no such a term for intellectual property.

As for microbial protein, the intellectual property rights generated by the goods we provide, if the customer applies for a patent or publishes an academic paper, the ownership of the intellectual property will be jointly owned by both parties. The customer has the obligation to properly keep the product and shall not allow third parties other than the customer and its affiliated companies to obtain the product.

Late delivery With respect to ethanol, depending on the length of the delay, if the delivery is delayed because of us, the customer shall have the right to choose to terminate the contract or continue to perform the contract. If the customer continues to perform the contract, the corresponding customer may obtain certain price discounts and/or compensation paid by us.

Return and unsold goods arrangements . . If the ethanol we supply is substandard, the customer has the right to reject the goods and terminate the contract. If the customer suffers losses as a result, we need to compensate in full. If the goods we deliver do not meet the contractual agreement, we may make rectifications after the customer notifies us, including but not limited to replacement, and shall bear the losses of the customer.

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For microbial protein, we test sample products before shipment and again after the corresponding customer receives the goods. If the agreed requirements are not met, we will provide discounts, allow the customers to refuse to accept the goods, and/or offer compensation based on the specific circumstances.

**Minimum purchase
commitment**

There is no minimum purchase commitment.

**Conditions for
termination and
renewal of the
agreement**

For microbial protein, there is no specific termination mechanism.

With respect to ethanol products, if the delivery is delayed because of us, the corresponding customer will also have the right to choose to terminate the contract; if the ethanol we supply is substandard, the customer shall have the right to refuse to accept it and terminate the contract; if a force majeure event occurs, deferred performance, partial performance or non-performance of the contract shall be allowed after obtaining certification from relevant institutions; if we breach the guarantee in the letter of commitment attached to the contract (such as the promise not to use the contract for financing purpose), the customers shall have the right to take measures including termination of the contract.

During the Track Record Period and up to the Last Practicable Date, to the knowledge of the Board of Directors, all such direct sales customers were Independent Third Parties and there had been no instance where our customers claimed that we breached our sales agreements due to insufficient quantities of products supplied to them because: (i) some of the sales agreements are ongoing supply contracts without a specified required quantity; (ii) certain sales agreements allow us to continue supplying products beyond the original supply deadlines; (iii) some agreements have long contract durations, providing flexibility to fulfill our obligations; (iv) we sign amendment agreements to renew contracts with shorter supply periods; and (v) in rare cases where customers are entitled to terminate the agreement due to unmet supply obligations, we negotiate and sign amendment agreements with those customers to extend the terms.

Distributorship

Our ethanol and microbial protein are also sold through distributorship channels. Our distributors serve as important channel for promoting our products to the end customers. For ethanol, our distributors supply our products to fuel blenders and chemical companies, which help our ethanol products reach a broader customer base. In addition, our ethanol is exported as basic chemical raw materials to international distributors, who sell it to downstream customers in industries such as personal care and sports fashion, which highlights the versatility of our products and their wide application in international markets. In terms of microbial protein, our distributors often leverage their industry expertise and product knowledge to provide services to end customers such as feed manufacturers and aquaculture enterprises, which enhances customer loyalty towards our products among the end customers.

As of December 31, 2024, our distributorship network comprised 11 distributors located across six provinces, municipalities, and autonomous regions in China. In addition, we also had two distributors located in the United States and Europe for ethanol products as of December 31, 2024, who contributed to less than 5% of our annual revenue each year during the Track Record Period. To the knowledge of the Board of Directors, none of our distributors are owned or controlled by former or current employees of us, and all distributors are Independent Third Parties. To the best knowledge of our Directors after making reasonable inquiries, five of our distributors during the Track Record Period have relationship with us even though they do not constitute connected person of the Company. Among such five distributors, (i) three of them are entities associated with LanzaTech Global, a Shareholder which is interested in 9.3% of our total issued Shares as of the Latest Practicable Date; and (ii) the remaining two of them is Qingdao Baiwei Yingge Biotech Co., Ltd. (which is interested in 0.4% of our total issued Shares as of the Latest Practicable Date) and its wholly-owned subsidiary, respectively. Revenue generated from these five distributors for each of the years ended December 31, 2022, 2023, 2024 accounted for 11.4%, 10.2%, and 15.1% of our distributorship revenue during the same years/period, respectively. We believe that adopting a distributorship model for selling our products is a common practice for CCUS companies in China, which allows us to maintain comprehensive coverage of downstream customers in the Chinese market.

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The table below sets out the details of our five largest distributors for each year during the Track Record Period.

Ranking	Distributor	Company Background and Size of Operations	Transaction Amount
			<i>(RMB'000)</i>
<i>For the year ended December 31, 2022</i>			
1	Zhongtian Jichun (Dalian) Energy Co., Ltd. (中天吉醇(大連) 能源有限公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB50.0 million	80,583
2	Dalian CPC Yahua Energy Co., Ltd. (大 連中油亞華能源有限 公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB10.0 million	65,450
3	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區哈瓦 薩石油化工有限公司)	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	49,198
4	Guangzhou Konfu Biotechnology Co., Ltd. (廣州工蜂生物科 技有限公司)	A private company primarily engaged in sales as well as research and development of animal-oriented products, with registered capital of RMB1.0 million	17,301
5	LanzaTech, Inc.	A public company primarily engaged in provision of carbon recycling technology, which transforms waste carbon into sustainable raw materials for everyday products, with revenue of approximately USD62.6 million in 2023	16,150

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Ranking	Distributor	Company Background and Size of Operations	Transaction Amount
<i>(RMB'000)</i>			
<i>For the year ended December 31, 2023</i>			
1	Zhongtian Jichun (Dalian) Energy Co., Ltd. (中天吉醇(大連) 能源有限公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB50.0 million	170,087
2	Dalian CPC Yahua Energy Co., Ltd. (大 連中油亞華能源有限 公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB10.0 million	105,344
3	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區哈瓦 薩石油化工有限公司)	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	85,931
4	Qingdao Baiwei Yingge International Trade Co., Ltd. (青島佰偉英 格國際貿易有限公司)	A private company primarily engaged in the development and sales of green feed protein sources and related raw materials, with registered capital of RMB5.0 million	30,547
5	Guangzhou Konfu Biotechnology Co., Ltd. (廣州工蜂生物科 技有限公司)	A private company primarily engaged in sales as well as research and development of animal-oriented products, with registered capital of RMB1.0 million	26,184

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Ranking	Distributor	Company Background and Size of Operations	Transaction Amount
<i>(RMB'000)</i>			
<i>For the year ended December 31, 2024</i>			
1	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區哈瓦 薩石油化工有限公司)	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	108,304
2	Zhongtian Jichun (Dalian) Energy Co., Ltd. (中天吉醇(大連) 能源有限公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB50.0 million	82,390
3	Dalian CPC Yahua Energy Co., Ltd. (大 連中油亞華能源有限 公司)	A private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB10.0 million	65,861
4	LanzaTech China Limited (上海朗澤清 潔技術有限公司)	A subsidiary of LanzaTech Global, Inc. primarily engaged in the promotion of biosynthesis technology, service support, engineering design, with registered capital of RMB35.8 million	30,012
5	Guangzhou Konfu Biotechnology Co., Ltd. (廣州工蜂生物科 技有限公司)	A private company primarily engaged in sales as well as research and development of animal-oriented products, with registered capital of RMB1.0 million	28,708

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The table below outlines the changes in the number of our distributors during the Track Record Period (including oversea distributors).

	For the year ended December 31,		
	2022	2023	2024
Number of distributors at the beginning of the period	12	13	13
New distributors during the period	6	2	3
Existing distributors terminated during the period*	5	2	3
Net increase (decrease)	1	0	0
Distributors at the end of the period . . .	13	13	13

* The reasons for termination of existing distributors during the Track Record Period include: (i) a number of distributors who are international trade companies were no longer needed as we started to sell overseas directly, (ii) the cessation or change of business operation of existing distributors, and (iii) some distributors did not have the demand for our products for a particular year but come back to us in the following years after their demand resumed.

During the Track Record Period, there is no incident of termination in respect of distribution agreement with our distributors.

We have entered into standard agreements with our distributors in China and overseas, which are sales and purchase agreements in nature and outline the rights and obligations of the parties. We primarily manage the conduct of our distributors through these agreements, and we do not hold ownership or management control over any of our distributors, as they operate independently from us. We consider our distributors to be our direct customers for the following reasons: (i) these distributors typically purchase our products based on purchase orders, establishing a “buyer-seller” relationship between us; (ii) domestic distributors are responsible for arranging transportation to collect products from our factory, at which point risk of damage transfer to them and we recognize sales revenue for the transaction; and (iii) as for the overseas distributors of our ethanol products, the risk of goods is transferred to the distributors when the products are placed on the shipping vessels at the loading port. When our products are loaded at the loading port and we complete the export procedures from China, the ownership of such goods will be transferred to the distributor and we recognize the sales revenue at that point. Our distributors sell our products to their customers, who do not have any contractual relationship with us and are not subject to our control or supervision. We recognize the revenue generated from the sales to the distributors as income.

During the Track Record Period, our distributors primarily operated within China. Sales to domestic distributors are final, and we generally do not allow returns of products from them once the products have passed quality tests conducted when the goods leave our warehouse. Consequently, we do not monitor the inventory levels held by distributors or the amount of unsold stock they possess. Throughout the Track Record Period, to the best of our Directors’

knowledge after making reasonable inquiries, there had been no instances of distributors requesting returns or exchanges. Our Directors believes that the risk of “channel stuffing” in our distribution model is minimal due to several factors: (i) before selling products to distributors, we assess transaction history, sales volume in the region, and payment history of the distributors to evaluate the reasonableness of sales amounts; (ii) we have a strict product return policy that prohibits returns by our distributors; (iii) to the best of our Directors’ knowledge after making reasonable inquiries, the vast majority of payments from our distributors are settled within the same month as invoicing, and from early 2024, the majority of our distributors are required to make the payment either prior to or simultaneously with shipment; and (iv) during the Track Record Period, we did not encounter any issues regarding the recoverability of receivables from our distributors. We understand that our products return policy is in line with industry practice.

We do not restrict our distributors from selling our products to sub-distributors in the distribution agreements, however there is very limited sales conducted through sub-distributorship in practice. To our best knowledge, during the Track Record Period, there was only one sub-distributor who sold ethanol products, the amount of which is insignificant comparing to our total ethanol sales in the first half of 2024 and there was no sub-distributor in relation to our microbial protein products. Such sub-distributor had directly purchased an insignificant amount of ethanol products from us in the second half of 2024 due to its business need while it also purchased indirectly through our direct distributor in 2024. We have no direct control over its sales activities when it acts as sub-distributor. In general, where there is involvement of sub-distributor(s), our distributor is responsible for managing its sub-distributor, including ensuring that the sub-distributor’s operations are in line with our overall sales and distribution strategy. The distributor may report to us about the operational status of the sub-distributor from time to time. To the best of our knowledge, in the event of any violation or misconduct of sub-distributor(s) identified by our distributor, our distributor would notify the relevant sub-distributor(s) and request it to take rectification measures. In case of failure to promptly correct or rectify the relevant violation or misconduct, our distributor may terminate the business relationship with the sub-distributor(s).

Throughout this period, we have not entered into any tripartite agreements concerning the sale of our products among us, our main distributor, and end customers. Below is a summary of the key arrangements with our main domestic distributors during the Track Record Period.

Rights and obligations of the parties involved	We are obliged to provide distributors with goods (i.e. ethanol and microbial protein) that meet the quality requirements agreed in the contract in a timely manner, and distributors are obliged pay according to the actual weighed quantity of the goods.
The term	We enter into an agreement for each batch of goods with our distributors.

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Pricing One unit price applies to the goods under one sales contract.

Payment As for ethanol products, the distributor will pay us the full amount after the sales contract is signed, after which we will arrange for the distributor's transportation vehicle to load the goods. The final settlement amount will be based on the quantity stated on the weighing record after loading.

In the case of microbial protein, the distributor pays for the goods based on the actual quantity according to our weighing after loading the goods.

Transportation As for ethanol, it is also picked up by distributors at our warehouse who are responsible for the transportation and bear the risks of the goods during the transportation.

For microbial protein, distributors pick up the goods at our warehouse. We consider the delivery completed after we load the goods into the pickup vehicle sent by the distributor. After the delivery is completed, the ownership and risk of damage of the corresponding goods are transferred to the distributor.

Quality Standards As for ethanol, the quality of the goods we provide must comply with the relevant national standards.

As for microbial protein, the two parties set a series of testing criteria for the content of different components in the goods.

Intellectual property . . . For ethanol products, there is no such a term for intellectual property.

As for microbial protein, the intellectual property rights generated by the goods we provide, if the distributor applies for a patent or publishes an academic paper, the ownership of the intellectual property will be jointly owned by us and the distributor. Given our microbial protein products involve our intellectual property, the customer has the obligation to properly keep the product and shall not allow third parties other than the customer and its affiliated companies to obtain the product.

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**Minimum purchase
commitment**

There is no minimum purchase commitment.

**Conditions for
termination and
renewal of the
agreement**

As far as ethanol is concerned, both parties are obliged to keep the contract strictly confidential, including information such as price. If one party discloses commercial secrets such as contract price, the other party has the right to terminate the contract at any time and pursue legal actions. If a force majeure event occurs and the impact cannot be terminated or eliminated, causing one party to lose the ability to continue to perform the contract, the two parties can negotiate to terminate the contract or temporarily delay performance. If the distributor does not make payment as specified under the agreement, we have the right to claim for compensation or terminate the agreement.

For microbial protein products, if the distributor does not make payment as specified under the agreement, we have the right to claim for compensation or terminate the agreement.

**Restriction on
Sub-distributors**

We do not restrict our distributors on the appointment of sub-distributors and do not mandate selling prices from our distributors to sub-distributors or end-customers.

Our Five Largest Customers

Revenue generated from our five largest customers for each year during the Track Record Period accounted for 82.1%, 86.0% and 78.9% of our total revenue for the respective year. Revenue generated from our largest customer for each year during the Track Record Period accounted for 37.5%, 46.5% and 26.3% of our total revenue for the respective year.

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The table below sets out the details of our five largest customers for each year during the Track Record Period.

Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							<i>RMB'000</i>	<i>%</i>
<i>For the year ended December 31, 2022</i>								
1	Group A ⁽¹⁾	2019	A group primarily engaged in the transportation and sales of petrochemical products	Mainland China	Ethanol	Upfront payment, by wire transfer	146,033	37.5
2	Customer B	2019	A private company primarily engaged in the production, supply, sales, and domestic and foreign trade of energy and chemical products, with registered capital of approximately RMB28.4 billion	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	53,710	13.8

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Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							RMB'000	%
3	Customer A ⁽²⁾	2018	A public company primarily engaged in oil and gas exploration and development, refining and sales, and related services, with revenue of approximately RMB3,000 billion in 2023	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	53,640	13.8
4	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區 哈瓦薩石油化工有限公司)	2021	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	Mainland China	Ethanol	Upfront payment, by wire transfer	49,198	12.6

BUSINESS

Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							RMB'000	%
5	Guangzhou Konfu Biotechnology Co., Ltd. (廣州工峰生物科技有限公司)	2018	A private company primarily engaged in sales as well as research and development of animal-oriented products, with registered capital of RMB1.0 million	Mainland China	Microbial protein	Payment upon delivery, by wire transfer	17,301	4.4
Total								82.1
For the year ended December 31, 2023								
1	Group A ⁽¹⁾	2019	A group primarily engaged in the transportation and sales of petrochemical products	Mainland China	Ethanol	Upfront payment, by wire transfer	275,431	46.5
2	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區哈瓦薩石油化工有限公司)	2021	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	Mainland China	Ethanol	Upfront payment, by wire transfer	85,931	14.5

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Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							RMB' 000	%
3	Customer A ⁽²⁾	2018	A public company primarily engaged in oil and gas exploration and development, refining and sales, and related services, with revenue of approximately RMB3,000 billion in 2023	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	81,834	13.8
4	Customer B	2019	A private company primarily engaged in the production, supply, sales, and domestic and foreign trade of energy and chemical products, with registered capital of approximately RMB28.4 billion	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	36,224	6.1

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Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
5	Qingdao Baiwei Yingge Biotech Co., Ltd. (青島佰偉英格生物科技有限公司) ⁽³⁾	2018	A private company primarily engaged in the development and sales of green feed protein sources and related raw materials, with registered capital of RMB50.0 million	Mainland China	Microbial protein	Payment upon delivery, by wire transfer	30,547	5.2
Total							509,967	86.0
For the year ended December 31, 2024								
1	Group A ⁽¹⁾	2019	A group primarily engaged in the transportation and sales of petrochemical products	Mainland China	Ethanol	Upfront payment, by wire transfer	148,251	26.3
2	Zhejiang Free Trade Zone Hawasa Petrochemical Co., Ltd. (浙江自貿區哈瓦薩石油化工有限公司)	2021	A private company primarily engaged in production, sales, and technical services of petrochemical products, with registered capital of RMB10.0 million	Mainland China	Ethanol	Upfront payment, by wire transfer	108,304	19.2

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Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							<i>RMB' 000</i>	%
3	Customer A ⁽²⁾	2018	A public company primarily engaged in oil and gas exploration and development, refining and sales, and related services, with revenue of approximately RMB3,000 billion in 2023	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	95,788	17.0
4	Customer B	2019	A private company primarily engaged in the production, supply, sales, and domestic and foreign trade of energy and chemical products, with registered capital of approximately RMB28.4 billion	Mainland China	Ethanol	Payment upon receipt of goods, by wire transfer	50,162	8.9

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Ranking	Customer	Year of Commencement of Business Relationship	Company Background and size of operations	Business Location	Products/ Services Purchased by the Customer	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Revenue of our Group
							RMB'000	%
5	Customer C	2021	A subsidiary with registered capital of RMB2.3 billion of a public company primarily engaged in feed processing, pig breeding, farming, and slaughtering and processing	Mainland China	Microbial protein	Upfront payment, by wire transfer	42,375	7.5
Total							444,880	78.9

Notes:

- (1) Group A includes Dalian CPC Yahua Energy Co., Ltd. (大連中油亞華能源有限公司) and Zhongtian Jichun (Dalian) Energy Co., Ltd. (中天吉醇(大連)能源有限公司) (a private company primarily engaged in the transportation and sales of petrochemical products, with registered capital of RMB50 million), the ultimate controlling shareholders of which are close associates.
- (2) Includes transactions with subsidiary and branches of Customer A.
- (3) Includes transactions with Qingdao Baiwei Yingge Biotech Co., Ltd. and its wholly-owned subsidiary Qingdao Baiwei Yingge International Trade Co., Ltd. (青島佰偉英格國際貿易有限公司).

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For each year during the Track Record Period, the majority of our revenue was derived from our five largest customers through the sales of ethanol. There is a concentration in our customer base, because our ethanol is primarily used as automotive fuel and our major customers are leading domestic oil and gas producers. Given their strong demand for sustainable energy solutions like ethanol and their presence in the market, we have shaped our strategy to primarily engage with these key players. According to Frost & Sullivan, such customer concentration is common in the industrial gas and energy sectors due to the scale of operations and investment required. While this focus allows us to establish deep partnerships with our major clients, we recognize the potential risks of reliance on a limited customer base. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — A significant portion of our revenue was derived from a concentrated customer base during the Track Record Period.” To mitigate the risks associated with customer concentration, we are actively exploring opportunities in emerging markets and diversifying our customer base. In addition, we aim to create a balanced revenue stream by offering our low-carbon integrated solutions to industrial clients who are seeking to implement our proprietary synthetic biotechnology in their facilities.

For each year during the Track Record Period, none of our five largest customers were also our suppliers. During the Track Record Period, none of our Directors, Supervisors, their respective associates or any of our Shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our Shares) had any interest in any of our five largest customers for each year during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our customers.

SUPPLIERS

During the Track Record Period, we primarily used domestic suppliers to procure a wide range of goods and services including raw materials, utilities and energy, auxiliary materials and other facilitating goods and services.

We have established systems and procedures for supplier selection, tendering, procurement planning, contract management, and raw material inspection and acceptance. Suppliers are carefully selected based on a set of evaluation and assessment criteria, including production capacity, delivery reliability, qualifications with relevant licenses or permits, payment terms and price competitiveness. These processes ensure a stable and reliable supply of materials for our production. We determine different pricing mechanisms depending on the nature of materials required in our production. We also closely monitor the quality of all materials provided by our suppliers to ensure compliance with our stringent requirements. During the Track Record Period, we maintained stable relationships with our major suppliers and did not experience any material disputes.

Raw Materials

Our primary raw material is carbon-containing industrial off-gas, which is directly sourced through pipelines from upstream steel and ferroalloy mills in the PRC. These gas pipelines are integral to our production process. Since our production relies on carbon-containing industrial off-gas, most of our carbon-containing industrial off-gas suppliers were our connected persons during the Track Record Period.

We entered into long-term procurement agreements with our carbon-containing industrial off-gas suppliers of steel and ferroalloy mills for all our production facilities. Our Directors confirmed that there was no material breach of the terms of such long-term procurement agreements during the Track Record Period and up to the Latest Practicable Date.

Below is a summary of the material terms of typical procurement agreements that we entered into with our carbon-containing industrial off-gas suppliers during the Track Record Period:

Specification The agreements specify the types of carbon-containing industrial off-gas to be supplied.

Term For our Hebei Shoulang Phase I production facility, the initial term is ten years, which is subject to renewal upon mutual agreement between the parties.

For our Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze production facilities, the terms of the agreements are tied to the respective duration of our subsidiaries Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze, which are all set at 20 years from their respective dates of establishment under their articles of associations.

Price The prices are calculated based on the basic electricity price or coal price, combined with the calorific value of industrial off-gas which is primarily determined by the carbon monoxide concentration. The energy content of the industrial off-gas, particularly the carbon monoxide levels, is related to energy prices, as both electricity and coal prices reflect the energy value in the same way.

The prices will be adjusted at least once every two years to ensure they remain aligned with electricity and coal prices, and reflect changes in the actual quality of the supplied gas, such as variations in carbon monoxide concentration.

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**Minimum supply
commitment**

The suppliers have made minimum supply commitments to provide carbon-containing industrial off-gas as of the Latest Practicable Date.

Plants	Supplier	Minimum annual supply
Hebei Shoulang Phase I	Shougang Jingtang	General minimum supply commitments
Shoulang Jiyuan . . .	Jiyuan Metallurgical	300.0 million Nm ³
Ningxia Binze	Kunlun Hi-Tech	217.8 million Nm ³
	Ningyuan New Materials	187.2 million Nm ³
Guizhou Jinze.	Jinyuan Suiyang	General minimum supply commitments

Save as disclosed above, Shougang Jingtang and Jinyuan Suiyang have made general minimum supply commitments to provide sufficient industrial off-gas without specifying exact minimum volumes.

In the event that the supply of industrial off-gas cannot be guaranteed without prior notice due to repairs, production failures, or accidents by the suppliers, the losses incurred will be borne by the responsible suppliers. However, this does not apply in cases where the upstream suppliers halt production due to reasonable causes, including severe losses caused by market conditions, sudden production fault, and other factors outside of their control and the suppliers have notified us. During the Track Record Period, we did not receive any compensation from suppliers due to insufficient supply of industrial off-gas. The supply shortages were primarily caused by repairs, production failures or accidents by our upstream suppliers, which were communicated and notified in advance by the suppliers.

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Delivery	Suppliers are responsible for delivering industrial off-gas to our designated delivery points within our production facilities. Upstream suppliers are responsible for constructing, maintaining, and performing routine repairs on the pipelines connecting to the boundary outside our Hebei Shoulang Phase I, Ningxia Binze and Shoulang Jiyuan production facilities, while we are responsible for constructing, maintaining, and performing routine repairs on the pipelines connecting to the upstream suppliers for our Guizhou Jinze production facility.
Payment and Credit Term	Payments are generally made monthly. Late payments will incur a penalty based on an agreed formula. Suppliers generally provide a credit period of less than 30 days upon receipt of the respective invoice.
Warranty, Safety and Metering	Both parties must follow safety and metering protocols and address pipeline leaks promptly. If industrial off-gas fails to meet quality standards, we can request replacements at the supplier's cost. Metering disputes can be resolved through negotiation, with calibration costs borne by the responsible party.
Termination	If either party breaches the agreement, the other party has the right to terminate it. If suppliers fail to provide industrial off-gas for three consecutive months or if we fail to use them as agreed, the other party may terminate the agreement.

All of our production facilities obtain industrial off-gas through pipelines connected to nearby suppliers who produce industrial off-gas, which, according to Frost & Sullivan, is in line with common practice for CCUS biosynthetic production facilities. According to Frost & Sullivan, the industrial off-gas required for a CCUS biosynthesis production facility is usually provided by one industrial off-gas supplier. As shown in the table below, our Ningxia Binze has two industrial off-gas suppliers, Shoulang Jiyuan has one industrial off-gas supplier that provides industrial off-gas from two factories as sources, and Hebei Shoulang and Guizhou Jinze each have one industrial off-gas supplier. The maximum industrial off-gas supply volume of each of our upstream industrial off-gas suppliers is greater than the maximum industrial off-gas volume required for reaching the full design capacity of the corresponding production facility. The following table sets forth the details of our industrial off-gas suppliers and the volume of industrial off-gas needed for reaching full design capacity and Optimal Production Utilization Rate for each of our production facilities as of the Latest Practicable Date.

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Production facility	Annual production capacity of Ethanol	Annual optimal output ^{Note 1}	Optimal Production Utilization Rate	Industrial off-gas needed for reaching the Optimal Production Utilization Rate (Nm ³ per year)	Maximum Industrial off-gas needed for reaching the full design capacity (Nm ³ per year)	Maximum industrial off-gas produced by industrial off-gas suppliers (Nm ³ per year) (approximately) ^{Note 3}	Industrial off-gas supplier	Type of industrial off-gas
	(tons)	(tons)						
Hebei Shoulang Phase I . . .	45,000	30,000	66.7%	270.0 million	360.0 million ^{Note 2}	1,800.0 million	Shougang Jingtang	Steel
Shoulang Jiyuan .	45,000	45,000	100%	300.0 million	300.0 million	450.0 million	Jiyuan Metallurgical ^{Note 4}	Ferroalloy
Ningxia Binze . .	60,000	60,000	100%	420.0 million	420.0 million	355.0 million	Kunlun Hi-Tech	Ferroalloy
						216.0 million	Ningyuan New Materials	
Guizhou Jinze . .	60,000	60,000	100%	450.0 million	450.0 million	480.0 million	Jinyuan Suiyang	Ferroalloy

Note:

Note 1 The maximum achievable annual output based on the prevailing CO concentration in industrial off-gas feedstock when the volume of the industrial off-gas is adequate.

Note 2 Based on the feasibility study conducted on 2015 in respect of Hebei Shoulang Phase I production facility.

Note 3 According to the design capacity as confirmed by the relevant industrial off-gas suppliers.

Note 4 We purchased industrial off-gas from Jiyuan Metallurgical directly. Jiyuan Metallurgical supplied us with the industrial off-gas generated from its ferroalloy mill as well as the industrial off-gas it purchased from another nearby ferroalloy mill.

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The following table sets forth the procurement information of our four production facilities for industrial off-gas during the Track Record Period:

		For the year ended December 31,								
		2022			2023			2024		
Plant name	Provider of industrial off-gas	Purchase volume	Proportion in the total purchase volume of industrial off-gas	Average purchase price	Purchase volume	Proportion in the total purchase volume of industrial off-gas	Average purchase price	Purchase volume	Proportion in the total purchase volume of industrial off-gas	Average purchase price
		Nm ³ ('000)	%	RMB/Nm ³	Nm ³ ('000)	%	RMB/Nm ³	Nm ³ ('000)	%	RMB/Nm ³
Hebei Shoulang phase I production facility . .	Shougang Jingtang	279,000.0	53.4	0.201	260,923.7	33.2	0.196	244,416.1	31.1	0.179
Shoulang Jiyuan production facility . .	Jiyuan	183,063.9	35.0	0.228	170,985.4	21.8	0.244	188,286.0	24.0	0.265
Ningxia Binze production facility . .	Metallurgical Kunlun	30,438.8	5.8	0.239	111,403.6	14.2	0.243	81,337.1	10.4	0.280
	Hi-Tech ^{Note 1}									
	Ningyuan New Materials	30,269.5	5.8	0.242	137,927.1	17.6	0.270	146,447.8	18.6	0.280
Guizhou Jinze production facility	Jinyuan Suiyang	–	–	–	103,717.4	13.2	0.238	125,167.8	15.9	0.238

Note:

Note 1 During the Track Record Period but up to June 2023, we purchased industrial off-gas from Binhe SIC. In June 2023, we entered into a three-party agreement with Binhe SIC and Kunlun Hi-Tech, after which Kunlun Hi-Tech became our supplier. Kunlun Hi-Tech and Binhe SIC are ultimately controlled by the same beneficial owner, each an Independent Third Party.

The purchased volume of industrial off-gas at Hebei Shoulang Phase I production facility decreased in the Track Record Period, primarily due to a decline in the carbon monoxide (CO) concentration in the supplied industrial off-gas. Such reduction in CO concentration means lower quality of feedstock (being industrial off-gas with lower CO concentration and more ineffective components) for Hebei Shoulang Phase I production facility. In the production process, the industrial off-gas is dissolved in the fermentation broth before being processed by the microbial strains. Lower CO concentration and more ineffective component mean less CO that can be dissolved in the same volume of fermentation broth. The amount of CO dissolved in the same volume of fermentation broth cannot be increased by simply adding more industrial off-gas. As a result, the lower CO concentration leads to decreased volume of industrial off-gas that microbial strains are able to process and consume. Therefore, Hebei Shoulang purchased less industrial off-gas during the Track Record Period. The average purchase price of industrial off-gas at Hebei Shoulang Phase I production facility also decreased gradually throughout the Track Record Period, driven by the lower calorific value of the industrial off-gas caused by the decline in CO concentration, as the price of industrial off-gas is calculated based on its calorific value. Based on the industrial off-gas supply agreement for Hebei Shoulang, the price

BUSINESS

of industrial off-gas drops to 70% of the benchmark price (being the price when CO concentration is above 56%) when the CO concentration drops below 50% and the price drops to 60% of the benchmark price when the CO concentration drops below 47%. During the Track Record Period, Hebei Shoulang purchased the industrial off-gas at adjusted prices in accordance with the supply agreement, however no such price adjustment was required for our other three production facilities, as they did not experience any significant drop in CO concentration in their industrial off-gas feedstock. The table below sets out the average CO concentration for, and the adjusted prices of, the industrial off-gas purchased by Hebei Shoulang Phase I production facility for each year during the Track Record Period.

Industrial off-gas purchased by Hebei Shoulang	2024	2023	2022
The average CO concentration (%)	45.77%	47.68%	49.11%
The adjusted prices (RMB/Nm ³) ^{Note 1} . .	0.179	0.196	0.201

Note 1: The adjusted prices are derived from a weighted average of the monthly average prices of industrial off-gas for Hebei Shoulang. Each monthly average price is calculated by multiplying the price corresponding to different concentration brackets by their respective proportion of the total monthly consumption volume.

The purchase volume of industrial off-gas at Shoulang Jiyuan production facility decreased in 2023 due to operational disruptions at its upstream industrial off-gas supplier, resulting in gas supply interruption, and thus a decrease in purchase volume. The average purchase price of industrial off-gas at Shoulang Jiyuan production facility increased gradually throughout the Track Record Period, driven by the overall rise in local coal and electricity prices, as the price of industrial off-gas is calculated based on coal and electricity prices.

The purchase volume of industrial off-gas at Ningxia Binze production facility from both Kunlun Hi-Tech and Ningyuan New Materials increased significantly in 2023, driven by the commencement of production at Ningxia Binze production facility in November 2022. The consumption of industrial off-gas was initially low during the ramp-up phase but rose sharply in 2023 with a significant increase in ethanol production. However, the purchase volume from Kunlun Hi-Tech decreased in 2024 because Kunlun Hi-Tech reduced production in 2024 due to unfavorable market conditions in the ferroalloy sector. Meanwhile, the purchase volume from Ningyuan New Materials further increased in 2024, attributable to improvements in production stability following process optimizations at Ningyuan New Materials. The average purchase price of industrial off-gas from both Kunlun Hi-Tech and Ningyuan New Materials increased gradually throughout the Track Record Period, driven by the overall rise in local coal and electricity prices in Ningxia Province, as the price of industrial off-gas is calculated based on coal and electricity prices.

The purchase volume of industrial off-gas at Guizhou Jinze production facility increased in 2024, due to an increase in ethanol production. The average purchase price of industrial off-gas at Guizhou Jinze production facility remained stable in 2023 and in 2024.

Hebei Shoulang Phase I production facility

The maximum industrial off-gas volume required for reaching the full design capacity of Hebei Shoulang Phase I production facility is 360 million Nm³/year. The maximum industrial off-gas can be produced by its upstream industrial off-gas supplier Shougang Jingtang is approximately 1,800 million Nm³/year. The industrial off-gas produced by Shougang Jingtang used by Hebei Shoulang Phase I production facilities only accounts for a small part of its total output. Hebei Shoulang Phase I production facility has never experienced any interruption in the supply of industrial off-gas during the Track Record Period. In light of the above and considering the background of Shougang Jingtang as further elaborated below, Hebei Shoulang Phase I production facility does not need to find alternative industrial off-gas supply.

Shougang Jingtang is part of the Shougang Group, which is one of the largest state-owned enterprise in the steel industry in China so it is less affected by the overall downturn in the industry. Shougang Group has been ranked in the Fortune Global 500 list for 13 times. Shougang Jingtang was established in October 2005, and its steel plant was designed with an annual production capacity of 13.47 million tons of iron and 13.7 million tons of steel, making it the largest single-unit steel production facility within the Shougang Group. We believe the industry leading position and the robust operational and technical experiences of Shougang Jingtang mean it is less susceptible to the impacts from the weakened demand in the steel industry and other non-routine operation issues such as sudden production faults.

The maximum volume of industrial off-gas needed for Hebei Shougang Phase I production facility to reach its full design capacity is approximately 360.0 million Nm³ per year, while Shougang Jingtang's maximum industrial off-gas output is approximately 1,800.0 million Nm³ per year. Given the industrial off-gas that Hebei Shougang Phase I production facility needed to reach its full design capacity only accounts for about 20% of total industrial off-gas that Shougang Jingtang produces, so even if there were some fluctuations in Shougang Jingtang's production, such fluctuations are not significant enough to affect its industrial off-gas supply to Hebei Shougang Phase I production facility.

On 14 April 2025, we received a written confirmation from Shougang Jingtang confirming the volume of industrial off-gas that Shougang Jingtang will supply from April 1 to December 31, 2025 and for the year ending December 31, 2026 to satisfy Hebei Shoulang's production plan.

There is no potential alternative industrial off-gas supplier which is in the proximity of Hebei Shoulang Phase I production facility.

Shoulang Jiyuan production facility

The maximum industrial off-gas volume required for reaching the full design capacity of Shoulang Jiyuan production facility is approximately 300 million Nm³/year. Shoulang Jiyuan purchases industrial off-gas directly from Jiyuan Metallurgical, and the industrial off-gas provided to Shoulang Jiyuan by Jiyuan Metallurgical is generated from its own operations as

well as purchased from another nearby ferroalloy plant. The total maximum industrial off-gas can be produced by these two plants is 450 million Nm³/year, which is greater than the maximum industrial off-gas volume required for reaching the full design capacity of the Shoulang Jiyuan production facility. In addition, Shoulang Jiyuan regularly communicates with upstream industrial off-gas suppliers to align on gas supply and maintenance plans, so as to maintain and overhaul production facility at the same time as the upstream.

Jiyuan Metallurgical is an enterprise focuses on the production and processing of ferrous and non-ferrous metal alloys founded in 2003. Headquartered in Pingluo County, Ningxia, Jiyuan Metallurgical has a registered capital of RMB299 million and employs over 600 employees. It has consistently ranked among Ningxia's top 100 enterprises from 2021 to 2024. On 14 April 2025, we received a written confirmation from Jiyuan Metallurgical confirming the volume of industrial off-gas that Jiyuan Metallurgical will supply for the years ending December 31, 2025 and 2026 to satisfy Shoulang Jiyuan's production plan.

Shoulang Jiyuan has signed a memorandum of cooperation with a ferroalloy company whose factory is located within approximately 600 meters of our Shoulang Jiyuan production facility as a potential industrial off-gas supplier, with gas supply of no less than 240 million Nm³/year, being approximately 80% of the industrial off-gas volume required for reaching the full design capacity of Shoulang Jiyuan production facility, and price of supply determined with reference to the supply price of the existing supplier. This ferroalloy company was established in 2005 and is based in Ningxia. It has registered capital of RMB12 million and a workforce of over 400 employees. As confirmed by this ferroalloy company and to the best of our Directors' information and knowledge after making reasonable enquiries, the ferroalloy company maintained relatively high capacity utilization rates and did not suspend operations in 2024 despite the overall downturn in the ferroalloy market. As such, we may turn to such potential industrial off-gas supplier in the unlikely event that the Shoulang Jiyuan's existing supplier stops operation. In such case, the estimated capital expenditure for gas pipeline construction is approximately RMB3 million with a projected implementation period of three months based on our experience in similar projects. Financial responsibility for gas pipeline construction remains subject to mutual agreement between the relevant parties.

There are two potential alternative industrial off-gas suppliers which are in the proximity of Shoulang Jiyuan production facility in addition to Shoulang Jiyuan's existing supplier and the potential supplier with whom the above-mentioned memorandum of cooperation was entered into. These potential alternative suppliers are located within approximately 4,500 meters of Shoulang Jiyuan production facility and were established in 2002 and 2003, with RMB1 billion and RMB7.8 million registered capital, respectively. The cost of building industrial off-gas pipeline is approximately RMB3 million per km, so the total cost for building pipeline connecting to each of these potential suppliers are less than RMB13.5 million. These two companies operate in calcium carbide and silicomanganese alloy industries, the industrial off-gas of which can be used as raw material for our production facility.

Ningxia Binze production facility

The maximum industrial off-gas volume required for reaching the full design capacity of Ningxia Binze production facility is approximately 420 million Nm³/year. Ningxia Binze purchases industrial off-gas directly from two suppliers, namely Binhe SIC/Kunlun Hi-Tech and Ningyuan New Materials. The total maximum industrial off-gas can be produced by these two sources is 571.0 million Nm³/year, which is greater than the maximum industrial off-gas volume required for reaching the full design capacity of the Ningxia Binze production facility. In addition, Ningxia Binze regularly communicates with upstream industrial off-gas suppliers to align on gas supply and maintenance plans, so as to maintain and overhaul production facilities at the same time as the upstream.

Kunlun Hi-Tech is an enterprise established in 2011, which specializes in the production and processing of silicon products. Its registered capital is RMB21 million and it operates in Shizuishan City, Ningxia. It is recognized as one of Ningxia's top 100 enterprises in 2023 and 2024. On 11 April 2025, we received a written confirmation from Kunlun Hi-Tech confirming the volume of industrial off-gas that Kunlun Hi-Tech will supply from April 1 to December 31, 2025 and for the year ending December 31, 2026 to satisfy Ningxia Binze's production plan. Ningyuan New Material is an enterprise established in 2014, which specializes in, among other things, ferroalloy smelting and the sales and manufacturing of metals. Its registered capital is RMB70 million and it operates in Pingluo County, Ningxia. It has been ranked among the top 100 private enterprises in Ningxia from 2023 to 2024 and is recognized as one of the top 100 private manufacturing enterprises in Ningxia in 2024. On 11 April 2025, we received a written confirmation from Ningyuan New Material confirming the volume of industrial off-gas that Ningyuan New Material will supply from April 1 to December 31, 2025 and for the year ending December 31, 2026 to satisfy Ningxia Binze's production plan.

Ningxia Binze has signed a memorandum of cooperation with a coking company whose main products including coke, coal tar, crude benzene, synthetic natural gas, silicon-manganese alloy and is located within approximately 600 meters of our Ningxia Binze production facility as a potential industrial off-gas supplier, with gas supply of no less than 220 million Nm³/year, being approximately 50% of the industrial off-gas volume required for reaching the full design capacity of Ningxia Binze production facility, and price of supply determined with reference to the supply price of the existing supplier. This coking company was founded in 2002 and has registered capital of RMB192.0 million, with over 600 employees. As confirmed by this coking company and to the best of our Directors' information and knowledge after making reasonable enquiries, the coking company maintained relatively high capacity utilization rates and did not suspend operations in 2024 despite the overall downturn in the ferroalloy market. As such, we may turn to such potential industrial off-gas supplier in the unlikely event that either of Ningxia Binze's existing suppliers stops operation. In such a case, the estimated capital expenditure for gas pipeline construction is approximately RMB3 million with a projected implementation period of three months based on our experience in similar projects. Financial responsibility for gas pipeline construction remains subject to mutual agreement between the relevant parties.

There are four potential alternative industrial off-gas suppliers which are in the proximity of Ningxia Binze production facility in addition to Ningxia Binze's existing suppliers and the potential supplier with whom the above-mentioned memorandum of cooperation was entered into. These potential alternative suppliers are located within approximately 1,100, 1,100, 2,500 and 3,700 meters of Ningxia Binze production facility, respectively and were established in 2003, 2003, 2002, and 2009 with registered capital of RMB7.8 million, RMB20 million, RMB1 billion and RMB900 million, respectively. The cost of building industrial off-gas pipeline is approximately RMB3 million per km, so the total cost for building pipeline connecting to each of these potential suppliers are approximately RMB3.3 million, RMB3.3 million, RMB7.5 million and RMB11.1 million, respectively. These four companies operate in calcium carbide or silicomanganese alloy, the industrial off-gas of which can be used as raw material for our production facility. Out of these four potential alternative industrial off-gas suppliers for Ningxia Binze, two of them are also potential alternative industrial off-gas suppliers for Shoulang Jiyuan as disclosed above. There is no overlapping of existing industrial off-gas suppliers for Shoulang Jiyuan and Ningxia Binze.

Guizhou Jinze production facility

The maximum industrial off-gas volume required for reaching the full design capacity of Guizhou Jinze production facility is approximately 450 million Nm³/year. Guizhou Jinze directly purchases industrial off-gas from Jinyuan Suiyang, whose maximum industrial off-gas supply is 480 million Nm³/year, which is greater than the maximum industrial off-gas volume required for the design capacity of the Guizhou Jinze production facility. In addition, Guizhou Jinze regularly communicates with upstream industrial off-gas suppliers to align on gas supply and maintenance plans, so as to maintain and overhaul the production facilities at the same time as the upstream.

Jinyuan Suiyang underwent equity restructuring in the first quarter of 2025 and its gas supply was suspended during this period. During the equity restructuring period, production suspension was necessary to: (i) facilitate a comprehensive inspection on the inventory and assets of Jinyuan Suiyang, and (ii) enable the original and the new owner of Jinyuan Suiyang to conduct inspection on the production equipment to identify potential production and safety issues, and to perform equipment maintenance and repair. According to Frost & Sullivan, suspension of production during the equity restructuring of an industrial enterprise is a common practice in the industry. Jinyuan Suiyang also conducted safety inspections and comprehensive maintenance and repair for its production facility and Guizhou Jinze production facility also completed its annual maintenance during this period. Chongqing Bosai has been confirmed as the selected restructuring investor for Jinyuan Suiyang, and had organized the resumption of production operations of Jinyuan Suiyang as of end of March 2025. Chongqing Bosai is an enterprise founded in 1994 which specializes in, among other things, the manufacturing, processing, import and export of mineral products. It is headquartered in the Nanchuan District of Chongqing and has a registered capital of RMB121.9 million. It has consistently been ranked among the top 500 private enterprises in China, the top 500 manufacturing enterprises in China and the top 50 non-ferrous metal industrial enterprises in China, and has been recognized as the top private manufacturing enterprise among top ten in

Chongqing for several consecutive years. It has also been ranked as the most competitive aluminium group in China. As confirmed by Chongqing Bosai and to the best of our Directors' information and knowledge after making reasonable enquiries, it maintained a relatively high capacity utilization rate and did not suspend operations in 2024 despite the overall downturn in the ferroalloy markets. On 14 April 2025, we received a written confirmation from Chongqing Bosai confirming the volume of industrial off-gas that Chongqing Bosai will supply for the years ending December 31, 2025 and 2026 to satisfy Guizhou Jinze's production plan, subject to the completion of Jinyuan Suiyang's equity restructuring.

There are no potential alternative industrial off-gas supplier which is in the proximity of Guizhou Jinze production facility.

In summary, there has never been any interruption in the supply of industrial off-gas to the Hebei Shoulang Phase I production facility during the Track Record Period. The upstream suppliers of Shoulang Jiyuan and Ningxia Binze did not have any sudden production fault repair in 2024. Our upstream industrial off-gas suppliers undertake annual routine maintenance of an average of 20-40 days each year. During this period, we arrange our own annual routine maintenance of production facilities at the same time (the production capacity of our production facilities is designed under the condition that the production facility operates 8,000 hours per year, with one month of downtime reserved each year for annual routine maintenance).

Due to the nature of our business, where we rely on major suppliers for carbon-containing industrial off-gas, our suppliers are notably concentrated and most of them are our connected persons. While this concentration provides stability in terms of reliable sourcing, it also exposes us to supply chain risks such as insufficient supply of industrial off-gas due to suspension of operations by upstream suppliers and price fluctuations of industrial off-gas, and reliance on a limited number of suppliers. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — We have a concentrated supplier base and any increase in the prices of their products could materially and adversely affect our business, financial condition, results of operations and profitability" and "— Our business may be materially and adversely affected if there is any significant downtime at the production facilities of ourselves and our suppliers, which prevents us from achieving sufficient utilization of our production facilities" for further details.

Besides the abovementioned measures we took including arrangement with potential alternative suppliers, we focus on strengthening relationships with our existing suppliers by signing long-term procurement agreements and, where appropriate, our major suppliers also invested in the equity interests of our Group, two of which are the shareholder of our Company and the subsidiary of our Controlling Shareholder. We believe that we have a mutually beneficial relationship with our upstream industrial off-gas suppliers, as we rely on upstream industrial off-gas suppliers for stable supply, while they need us to achieve their environmental protection and carbon reduction goals and enjoy preferential policies (such as favorable electricity tariffs) as a result, and generate revenue from selling industrial off-gas to us. Moreover, according to Frost & Sullivan, excluding the impact of the COVID-19 pandemic in

2020, 2024 marked the lowest point of sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the ferroalloy industry in China over the past seven years. According to Frost & Sullivan, the sale prices of silicon manganese alloy is expected to gradually recover in 2025 and 2026. Please refer to “Industry Overview — Overview of the Steel and Ferroalloy Industry — China Ferroalloy Spot Price” for further details. As a result, we believe that disruptions to our upstream suppliers due to unfavorable market conditions in the coming years will be less likely to occur, thus minimizing the potential impact on our production.

Based on the above, our Directors are of the view that the risks associated with our reliance on a limited number of carbon-containing industrial off-gas suppliers and potential supply chain disruptions will not have a material adverse impact on our business, financial condition or results of operations. Having considered the views of our Directors above and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on our Directors’ views above in any material respect.

During the Track Record Period, prices of carbon-containing industrial off-gas experienced fluctuations, which were largely affected by energy prices, such as that of coal and electricity. Please refer to “Financial information — Key Factors Affecting Our Results of Operations — Fluctuations in the prices of raw materials and utilities” for further details on the financial impact of fluctuations in the prices of the carbon-containing industrial off-gas. We do not use derivative instruments or engage in hedging activities to mitigate the risks associated with these fluctuations. We generally do not take into account such fluctuations in the prices of carbon-containing industrial off-gas when pricing our products. Please refer to “— Sales and Marketing — Pricing” for details on the pricing of our ethanol and microbial protein products.

During the Track Record Period, we experienced instability or insufficiency in the supply of carbon-containing industrial off-gas, primarily due to repairs, production failures or power shortages of our upstream suppliers, which adversely affected our capacity utilization rates. Please refer to “— Production Facilities — Production Capacity and Utilization Rate” for further details.

Utilities and Energy

Our production process relies on a stable and sufficient supply of utilities and energy, primarily electricity. We procure electricity, steam and water from domestic utility and energy suppliers. We also procure electricity and water from our connected persons for our Hebei Shoulang Phase I production facility and Guizhou Jinze production facility. The relevant fees charged to us by such local utilities and energy suppliers or our connected persons were generally in line with market rates.

BUSINESS

During the Track Record Period, we entered into two long-term electricity procurement agreements with local suppliers under the State Grid to ensure our stable production operations. Our Directors confirmed that there was no material breach of the terms of such long-term procurement agreement during the Track Record Period and up to the Latest Practicable Date. Below is a summary of the material terms of our long-term electricity procurement agreement:

Term	The agreements are valid for 5 years and will be automatically renewed for successive 5-year terms respectively unless either party raises a written objection upon expiration.
Price	Electricity prices are based on government-approved tariffs, with payments made according to the metering records and agreed schedule.
Minimum purchase commitment	There is no minimum purchase commitment.
Delivery	The suppliers provide electricity to our receiving points.
Payment and Credit Term	Payments are generally made by wire transfer each month.
Inspection	If there are issues with the metering device, either party can request calibration at their own cost.
Termination	The agreement can be terminated if either party goes bankrupt, the agreement expires with objections, or the buyer does not use electricity for six months without applying for suspension.

During the Track Record Period, we did not experience any material shortage or disruption in the supply of utilities and energy that adversely impacted our production operations.

Auxiliary Materials

During the Track Record Period, we also procured auxiliary materials, including chemicals, packaging materials and vitamins, from domestic suppliers to support our production. We procure auxiliary materials as needed, with monthly procurement plans aligned with our production schedules and market demand.

BUSINESS

We procure auxiliary materials primarily through a tendering process to ensure competitive pricing and alignment with market trends. Our procurement policy supports this process, covering supplier development, tendering, price comparisons, and contract management. Each contract outlines the material specifications, quality standards, pricing, quantities, payment terms, delivery methods, and termination clauses. This approach provides flexibility while ensuring cost-effectiveness and reliability in the supply of auxiliary materials.

Other Facilitating Goods and Services

During the Track Record Period, we also procured facilitating goods and services from domestic suppliers to ensure the continuous and safe operation of our production process, primarily consisting of maintenance and repair services, safety production equipment and training services, transportation services, testing and inspection services and other general services. We engaged maintenance and repair service providers to regularly maintain and repair our production facilities and equipment. We also procured safety equipment and engaged service providers to conduct safety trainings for our employees, ensuring a safe working environment and compliance with relevant laws and regulations. We follow our procurement policy to procure facilitating goods and select service providers.

Our Five Largest Suppliers

Purchases from our five largest suppliers for each year during the Track Record Period accounted for 83.0%, 76.7% and 76.8% of our total purchases for the respective year. Purchases from our largest supplier Shougang Jingtang for each year during the Track Record Period accounted for 45.1%, 27.3% and 23.6% of our total purchases for the respective year.

BUSINESS

The table below sets out the details of our five largest suppliers for each year during the Track Record Period.

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
<i>For the year ended December 31, 2022</i>								
1	Shougang Jingtang ⁽¹⁾	2015	A private company primarily engaged in the production and sales of steel, with registered capital of approximately RMB35.8 billion	Mainland China	Carbon-containing industrial off-gas, electricity and water	15 days upon receipt of invoice, by wire transfer	124,331	45.1
2	Supplier A ⁽²⁾	2021	A private company primarily engaged in the production, transmission, and sales of electricity, with registered capital of approximately RMB10.4 billion	Mainland China	Electricity	No credit term, by wire transfer	48,361	17.5

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
3	Jiyuan Metallurgical ⁽³⁾	2019	A private company primarily engaged in the production and sales of metallurgical products, with registered capital of RMB299.9 million	Mainland China	Carbon-containing industrial off-gas	Within seven working days of the following month upon receipt of invoice, by wire transfer	41,753	15.1
4	Ningyuan New Materials	2021	A private company primarily engaged in sales and manufacturing of metal materials, with registered capital of RMB70.0 million	Mainland China	Carbon-containing industrial off-gas	Within 25 days of the following month upon receipt of invoice, by wire transfer	7,335	2.7
5	Binhe SIC ⁽⁴⁾	2022	A private company primarily engaged in the production and sales of silicon carbide products, with registered capital of RMB500.0 million	Mainland China	Carbon-containing industrial off-gas	Within 25 days of the following month upon receipt of invoice, by wire transfer	7,300	2.6
Total							229,080	83.0

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
<i>For the year ended December 31, 2023</i>								
1	Shougang Jingtang ⁽¹⁾	2015	A private company primarily engaged in the production and sales of steel, with registered capital of approximately RMB35.8 billion	Mainland China	Carbon-containing industrial off-gas, electricity and water	15 days upon receipt of invoice, by wire transfer	117,138	27.3
2	Supplier A ⁽²⁾	2021	A private company primarily engaged in the production, transmission, and sales of electricity, with registered capital of approximately RMB10.4 billion	Mainland China	Electricity	No credit term, by wire transfer	74,503	17.4

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
3	Jinyuan Suiyang ⁽⁵⁾	2021	A private company primarily engaged in the development, investment, and operation of energy projects, with registered capital of RMB4.5 billion	Mainland China	Carbon-containing industrial off-gas, electricity and water	Ten working days upon receipt of invoice, by wire transfer	57,979	13.5
4	Jiyuan Metallurgical ⁽³⁾	2019	A private company primarily engaged in the production and sales of metallurgical products, with registered capital of RMB299.9 million	Mainland China	Carbon-containing industrial off-gas	Within seven working days of the following month upon receipt of invoice, by wire transfer	41,643	9.7

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							<i>RMB'000</i>	<i>%</i>
5	Ningyuan New Materials	2021	A private company primarily engaged in sales and manufacturing of metal materials, with registered capital of RMB70.0 million	Mainland China	Carbon-containing industrial off-gas	Seven working days upon receipt of invoice, by wire transfer	37,228	8.7
Total								76.7
<i>For the year ended December 31, 2024</i>								
1	Shougang Jingtang ⁽¹⁾	2015	A private company primarily engaged in the production and sales of steel, with registered capital of approximately RMB35.8 billion	Mainland China	Carbon-containing industrial off-gas, electricity and water	15 days upon receipt of invoice, by wire transfer	110,887	23.6

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
2	Jinyuan Suiyang ⁽⁵⁾	2021	A private company primarily engaged in the development, investment, and operation of energy projects, with registered capital of RMB4.5 billion	Mainland China	Carbon-containing industrial off-gas, electricity and water	Ten working days upon receipt of invoice, by wire transfer	78,178	16.7
3	Supplier A ⁽²⁾	2021	A private company primarily engaged in the production, transmission, and sales of electricity, with registered capital of approximately RMB10.4 billion	Mainland China	Electricity	No credit term, by wire transfer	69,333	14.8
4	Jiyuan Metallurgical ⁽³⁾	2019	A private company primarily engaged in the production and sales of metallurgical products, with registered capital of RMB299.9 million	Mainland China	Carbon-containing industrial off-gas	Within seven working days of the following month upon receipt of invoice, by wire transfer	60,909	13.0

BUSINESS

Ranking	Supplier	Year of commencement of business relationship	Company background and size of operations	Business location	Products/ services principally procured/ rendered	Credit Terms and Payment Method	Transaction Amount	Percentage to Total Purchases of our Group
							RMB'000	%
5	Ningyuan New Materials	2021	A private company primarily engaged in sales and manufacturing of metal materials, with registered capital of RMB70.0 million	Mainland China	Carbon-containing industrial off-gas	Seven working days upon receipt of invoice, by wire transfer	41,005	8.7
Total							360,312	76.8

Notes:

- (1) Our connected person, a company which is owned as to approximately 57% by Shougang Group, and hence an associate of our controlling shareholder Shougang Group.
- (2) Includes transactions with Supplier A and its branch.
- (3) Our connected person, an associate of Hainan Jiyuan Junyi Biotechnology Co., Ltd. (海南吉元君熠生物科技有限公司), the substantial shareholder of our subsidiary Shoulang Jiyuan.
- (4) Our Pre-IPO Investor holds less than 5% of our Shares and less than 10% of equity interests in our subsidiary Ningxia Binze, respectively.
- (5) Our connected person, a substantial shareholder of our subsidiary Guizhou Jinze.

BUSINESS

For each year during the Track Record Period, Shougang Jingtang was our largest supplier, with the proportion of purchases from Shougang Jingtang to our total purchases accounting for 45.1%, 27.3% and 23.6% for the respective year. The percentage of our purchases from Shougang Jingtang in proportion to our total purchases was relatively higher in 2022, because our Hebei Shoulang Phase I production facility was our key production facility in 2022 while our other three production facilities were either in the construction phase or started commencing operations. As our other three production facilities also commenced operations in 2023, the percentage of our purchases from Shougang Jingtang in proportion to our total purchases decreased, resulting in a lower procurement proportion from 2023 onwards. Our Hebei Shoulang Phase I production facility is located in the production zone owned by Shougang Jingtang, which enables the transportation of carbon-containing industrial off-gas through pipelines to be carried out in a cost-efficient manner with minimum disruption. We have also entered into a long-term supply arrangement with Shougang Jingtang to ensure a stable and uninterrupted supply of carbon-containing industrial off-gas for our production process. We believe such arrangement reflects our mutual benefits. For our operations, it ensures the stability of critical raw material supplies. For Shougang Jingtang, it provides an effective channel for managing carbon-containing industrial off-gas generated from its operations while converting it into a stable revenue stream. According to Frost & Sullivan, it is a common industry practice for production enterprises to establish production facilities near key raw material suppliers. This approach facilitates cost-efficient operations and logistical convenience while fostering mutual reliance and benefits between the production enterprises and their suppliers.

During the Track Record Period, we entered into procurement agreements with Shougang Jingtang and Jinyuan Suiyang, both of which are our connected persons, to primarily procure carbon-containing industrial off-gas, electricity and water for our Hebei Shoulang Phase I production facility and Guizhou Jinze production facility, respectively. During the Track Record Period, we also entered into a long-term procurement agreement with Jiyuan Metallurgical, our connected person, for carbon-containing industrial off-gas. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — A2. Shougang Jingtang Supply Framework Agreement,” “Connected Transactions — Partially Exempt Continuing Connected Transactions — C. Jinyuan Suiyang Cooperation Framework Agreement” and “Connected Transactions — Partially Exempt Continuing Connected Transactions — D. Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement” for further details on goods and services provided by Shougang Jingtang, Jinyuan Suiyang and Jiyuan Metallurgical to us, respectively. Our Directors confirm that, except for Shougang Jingtang, Jinyuan Suiyang and Jiyuan Metallurgical, none of our five largest suppliers or customers for each year during the Track Record Period were connected persons.

During the Track Record Period, except for Shougang Jingtang, none of our Directors, Supervisors, their respective associates or any of our Shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our Shares) had any interest in any of our five largest suppliers for each year during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our suppliers.

Overlapping of Major Customers and Suppliers

To the best knowledge and belief of our Directors, Shougang Jingtang was our largest supplier and a customer during the Track Record Period, primarily due to the geographical proximity of our Hebei Shoulang Phase I production facility, which is located in the production zone owned by Shougang Jingtang. This location enables the transportation of raw materials and products through pipelines to be carried out in a cost-efficient manner with minimum disruption.

For each year during the Track Record Period, our purchases from Shougang Jingtang accounted for 45.1%, 27.3% and 23.6%, respectively, of our total purchases, and our total sales to Shougang Jingtang accounted for 1.7%, 0.9% and 1.0%, respectively, of our revenue. We primarily purchased carbon-containing industrial off-gas, electricity and water from Shougang Jingtang during the Track Record Period while we also sold them biogas. Biogas is typically sold nearby as a practical choice because its transportation is expensive. As our Hebei Shoulang Phase I production facility operates within the Shougang Jingtang production zone where there are no other companies except for Shougang Jingtang and us, we believe it is the most cost-efficient way to sell our biogas to Shougang Jingtang. According to Frost & Sullivan, it is not uncommon that a customer is also a supplier where both parties operate in the same production zone and no alternative companies are available. Our Directors confirmed that negotiations of the terms of our purchases from and sales to Shougang Jingtang were conducted separately and as a result, the purchases and sales were neither connected with nor conditional upon each other.

INVENTORY MANAGEMENT

Our inventory consists primarily of auxiliary materials for our production and our finished products. We manage our inventory levels in real-time to ensure optimal stock levels to support production and delivery schedules. During the Track Record Period, we did not identify any material obsolete or damaged inventory. During the Track Record Period, we did not encounter any material build-up or shortage of inventories. We typically maintain approximately one month's supply of finished goods and one to two months' supply of auxiliary materials at our production facilities.

BUSINESS SUSTAINABILITY

Overview

Faced with the threat of increasing global greenhouse gas emissions and climate change, major economies around the world have formulated carbon reduction policies in response. Leveraging the growth opportunities in CCUS industry, we expanded our production facilities during the Track Record Period, despite our historical losses since our establishment.

Our revenue increased by 52.1% from RMB389.5 million in 2022 to RMB592.6 million in 2023. Such increases were primarily driven by an increase in sales volume of our ethanol and microbial protein products as a result of the commencement of operations of our Shoulang Jiyuan, Ningxia Binze production facilities in 2022 and Guizhou Jinze production facilities in 2023. Our revenue decreased by 4.9% from RMB592.6 million in 2023 to RMB563.6 million in 2024 primarily as a result of (i) maintenance conducted by our upstream suppliers of industrial off-gases, which led to a reduction in our sales volume of our ethanol and microbial protein products in 2024 and (ii) a decrease of 15.6% in the average selling price of ethanol in 2024 as compared with that of 2023.

Our Historical Losses and Our Growth History

Our predecessor, Beijing Shougang LanzaTech New Energy Technology Co., Ltd., was established in 2011. We are primarily engaged in producing ethanol and microbial protein through bio-fermentation processes by utilizing carbon-containing industrial off-gas, and the research and development as well as the industrial application and promotion of such technology, in order to seize the opportunities presented by global efforts to reduce greenhouse gas emission and prevent severe climate change. We have completed the pilot-scale experiment for the first-generation carbon reduction technology at the scale of 300 tons and the development of an industrialized demonstration plant with an annual output of 45,000 tons. We have built and operate four sets of industrialized production facilities in the steel and ferroalloy industries, with a total ethanol production capacity of 210,000 tons per year. After four years of research and development, the second-generation technology has completed 300-ton level pilot-scale experiment and has commence the industrial demonstration facility with an annual capacity of 15,000 tons. Since our inception, due to continuous R&D investment, addressing problems encountered during industrialization, and insufficient upstream industrial off-gas supply, we have accumulated losses during and prior to the Track Record Period. Further details on our different stages of development are set out below.

- 1. During the period from our establishment in November 2011 to 2017, we focused on R&D and successfully developed the first set of industrial production facility utilizing industrial off-gas from steel mills. During this period, we did not generate any revenue.***

Since our establishment in 2011, we have been dedicated to the development of carbon reduction technologies utilizing industrial off-gas and the promotion of their industrial applications. We invested significant resources to develop a full-system process at pilot scale. In 2012, a 300-ton pilot production line was established to conduct scale-up validation of our technology including the fermentation process technology. Based on industrial application requirements, we subsequently developed a complete system process, including six key steps: (i) gas component purification and regulation, (ii) continuous fermentation, (iii) distillation and dehydration, (iv) protein separation and drying, (v) waste heat recovery, and (vi) wastewater treatment. After six years of research and development, we have developed a complete set of industrialized production processes and equipment for producing ethanol and microbial protein through the fermentation of industrial off-gases, and have initiated the construction of the world's first 45,000-ton demonstration facility according to Frost & Sullivan. During this

period, we did not generate any revenue. According to our management accounts, as of December 31, 2017, we had accumulated losses of RMB47.2 million, mainly attributable to our R&D expenses in connection with our pilot-scale experiment, labour costs and depreciations of equipment in connection with our R&D activities.

- 2. During the period from 2018 to 2021, we focused on the development of the Hebei Shoulang Phase I production facility, the production capacity of which was in the ramping-up phase and had not yet been fully realized. We also completed the R&D of the second-generation carbon negative technology during this period.***

Our Hebei Shoulang Phase I production facility commenced operations in December 2018. As the world's first large-scale industrial fermentation facility utilizing industrial off-gases generated from steel mills according to Frost & Sullivan, it faced a number of challenges in its initial production period, such as maintaining a continuous and stable fermentation process, efficient protein separation, wastewater treatment, and efficient use of resources during the production process. During the period between 2018 and 2021, our accumulated loss was approximately RMB189.2 million, among which the R&D expenses accounted for approximately 38.0%, which was mainly caused by the fact that (i) the Hebei Shoulang Phase I production facility was in its ramping-up phase and its production potential had not been realized yet, (ii) we incurred R&D cost for the upgrading of our technology to overcome technical challenges we faced during the production of the Hebei Shoulang Phase I production facility, and (iii) after multiple rounds of experiments, we have developed second-generation carbon-negative technology and successfully achieved the direct conversion of carbon dioxide into ethanol and microbial protein under normal temperature and low pressure. We completed a 300-ton pilot-scale trial of this technology and developed a process package for a 10,000-ton demonstration facility.

During the period between 2019 to 2021, we invested RMB45.3 million in technical reform and overcame the above technical challenges. The operation of the Hebei Shoulang Phase I project has gradually stabilized since 2020 and the production output of ethanol and microbial protein has also remained stable.

- 3. During the Track Record Period, building on the commercial success of Hebei Shoulang Phase I project, we developed three industrial production facilities utilizing industrial off-gas from ferroalloy mills and commenced the Hebei Shoulang Phase II project. Our production facilities usually take a few years to ramp up production and reach profitability.***

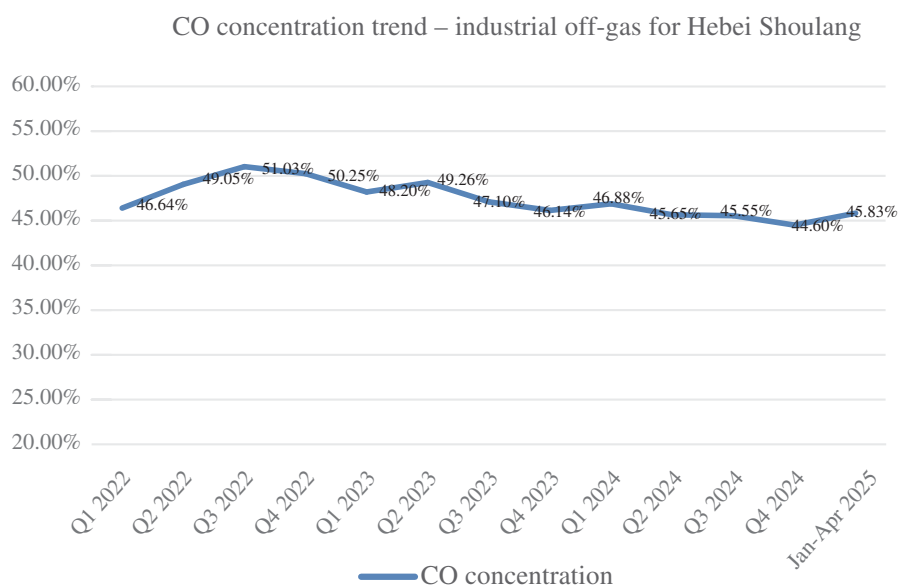
During the Track Record Period, we incurred a cumulative loss of approximately RMB379.6 million, primarily due to the following reasons: (i) we continued to invest in R&D and incurred an accumulative R&D expense of RMB107.5 million during the Track Record Period; (ii) the successive commissioning of the production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze during this period significantly increased our depreciation and amortization costs; (iii) the insufficient gas supply from industrial off-gas suppliers which resulted in low capacity utilization of our production facilities of Shoulang Jiyuan, Ningxia

Binze and Guizhou Jinze, led to operational losses; and (iv) while fuel ethanol prices remained stable in 2022 and 2023, they experienced a sharp decline in the second half of 2024 due to a large amount of low-cost coal-based ethanol entering into the fuel ethanol market, which significantly affected our revenue for 2024. Please see the discussion below regarding the operation and financial performance of each of our production facilities during the Track Record Period.

Hebei Shoulang Phase I production facility

The operation of Hebei Shoulang Phase I production facility has stabilized during this period, with its ethanol production remaining relatively steady at 28,770.7 tons, 27,326.5 tons, and 27,042.7 tons, for the years ended December 31, 2022, 2023 and 2024, respectively. The project became profitable in 2022 and the amount of profit amounted to RMB19.2 million, RMB5.0 million and a loss of RMB23.3 million for the years ended December 31, 2022, 2023 and 2024, respectively. Hebei Shoulang Phase I experienced a loss of RMB23.3 million for the year ended December 31, 2024 due to a sharp decline of ethanol price in the second half of 2024 due to the entry into the fuel ethanol market by a large amount of low-cost coal-based ethanol. The financial performance of Hebei Shoulang Phase I production facility in 2022 and 2023 demonstrates that our technology and business model can achieve profitability under industrialized production. We anticipate that Hebei Shoulang Phase I production facility will achieve profitability again in 2025 on the basis that the ethanol price is expected to recover.

The average CO concentration in the industrial off-gas for Hebei Shoulang for the first four months of 2025 was 45.83%, which shows sign of stabilizing comparing to the average CO concentration of 45.77% in 2024. Set out below is a chart showing the quarterly CO concentration in the industrial off-gas for Hebei Shoulang for 2022, 2023, 2024 and first four months of 2025.



The chart shows that the CO concentration has rebounded in the first four months of 2025, which suggests that the downward trend has at least stabilized at the current level. According to Frost & Sullivan, steel plants are restricted from decreasing the CO concentration in their industrial off-gas below certain levels due to production safety requirements. Based on our communication with the industrial off-gas supplier, Shougang Jingtang, we understand that the CO concentration in Shougang Jingtang's industrial off-gas is unlikely to continue to decrease due to production safety concerns, because further lowering CO concentration would lead to higher oxygen concentration in the industrial off-gas, the combination of which would increase the chance of explosion. In addition, for Shougang Jingtang, lower CO concentration also leads to lower revenue for the sales of the industrial off-gas, so there is also economic incentive for it to avoid further decreasing CO concentration. Please see “Business — Raw Material” for further details regarding the decrease in the price of the industrial off-gas for Hebei Shoulang as the CO concentration drops.

Shoulang Jiyuan production facility

Building on the commercial success of Hebei Shoulang Phase I project, we started the construction of new production projects with the intention of scaling our production by replicating the technologies and experiences we developed and gained from the construction of Hebei Shoulang Phase I project to other projects. Our Shoulang Jiyuan production facility officially began operation in March 2022.

Shoulang Jiyuan production facility is the world's first large-scale industrial fermentation facility using the industrial off-gas generated by ferroalloy mills according to Frost & Sullivan. However, due to the differences in gas composition and content of impurities between the industrial off-gas generated by ferroalloy mills and that generated by steel mills, our steel plant gas purification technology was not fully compatible with the Shoulang Jiyuan production facility, leading to unstable production during this period and an accumulative production suspension of 52 days in the first half of 2023. To address this issue, we undertook continuous research and process optimization in 2022 and 2023 and invested RMB16.7 million accumulatively in technical reform, successfully developing an effective gas purification technology that ultimately resolved the problem. Additionally, the Shoulang Jiyuan production facility faced interruptions in the supply of industrial off-gas due to (i) sudden production faults in the production equipment of the suppliers in 2023, which led to an accumulative production suspension of 56 days that is mainly concentrated in the second half of 2023, and (ii) unfavorable market conditions which, aside from the impact of the pandemic in 2020, represented the lowest point of China's ferroalloy industry's sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the past seven years according to Frost & Sullivan and caused suspensions in the supply of industrial off-gas in the first half of 2024. As a result, Shoulang Jiyuan recorded losses of RMB9.0 million, RMB64.9 million, and RMB34.3 million for the years ended on December 31, 2022, 2023, and the first half of 2024, respectively. Following the resolution of technical issues and a reduction in upstream production disruptions, and coupled with a recovery in the ferroalloy market in the second half of 2024, the ethanol production of the Shoulang Jiyuan production facility increased steadily to 14,343.91 tons in the second half of 2024, representing

an increase of 9,138.78 tons compared to the first half of 2024 and an increase of 936.8 tons compared to 2023. This increase narrowed our losses by approximately RMB10 million to RMB24.3 million for the second half of 2024. Looking ahead, with continued growth in the production of ethanol, we anticipate that losses of Shoulang Jiyuan production facility are expected to decline progressively and Shoulang Jiyuan production facility will achieve profitability by 2026.

Ningxia Binze production facility

The Ningxia Binze production facility began operation in November 2022 and was in a production ramp-up phase throughout 2023. However, in the first half of 2024, the Ningxia Binze production facility experienced production suspension for 43 days due to the interruption of upstream gas supply as a result of the market conditions in the ferroalloy industry. Consequently, Ningxia Binze recorded a profit of RMB0.8 million, a loss of RMB9.6 million and a loss of RMB76.8 million for the years ended December 31, 2022, 2023 and 2024, respectively. With the stabilization of the ferroalloy market in the second half of 2024, the production of ethanol at Ningxia Binze production facility steadily increased to approximately 14,768.31 tons, which was 5,778.24 tons more than the production of 8,990.07 tons in the first half of 2024. As the production of ethanol of Ningxia Binze production facility continues to rise, we expect that losses of Ningxia Binze production facility will decrease progressively, and Ningxia Binze production facility will achieve profitability by 2026.

Guizhou Jinze production facility

The Guizhou Jinze production facility commenced operation in June 2023 but experienced lower-than-expected output in the first half of 2024 due to insufficient gas supply caused by unfavorable market conditions in the ferroalloy industry. Guizhou Jinze recorded losses of RMB23.9 million and RMB93.8 million for the years ended December 31, 2023 and 2024, respectively. Jinyuan Suiyang underwent equity restructuring in the first quarter of 2025 and its gas supply was suspended during this period. Guizhou Jinze production facility also completed its annual maintenance during the same period. Chongqing Bosai was confirmed as the selected restructuring investor for Jinyuan Suiyang, and had organized the resumption of production operations of Jinyuan Suiyang as of end of March 2025. As the ferroalloy industry stabilizes and the operation of Jinyuan Suiyang is expected to be stabilized after the restructuring, the output of Guizhou Jinze production facility is expected to increase in the second half of 2025, with losses gradually narrowing between 2025 and 2026. We anticipate Guizhou Jinze to achieve profitability by 2027.

According to the feasibility studies conducted by qualified external engineering design firms in 2022 and 2023, the investment payback periods for all of the four production facilities are in the range of eight years to 11 years. Hebei Shoulang Phase I production facility reached breakeven in 2022. Based on our estimates, the breakeven years for Shoulang Jiyuan production facility, Ningxia Binze production facility and Guizhou Jinze production facility are expected to be 2026, 2026 and 2027, respectively.

Reasons for Significant Fluctuations in Financial Performance during the Track Record Period***1. Reasons for Fluctuations in Revenue***

Our revenue was RMB389.5 million, RMB592.6 million, RMB563.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. Our revenue was RMB261.6 million and RMB302.0 million in the first and second half of 2024, respectively.

The increase in revenue from 2022 to 2023 was mainly driven by higher ethanol sales volume from 54,303.7 tons in 2022 to 83,225.9 tons in 2023 and microbial protein sales volume from 6,476.0 tons in 2022 to 10,174.1 tons in 2023 as the production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze commenced operations. The average selling price for ethanol remained stable at RMB6,055.3 per ton in 2022 and RMB6,004.5 per ton in 2023, while the average selling price for microbial protein increased from RMB8,268.8 per ton in 2022 to RMB8,505.2 per ton in 2023.

The decrease in revenue from 2023 to 2024 was primarily due to: (i) insufficient upstream industry off-gas supply due to market conditions in the ferroalloy industry leading to lower-than-expected production output by the production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze. According to Frost & Sullivan, aside from the impact of the pandemic in 2020, 2024 marked the lowest point of China's ferroalloy industry's sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the past seven years; and (ii) a sharp decline in fuel ethanol prices, which, according to Frost & Sullivan, was caused by the entry into the market by a large amount of low-cost coal-based ethanol. This resulted in a 15.6% decrease of our average ethanol selling prices from RMB6,004.5 per ton in 2023 to RMB5,069.9 per ton in 2024, which caused a significant adverse impact on our revenue in 2024. According to Frost & Sullivan, multiple large-scale coal-based ethanol projects commenced operations in 2024 with low production costs. Although the market share of coal-based ethanol in the fuel ethanol market in China is not available due to the Chinese government issuing policy cracking down on the production of such and restricting such from entering the fuel ethanol market, conservative estimates indicate China's coal-based ethanol production capacity was approximately 500,000 tons in 2023 and has increased by over 500,000 tons in 2024 with multiple companies undertaking and commissioning such projects, against a total fuel ethanol market of approximately 3.3 million tons according to Frost & Sullivan. The rapid capacity expansion in coal-based ethanol severely disrupted the price of ethanol in the fuel ethanol market in 2024.

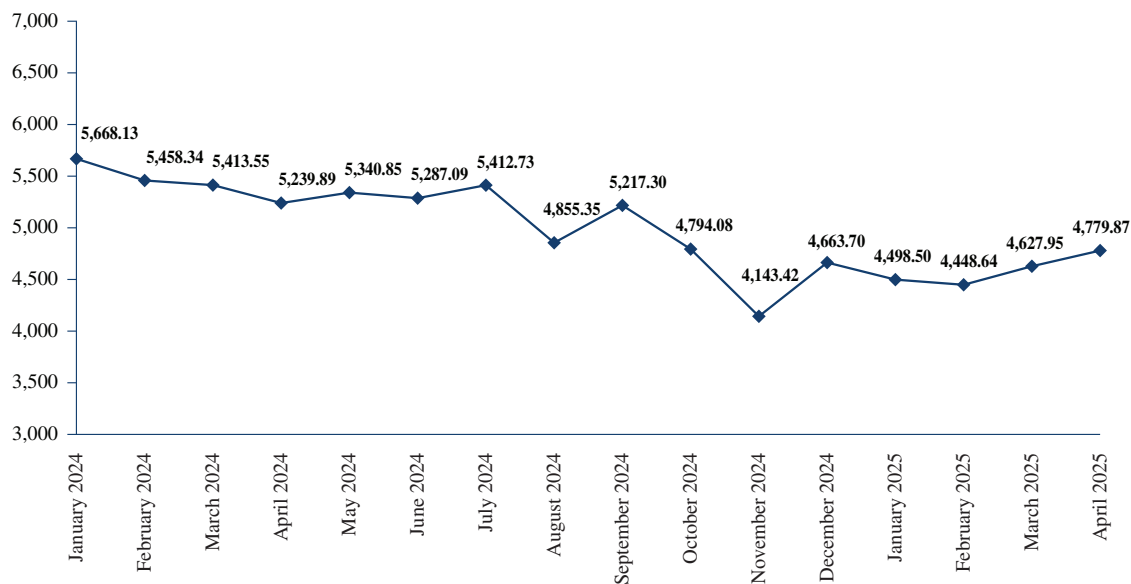
Revenue for the second half of 2024 increased by 15.4% compared to the first half due to improved upstream gas supply stability. Ethanol production increased from 37,671.7 tons in first half of 2024 to 50,724.4 tons in second half of 2024, representing a growth of 34.6%, while ethanol sales volume rose from 35,913.3 tons in the first half of 2024 to 50,955.6 tons in the second half of 2024, representing a growth of 41.9%. However, as the average selling

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prices fell from RMB5,436.0 per ton in the first half of 2024 to RMB4,811.8 per ton in the second half of 2024, the growth in ethanol revenues did not keep pace with the growth in sales volume. The following chart demonstrates the monthly average selling price for ethanol from January 2024 to April 2025:

Monthly Average Selling Price for Ethanol (RMB/ton)

January 2024 to April 2025



2. *Reasons for Fluctuations in Gross Profit/Loss*

Our gross profit were RMB54.1 million, RMB17.7 million and gross loss was RMB93.3 million for the years ended December 31, 2022, 2023 and 2024, respectively.

Our gross profit decreased in 2023 from 2022 due to increased fixed asset depreciation and amortization costs (as part of the sales costs) as the production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze were commissioned but production and corresponding revenue had not started to increase. The depreciation and amortization costs (as part of the costs of sales) increased from RMB45.0 million in 2022 to RMB88.4 million in 2023.

The gross loss in 2024 was primarily due to: (i) lower-than-expected production output in the first half of 2024; (ii) the declining average ethanol selling prices in 2024 as discussed in the reasons for fluctuations in revenue above, which led to a material drop of our revenue; and; (iii) increased depreciation and amortization costs (as part of the costs of sales) from RMB88.4 million in 2023 to RMB113.9 million in 2024. Taking into consideration of the analysis of revenue fluctuations above, a gross loss was incurred in 2024 as a result.

3. *Reasons for Net Loss*

Our net losses were RMB23.9 million, RMB110.1 million and RMB245.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. In addition to the reasons for the fluctuations in revenue and gross loss discussed above, the increase in losses during the Track Record Period was also due to an increase in administrative expenses and research and development expenses:

- (i) our administrative expenses were RMB45.7 million, RMB82.7 million and RMB86.9 million for the years ended December 31, 2022, 2023 and 2024, respectively. During the Track Record Period, the increase was mainly due to the gradual commissioning of our three production facilities of Shoulang Jiyuan, Ningxia Binze and Guizhou Jinze and professional fees related to listing expenses incurred in 2024. Our listing expenses in connection with the Global Offering recognized in profit or loss in 2024 were RMB13.5 million. If listing expenses were excluded, our administrative expenses in 2024 would have decreased as compared to those in 2023; and
- (ii) our research and development expenses were RMB29.5 million, RMB35.9 million and RMB42.0 million for the years ended December 31, 2022, 2023 and 2024, respectively, as we continued to focus on research and development activities for new products and new strains in accordance with our research and development plan.

Our Upstream Industrial Off-gas supply and its Impact on Our Financial Performance

During the Track Record Period, we experienced suspension and reduction of the supply of industrial off-gas by our upstream suppliers due to repairs conducted by our upstream suppliers as well as the adverse market conditions of the PRC ferroalloy industry. Please see the analysis below for detailed information on our production downtime.

	For the year ended 31 December 2022				For the year ended 31 December 2023				For the year ended 31 December 2024			
	Hebei Shoulang phase I production facility	Shoulang Jiyuan production facility	Ningxia Binze production facility	Hebei Shoulang phase I production facility	Shoulang Jiyuan production facility	Ningxia Binze production facility	Guizhou Jinze production facility	Hebei Shoulang phase I production facility	Shoulang Jiyuan production facility	Ningxia Binze production facility	Guizhou Jinze production facility	
Routine												
Duration of downtime due to scheduled maintenance (days) ⁽¹⁾	24	-	-	32	40	23	-	32	25	30	-	
Non-routine												
Duration of downtime due to upstream sudden production fault (days) ⁽²⁾	-	-	-	-	56	-	12	-	-	-	14	
Duration of downtime due to upstream market conditions (days) ⁽³⁾	-	-	-	-	-	-	-	-	52	43	-	
Duration of downtime due to technical reform (days) ⁽⁴⁾	-	-	-	-	56	-	20	-	27	-	-	
Total number of non-routine downtime days	-	-	-	-	112	-	32	-	79	43	14	

Notes:

- (1) Please refer to the paragraph (1) below for detailed analysis.
- (2) Please refer to the paragraph (2) below for detailed analysis.
- (3) Please refer to the paragraph (3) below for detailed analysis.
- (4) Please refer to the paragraph (4) below for detailed analysis.

Routine downtime***(1) Downtime due to annual routine maintenance***

The production capacity of our production facilities is designed under the condition that the plant operates 8,000 hours per year, with one month of downtime reserved each year for annual routine maintenance. As a result, such routine maintenance (i.e. excluded from the annual 8,000 operating hours) does not have any impact on our financial performance. During the Track Record Period, our upstream industrial off-gas suppliers underwent annual routine maintenance for each year. At the same time, we also arranged annual routine maintenance of our own production facilities to minimize the impact of such suspension of gas supply on our production. We expect to continue this arrangement of concurrent annual routine maintenance with our industrial off-gas suppliers in the future.

Each of our production facilities usually plans for an annual routine maintenance period of approximately 30 days. The actual duration of maintenance primarily depends on the number of and the complexity of maintenance tasks required for that year, as well as any additional maintenance items identified during the maintenance process.

In respect of Hebei Shoulang Phase I production facility, the routine maintenance duration was 24 days in 2022, 32 days in 2023 and 32 days in 2024. Such actual duration of maintenance is generally consistent with the planned schedule. The slightly shorter maintenance period in 2022 was due to fewer maintenance tasks required.

In respect of Shoulang Jiyuan production facility, no routine maintenance was conducted in 2022. The routine maintenance took 40 days in 2023, and 25 days in 2024. No maintenance was conducted in 2022 as the facility commenced operations in March 2022 and the equipment was in good condition. The extended maintenance period in 2023 was primarily because that the absence of maintenance in 2022 led to longer equipment operation time and a greater number of maintenance tasks.

In respect of Ningxia Binze production facility, no routine maintenance was conducted in 2022. The routine maintenance took 23 days in 2023, and 30 days in 2024. No maintenance was conducted in 2022 as the facility commenced operations in November 2022 and the equipment was in good condition. The duration of maintenance in 2023 and 2024 is consistent with planned schedules.

In respect of Guizhou Jinze production facility, no routine maintenance was conducted during the Track Record Period. This is primarily because the facility only commenced operations in June 2023 so no maintenance was scheduled for 2022 and 2023. In 2024, no routine maintenance was arranged because only part of the production lines was in operation at any given time during the year due to reduced industrial off-gas supply, which allowed

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maintenance to be conducted to production lines that were not in operation. The rotation between the production lines which were in operation and those that were under maintenance during the year meant there was no need for scheduled routine maintenance for all production lines at the same time.

Non-routine downtime

(2) Suspension of industrial off-gas supply by upstream suppliers due to sudden production fault

In 2023, the production facilities of Shoulang Jiyuan and Guizhou Jinze were suspended for 56 days and 12 days respectively due to suspension of industrial off-gas supply by upstream suppliers. The reason was that the upstream suppliers experienced a sudden production-related fault which interrupted the gas supply to us during the repair and maintenance period. In 2024, the Guizhou Jinze production facility experienced a 14-day suspension due to gas supply interruption for the same reasons. The following table sets forth the detailed information of the incidences of sudden production fault of industrial off-gas suppliers that caused production suspension of two of our production facilities excluding Hebei Shoulang Phase I production facility and Ningxia Binze production facility which did not experience any production suspension during the Track Record Period, including its time, duration and main reasons.

<u>Production Facility</u>	<u>Year</u>	<u>Time</u>	<u>Duration of downtime</u> <i>(days)</i>	<u>Main cause</u>
Shoulang Jiyuan production facility	2023	March	6 days	A high-voltage flashover on the 35kV side at the upstream ferroalloy plant caused a power outage for the gas blower of the submerged arc furnace
	2023	July to August	20 days	A short-circuit fault in the high-voltage switchgear of the power generation workshop at the upstream ferroalloy plant resulted in a tripping of the switch on the 35kV side of the 220kV substation
	2023	September to October	27 days	An internal short-circuit fault in the second main transformer on the 220kV side at the upstream ferroalloy plant led to deformation of the transformer body, collapse of the iron core, and damage to the windings

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Production Facility	Year	Time	Duration of downtime (days)	Main cause
	2023	December	3 days	The simultaneous shutdown of two furnaces of Jiyuan Metallurgical caused a malfunction in the centrifugal compressor
Guizhou Jinze production facility	2023	November to December	12 days	Low intake pressure at the coal gas booster fan of the upstream ferroalloy plant triggered interlocking trips
Guizhou Jinze production facility	2024	June to July	10 days	A malfunction occurred at the 220 kV substation of an upstream ferroalloy supplier, causing production to halt.
	2024	December	4 days	The No. 2 generator unit of the upstream ferroalloy supplier experienced a voltage dip and fault

The suspension of industrial off-gas supply had caused maintenance and cultivation costs of RMB24.3 million and RMB5.6 million in 2023 and 2024, respectively. According to our estimates, had the industrial off-gas supply not been suspended due to such reasons, we would have increased our gross profit by approximately RMB8.1 million in 2023 and reduced our gross loss by approximately RMB2.2 million in 2024, respectively. In the event that all production lines in a production facility experience downtime simultaneously, the length of time required for re-cultivating microbial strain is no more than 30 days, which is not affected by how long such production downtime persists. If only some of the production lines in a production facility experience downtime, the length of time required for recultivating microbial strain is less than the scenario where all production lines experience downtime.

During the Track Record Period, the upstream industrial off-gas suppliers of Hebei Shoulang Phase I production facility and Ningxia Binze production facility never experienced any sudden production fault. In 2023, after the sudden production fault of the industrial off-gas supplier of the Shoulang Jiyuan production facility was repaired, there was no suspension of industrial off-gas supply due to similar reasons in 2024. Guizhou Jinze's upstream gas supplier has completed the safety inspection and comprehensive maintenance of existing production facilities in the first quarter of 2025 and it is expected that the probability of repair caused by sudden failure will decrease in 2025. Based on our discussion with our industrial off-gas suppliers, their production plans for 2025 and 2026 remain stable, which is likely to lead to reliable industrial off-gas supply. Based on the above, the management believe such production suspension is one-off event and is unlikely to reoccur in the foreseeable future.

(3) Due to the unfavorable market conditions of the ferroalloy industry, the upstream suppliers adjusted its production, resulting in either the suspension of or reduction in the supply of industrial off-gas

The suspension of industrial off-gas supply had caused maintenance and cultivation costs of RMB17.9 million in 2024. In 2024, the industrial off-gas suppliers of the Shoulang Jiyuan and Ningxia Binze production facilities suspended production activities in response to the unfavorable market environment, resulting in the interruption of the supply of industrial off-gas. Shoulang Jiyuan and Ningxia Binze stopped production for 52 days and 43 days respectively. According to our estimate, had the industrial off-gas supply not been suspended due to such reasons, we would have reduced our gross loss by approximately RMB20.7 million in 2024.

In 2023 and 2024, the industrial off-gas supplier of the Guizhou Jinze production facility reduced production activities due to unfavorable market conditions, and accordingly reduced the supply of industrial off-gas to the Guizhou Jinze production facility. According to our estimate, had the industrial off-gas supply not been suspended due to this reason, we would have increased our gross profit by approximately RMB3.5 million in 2023 and reduced our gross loss by approximately RMB22.0 million in 2024.

According to Frost & Sullivan, aside from the impact of the pandemic in 2020, 2024 marked the lowest point of China's ferroalloy industry's sale prices of silicon manganese alloy (being the relevant ferroalloy produced by our suppliers in the ferroalloy industry) in the past seven years, and the sale prices of silicon manganese alloy is expected to gradually recover in 2025 and 2026. Please refer to "Industry Overview — Overview of the Steel and Ferroalloy Industry — China Ferroalloy Spot Price" for further details. Therefore, we expect less situations where our upstream suppliers suspend or reduce gas supply due to the unfavorable market environment in 2025 and 2026.

(4) Downtime due to technical reform

In 2023, the production facilities of Shoulang Jiyuan and Guizhou Jinze were suspended for 56 days and 20 days respectively due to technical reform. In 2024, the Shoulang Jiyuan production facility experienced a 27-day suspension due to technical reform. Given the production issues had been addressed, we believe that such production suspension is one-off and is unlikely to reoccur in the foreseeable future.

The technical reform had caused maintenance and cultivation costs of RMB19.7 million and RMB9.1 million for Shoulang Jiyuan and Guizhou Jinze in 2023, respectively. The technical reform had caused maintenance and cultivation costs of RMB11.2 million for Shoulang Jiyuan in 2024. Had the technical reform not been implemented at the Shoulang Jiyuan and Guizhou Jinze production facilities, we would have increased our gross profit by approximately RMB5.5 million and RMB3.7 million in 2023, respectively. Had the technical reform at the Shoulang Jiyuan production facility not been implemented, we would have decreased our gross loss by approximately RMB5.4 million in 2024.

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Capacity utilization rates excluding impact of non-routine downtime

The table below summarizes the adjusted capacity utilization rate of our four production facilities for ethanol and microbial protein for the years ended 31 December 2022, 2023 and 2024, presented on the basis that the impact of non-routine downtime discussed above were excluded. The lower than 100% unitlisation rates for the Company's three ferroalloy plants were due to their being in a ramp up phase:

Name	Products	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024
		Adjusted capacity utilization rates (Note 1)	Adjusted capacity utilization rates (Note 1)	Adjusted capacity utilization rates (Note 1)
Hebei Shoulang phase I production facility	Ethanol	63.93%	60.73%	60.09%
	Microbial protein protein	66.66%	65.61%	62.52%
Shoulang Jiyuan production facility	Ethanol	58.78%	64.26%	66.61%
	Microbial protein protein	62.01%	73.38%	72.39%
Ningxia Binze production facility	Ethanol	57.08%	53.34%	54.41%
	Microbial protein protein	56.58%	60.74%	64.24%
Guizhou Jinze production facility	Ethanol	Construction phase	58.60%	61.53%
	Microbial protein protein		42.20%	59.26%

Note 1: The adjusted capacity utilization rates are calculated on the basis of excluding the impact of non-routine downtime.

Hebei Shoulang Phase I: During the Track Record Period, the upstream industrial off-gas supplier of Hebei Shoulang Phase I production facility was not affected by the non-routine downtime as discussed above, therefore, the adjusted capacity utilization rates for Hebei Shoulang Phase I production facility are the same as the actual capacity utilization rates. Please refer to “— Production — Production Capacity and Utilization Rate” of this prospectus for further details of its actual capacity utilization rates.

Shoulang Jiyuan: the adjusted capacity utilization rates for ethanol products of Shoulang Jiyuan production facility displayed an upward trend during the Track Record Period, which demonstrates that Shoulang Jiyuan production facility, since the commencement of its production in the end of March 2022, had managed to ramp up its production if the impact of the non-routine downtime of its industrial off-gas suppliers was excluded.

Ningxia Binze: Ningxia Binze production facility officially commenced production in November 2022, so its adjusted capacity utilization rates for 2022 were calculated on an annualized basis which had some distortive effects on the numbers. If the rates of 2022 were disregarded, its adjusted capacity utilization rates were on an upward trend from 2023 to 2024.

Guizhou Jinze: similarly, the adjusted capacity utilization rates for ethanol of Guizhou Jinze production facility also increased from 58.60% in 2023 to 61.53% in 2024.

Overall, the adjusted capacity utilization rates of our production facilities demonstrate that, when the impact of the non-routine downtime of our industrial off-gas suppliers was excluded, our production facilities are generally able to ramp up their production gradually during the Track Record Period.

Path to Profitability

We believe the following factors and measures would support our growth and help us to achieve profitability in the future:

With the promotion and implementation of policies to restrict coal-based ethanol from entering the fuel ethanol market, ethanol prices will gradually recover

According to Chinese government policy, coal-based ethanol is considered non-renewable and inconsistent with Chinese government's policy goal of developing a sustainable fuel ethanol industry. As a result, the PRC government has issued the following policies to limit the application of coal-based ethanol. In October 2023, the National Energy Administration issued the Notice on Preventing Coal-based Ethanol from Entering the Biofuel Ethanol Market and Further Regulating the Market Order (Guo Neng Zong Tong Ke Ji [2023] No. 124) (《關於防止煤製乙醇進入生物燃料乙醇市場進一步規範市場秩序的通知》(國能綜通科技[2023]124號)), which restricts coal-based ethanol from entering the biofuel ethanol market and further standardize the market system of ethanol gasoline. A number of provincial and municipal governments subsequently started to issue detailed rules for regulation during the period from the second half of 2024 to the beginning of 2025, and carried out enforcement actions.

On January 27, 2025, the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Refined Oil Circulation (Guo Fa Ban [2025] No. 5) (《關於推動成品油流通高質量發展的意見》(國發辦[2025]5號)), which requires the acceleration of the development of green low-carbon transformation, promotes the upgrading of refined oil quality and the development of alternative clean energy, and further standardizes the market order of biofuel ethanol and ethanol gasoline for vehicles. It requires a severe crack-down on illegal and irregular behaviors. It mandates that local governments at all levels should coordinate the supervision and investigation of breach of laws and regulations in the field of refined oil circulation. It strictly prohibits the sale of vehicle fuels with gasoline or diesel as the main component and vehicle fuels which are not in compliance with national

policy regulations under the name of “new energy” or “alternative energy”. For details, please see “Regulatory Overview — Regulations On Clean Production and Renewable Energy — Regulatory Policies Supporting Biofuel Ethanol and Cracking down Coal-based Ethanol Production”.

Following the introduction of the above government policies, the average price of fuel ethanol for March 2025 has gradually increased to more than RMB4,600 per ton which is 11.7% higher than the lowest level recorded in November 2024. According to Frost & Sullivan, the price of fuel ethanol in China will increase approximately by 4.1% in 2025 and will further increase by 1.3% in 2026. We expect that the increase in the price of fuel ethanol will help us increase our revenue and profitability in 2025 and 2026.

Increase our revenue by increasing the production volume of our products

(i) Our production will increase with the stable supply of industrial off-gas

During the Track Record Period, we experienced suspension and reduction of the supply of industrial off-gas by our upstream suppliers due to their sudden production fault as well as the adverse market conditions of the PRC ferroalloy industry. Please see “— Our Historical Losses and Our Growth History” for further details. However, we expect the supply of industrial off-gas will stabilize in 2025 and 2026 as a result of the following factors and measures.

First, according to Frost & Sullivan, the sale prices of silicon manganese alloy of China’s ferroalloy industry is expected to rebound from the industry bottom in 2024 and will gradually recover in 2025 and 2026. Please refer to “Industry Overview — Overview of the Steel and Ferroalloy Industry — China Ferroalloy Spot Price” for further details. Driven by factors such as proactive fiscal and monetary policies, favorable real estate policies, and steadily growing demand from the automobile industry, the downstream demand in the ferroalloy industry showed a recovery trend in the second half of 2024. In addition, according to our recent communication with our upstream industrial off-gas suppliers, we understand that their production plans for 2025 and 2026 are expected to be stable so the supply of our industrial off-gas are also currently expected to be stable in 2025 and 2026.

Second, our largest production facility, Hebei Shoulang Phase I production facility, had never experienced any material disruption of supply of industrial off-gas during the Track Record Period as its industrial off-gas supplier, Shougang Group, is one of the largest SOE steel producers in the PRC and is less susceptible to industry downturns in general. The maximum industrial off-gas can be produced by Shougang Jingtang is approximately 1,800 million Nm³/year. The industrial off-gas produced by Shougang Jingtang used by Hebei Shoulang Phase I production facilities only accounts for a small part of its total output. During the Track Record Period, the ethanol produced from Hebei Shoulang Phase I production facility is 53.0%, 31.6%, 30.6% of our total ethanol production volume for the years ended on

December 31, 2022, 2023 and 2024, respectively. We have two separate industrial off-gas suppliers for Ningxia Binze and two ultimate sources of industrial off-gas for Shoulang Jiyuan, so the risk of their gas supply is relatively diversified.

Thirdly, we believe that we have a mutually beneficial relationship with our upstream industrial off-gas suppliers, as we rely on upstream industrial off-gas suppliers for stable supply, while they need us to achieve their environmental protection and carbon reduction goals and enjoy preferential policies (such as favorable electricity tariffs) as a result, and generate revenue from selling industrial off-gas to us.

In addition, we have potential alternative sources of industrial off-gas. Shoulang Jiyuan and Ningxia Binze signed memoranda of understanding regarding potential supply of industrial off-gas with a ferroalloy enterprise and a coking enterprise, respectively. The potential supply volume of the industrial off-gas will be no less than 50% of the demand of the corresponding production facilities, and the price of the industrial off-gas will be determined by referencing to our existing gas supply price. As confirmed by these two potential suppliers and to the best of the Directors' information and knowledge after making reasonable enquiries, they maintained relatively high capacity utilization rates and did not suspend operations in 2024 despite the overall downturn in the ferroalloy market. As such, we may turn to such potential industrial off-gas supplier in the unlikely event that any of the existing suppliers of Shoulang Jiyuan and Ningxia Binze stops operation.

We believe that with the stabilized supply of industrial off-gas, the utilization rate of production facilities will gradually increase, and output will also increase accordingly. The increase in production utilization and output in 2025 and 2026 will increase our revenue and profitability.

(ii) Market opportunities for our products

We are a CCUS company with the aim of producing low-carbon products through carbon capture and utilization technologies. During the Track Record Period, our ethanol products were mainly used in the existing market of fuel ethanol, while microbial protein was mainly used in the existing market of animal feed raw materials. According to Frost & Sullivan, 12 provinces, autonomous regions and municipalities across China have adopted policies promoting fuel ethanol. Calculated base on the national standard E10 for fuel ethanol, the annual consumption of fuel ethanol in China is about 3.3 million tons. Our sales volume for ethanol was approximately 83,200 tons in 2023, accounting for about 2.8% of the PRC's fuel ethanol sales volume in 2023, and ranked the sixth in China in terms of the sales volume of fuel ethanol according to Frost & Sullivan. For the years ended December 31, 2022, 2023 and 2024, our annual ethanol sales volume as a percentage of production was approximately 100.0%, 96.1% and 98.3%, respectively. For the years ended December 31, 2022, 2023 and 2024, our annual sales volume/production ratio of microbial protein was 103.1%, 99.4% and 100.4%, respectively. During the Track Record Period, we did not have any long-aging

inventory and had a turnover day of around 30 days. We believe that this is strong proof that there is a readily available market for our products and our future increased products production volume can be absorbed by the market.

In 2022, the PRC State Council issued the “Opinions on Comprehensively Promoting Key Work for Rural Revitalization in 2022”, proposing “strictly controlling the production of fuel ethanol using corn as raw material”. In 2024, the National Development and Reform Commission issued the “Guidelines for Industrial Structure Adjustment (2024 Edition)”, which clearly proposed to restrict “grain-to-ethanol projects that do not comply with national plans and industrial policies”. For details, please see “Regulatory Overview — Regulations on Clean Production and Renewable Energy — Regulatory Policy on Strict Control of Grain-Based Fuel Ethanol”. While the above policies allow the existing production capacity for grain ethanol to continue to operate, the PRC government has restricted increase in the production of fuel ethanol using corn as raw material which makes it impossible for grain ethanol to satisfy the incremental market demand for fuel ethanol.

According to Frost & Sullivan, China’s fuel ethanol market will continue to grow in the next few years. It is estimated that from 2024 to 2029, the CAGR of China’s fuel ethanol output market will reach 5.5%. Against the backdrop of China’s policy of cracking down on the production of coal-based ethanol and strictly controlling the growth of grain ethanol, we believe that the future incremental market for fuel ethanol will present a significant opportunity for our business as such market will only be accessible by the producers of ethanol with low-carbon and sustainable attributes.

Due to the low-carbon or sustainable certifications such as RSB, ISCC PLUS, ISCC CORSIA, and kosher obtained regarding our technology and products, our products are greener and lower-carbon, and have a wider range of applications, compared with ordinary commodity manufacturing companies from the product perspective. Our ethanol can be used to produce SAF, green polyethylene, perfumes, cosmetics, cleaning agents, packaging materials, and sustainable fashion. With the global acceleration towards carbon neutrality and heightened consumer environmental awareness, green packaging has become a key focus for industry transformation. According to Frost & Sullivan, leading international companies in the cosmetics, fast-moving consumer goods, and fashion sectors have announced commitments to utilize 100% recycled or bio-based plastics in their product packaging by 2030 and are at the forefront of adopting environmentally friendly packaging materials. According to Frost & Sullivan, an increasing number of downstream customers are willing to pay a premium for green products, for example, SAF commands a premium of approximately 290% compared to conventional aviation kerosene globally. As a result, we believe we have great potential in these markets in the future, and have the opportunity to command a higher price premium, which has begun to be reflected in our exported products. During the Track Record Period, we exported approximately 5,700 tons of ethanol overseas, with an average selling price of around RMB7,200 per ton. According to Frost & Sullivan, such price is about 20% higher than the average international ethanol price.

Future market — SAF

Please refer to “Industry Overview — Industrial Examples of Applying Synthetic Biotechnology in the CCUS Industry — Ethanol Derivatives — Sustainable Aviation Fuel” for further details on the analysis and outlook of the SAF market.

We intend to utilize the ethanol produced by Mingtuo using our Licensed Technology to manufacture SAF through our collaboration with Mingtuo. Please see “Business — Our products — Our low-carbon integrated solutions” for details. We aim to actively expand our presence in both domestic and international SAF markets by exploring collaborations with key players in the aviation industry, and joint venture opportunities. For instance, in March 2025, we entered into a memorandum of understanding with a leading international aircraft manufacturer to jointly explore the promotion of SAF and assess its potential demand. Furthermore, we plan to launch co-marketing initiatives with aviation industry players to enhance market awareness and drive demand for our SAF products. We also plan to market and sell our SAF products through a combination of different sales channels including direct sales and sales through distributors. Please see “Business — Our Strategies — Vigorously expanding into SAF production” for details.

Future market — green polyethylene

Please refer to “Industry Overview — Industrial Examples of Applying Synthetic Biotechnology in the CCUS Industry — Ethanol Derivatives — Polyethylene” for further details on the analysis and outlook of the green polyethylene market.

We plan to continue to actively engage in the R&D in respect of green polyethylene to explore the market opportunities. We can use ethanol produced by our existing production facilities as the raw material for green polyethylene, while other traditional ethanol producers are unable to enter the green polyethylene market. To develop the market for our green polyethylene products, we have been negotiating with six companies from different industries such as consumer goods, cosmetics, and new materials around the world to discuss potential sales of our green polyethylene products.

Improve operational efficiency by lower our production cost

Our ability to manage and control our costs of sales is critical to the success of our business and our profitability. Our cost of sales consists of (i) cost of sales of goods and services, representing direct costs associated with our production of goods such as ethanol and microbial protein, provision of services, and (ii) maintenance and cultivation costs. Maintenance and cultivation costs primarily reflect, among others, depreciation of property, plant and equipment and utility costs that we incurred during (a) downtime due to upstream sudden production fault and upstream market conditions, (b) downtime due to our scheduled maintenance and technical reform and (c) the subsequent fermentation strains breeding and cultivation period.

During the Track Record Period, due to unfavourable market conditions and sudden production fault, certain of our upstream suppliers of industrial off-gas experienced low-load operations or suspended operations from time to time, resulting in low or no output of industrial off-gas during the Track Record Period. Such production suspensions or periods of low production output and the subsequent fermentation strains breeding and cultivation period impacted our capacity utilization rates. We had capacity utilization rates (i) for ethanol of 61.2%, 48.1% and 42.1% and (ii) for microbial protein of 63.8%, 51.4% and 46.1% for the years ended December 31, 2022, 2023 and 2024, respectively. As a result, we had a high unit cost during the Track Record Period and our gross margin was 13.9%, 3.0% and negative 16.6%, respectively. However, as discussed in “— Business Sustainability — Path to Profitability”, we expect the supply of industrial off-gas will stabilize in 2025. As a result, we expect the utilization rate for our production facilities to increase in 2025 which in turn will lead to a lower unit cost for our productions., resulting in a substantial improvement in gross profit margin.

We have witnessed such trend in the first four months of 2025. For the three production facilities of Hebei Shoulang, Shoulang Jiyuan and Ningxia Binze, we had capacity utilization rates for ethanol of 63.3% for the first four months of 2025 which was stable as compared with the average capacity utilization rate of 63.8% for the same three facilities in the fourth quarter of 2024. With the resumption of production of Guizhou Jinze production facility in April of 2025, we expect the average utilization rate of our production facilities will improve in 2025 which will lead to further reduction in unit cost as we benefit from economies of scale. The gross loss margin of our abovementioned three production facilities in the first four months of 2025 improved by approximately 10.0% as compared with that in the fourth quarter of 2024. Please see “Summary — Recent Development and No Material Adverse Change” for details.

We optimize our technological processes through technological innovations, cultivation of bacteria strains with better fermentation efficiency, and process improvements to reduce production costs in our production process. As our business expands, we expect that the percentage of our cost of sales to our revenue will decrease as we benefit from economies of scale and improved operational efficiencies.

We also reduce production costs and increases production output through R&D, manufacturing process improvement and management innovation.

- (1) We have developed a more efficient method for inoculating the fermentation strains, which has improved the success rate of inoculation at the production facilities of Hebei Shoulang Phase I project, Shoulang Jiyuan and Ningxia Binze, and we expect to shorten the time for each inoculation approximately by two days. We planned to roll out such method to the Guizhou Jinze production facility, which is expected to increase our ethanol production output by 700 tons per year.

- (2) Shoulang Jiyuan has managed to recycle waste gas generated during the production process through technological transformation, and we plan to roll out this technology to production facilities of Ningxia Binze and Guizhou Jinze, which is expected to save raw material (i.e. industrial off-gas) by 20.0 million Nm³.
- (3) We are also seeking lower-cost materials to replace the more expensive auxiliary materials consumed in existing production to gain greater cost advantages. For example, the use of new defoaming agents is expected to reduce costs by approximately no more than RMB2.2 million compared to the defoaming agents previously used.
- (4) We included a unit in the production system in Hebei Shoulang Phase II to enrich the carbon monoxide concentration for Hebei Shoulang Phase I production facility. This will help to increase the ethanol production by 2,200 tons per year and lead to an increase of approximately 5% increase in the design capacity utilization rate in respect of Hebei Shoulang Phase I production facility once Hebei Shoulang Phase II Project starts operation in 2026, as a result, Hebei Shoulang would be close to, or be able to achieve its Optimal Production Utilization Rate.
- (5) We have hired third-party energy-saving experts to conduct energy-saving diagnosis of our production process and implement energy-saving measures. In 2024, our production facilities implemented 35 energy-saving and efficiency-enhancing measures and energy management projects (including 28 cost-reduction and efficiency-enhancing measures and 7 energy management projects). In 2025, we plan to implement 33 additional cost-reduction and efficiency-enhancing measures and energy management projects, focusing on areas such as water recycling and energy-saving transformation. We expect such measures to lower our cost by approximately RMB18 million per year.

Our operating expenses which include our selling and marketing expenses, administrative expenses (excluding listing expenses), research and development expenses and finance costs amounted to RMB85.0 million, RMB146.2 million and RMB150.2 million for 2022, 2023 and 2024, respectively. Our operating expenses as a percentage of total revenue increased from 21.8% in 2022, to 24.7% in 2023 and further to 26.7% in 2024. Such increase was primarily due to the fact that our revenue increase during the Track Record Period which was from RMB389.5 million in 2022 to RMB592.6 million in 2023 and subsequent decrease to RMB563.6 million 2024 was slower in pace as compared with the increase in our operating expenses during the same period. We plan to lower our finance costs in the future by seeking diversified low-cost financings such as equity financing. We also plan to lower our administrative expenses as percentage to our revenue by (i) enhancing our administrative efficiency so that we can achieve better work efficiency while maintaining a stable number of employees, and (ii) implementing environmentally friendly internal policies to reduce the consumption of office consumables and travels. We plan to continue to investment in our research and development activities and expect our research and development expenses as percentage to our revenue to remain relatively stable. As a result, we expect our operating

BUSINESS

expenses in the absolute amount to increase with our revenue in the future, but our operating expenses as a percentage of revenue to decrease as we expect our revenue will increase at a faster pace as compared with the increase in our operating expenses.

Expand our low-carbon integrated solutions business

We provide low-carbon integrated solutions to industrial clients seeking to implement our proprietary synthetic biotechnology in their facilities, which encompasses patent licensing, technical services, and the supply of microbial strains and media. We started generating revenue from this business in the first half of 2024 with a revenue of RMB26.1 million and a gross profit margin of 87.3% for the year ended 31 December 2024. We believe the expansion of our low-carbon integrated solutions business, which is of high profit margin, will significantly boost our profitability.

As of the Latest Practicable Date, Mingtuo is our first customer of our low-carbon integrated solutions business. In March 2024, we signed a licensing agreement with Mingtuo under which we receive licensing fees and technical service fees for assisting Mingtuo to implement our synthetic biotechnology in their facilities. As of the Latest Practicable Date, we had signed memoranda of understanding with three potential new customers regarding our low-carbon integrated solutions. We plan to further expand its low-carbon integrated solutions business by acquiring new customers in 2025 and 2026.

We believe our low-carbon integrated solutions business will enable us to increase our profitability due to its higher profit margin. We will continue to expand the business by broadening our customer base for this business.

Liquidity and Working Capital

Our cash burn rate refers to the aggregate of the average monthly (i) net cash used in operating activities, (ii) capital expenditures and (iii) lease payments. Our historical monthly average cash burn rate was RMB10.8 million in 2024. We had cash and cash equivalents of RMB58.6 million as of April 30, 2025. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in 2024, we estimate that our cash and cash equivalents as of April 30, 2025, will be able to maintain our financial viability for approximately 5 months. At the same time, as of April 30, 2025, we had unutilized credit facilities of RMB1,651 million. After taking into account the financial resources available to us and without considering the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present and future requirements for at least the next 12 months from the date of publication of the Prospectus. Having considered the views of our Directors above and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on our Directors' views above in any material respect.

QUALITY CONTROL

We are committed to maintaining high standards of product quality across all our operations. We implement strict quality control procedures throughout the entire product lifecycle, covering (i) procurement, (ii) production, and (iii) warehousing.

Our production facilities are supported by management systems and quality control programs. We are certified under ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and ISO 45001 (Occupational Health and Safety Management System), reflecting our commitment to quality, environmental responsibility, and workplace safety. We also have a dedicated quality control team responsible for establishing and overseeing quality standards and inspection guidelines. To ensure the ongoing effectiveness of our quality control system, our quality control team conducts regular internal audits, performance reviews, statistical analyses, and provides training on inspection techniques and quality awareness. During the Track Record Period and up to the Latest Practicable Date, there were no material incidents of failure in our quality control systems that negatively impacted our operations.

Procurement

We have established policies and detailed procedures to ensure the quality of raw materials purchased from our suppliers. In selecting and evaluating suppliers, we conduct thorough due diligence, considering various factors such as product or service quality, manufacturing conditions, and technical capabilities. We also require our suppliers to adhere to our internal supply chain management policies. For the supply of industrial off-gas, we have specific quality control measures in place. The quality of the industrial off-gas is monitored through online instruments that track key indicators, such as carbon monoxide concentration and oxygen levels. If there are any fluctuations, we will promptly communicate with the upstream suppliers to ensure the supplied industrial off-gas meets the quality standards necessary for our production needs. Our quality control team is responsible for ensuring compliance with these standards and conducting inspections to confirm the industrial off-gas meets the requirements specified in our procurement agreements.

Production

We have established a production management and quality control system to ensure that our product quality consistently meets the required standards throughout the production process. Each month, our production department holds production planning meetings to organize and schedule production activities. Upon receiving sales orders, the sales team coordinates with the storage and transportation teams to ensure that products are prepared and shipped according to established procedures. Throughout the production process, our quality inspection department closely monitors product quality at every stage, conducting process control tests, finished product inspections, and final factory checks to ensure compliance with quality standards.

We are also committed to maintaining a safe and healthy working environment. In compliance with applicable requirements, we established a safety production committee, responsible for coordinating and ensuring the implementation of local safety management measures across all bases to maintain stable operations. We strictly adhere to occupational health protection requirements, providing qualified protective equipment, conducting annual health check-ups for all employees, and enhancing employee health monitoring. To further ensure safety, we have developed a safety management system, occupational health management system, and safety operation procedures. We strictly comply with all applicable laws, regulations, and national industry standards in our production and operations. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material issues related to sales returns, product recalls, or product liability claims arising from quality control failures or safety incidents.

Warehousing

Our warehouses undergo regular inspections to ensure compliance with safety and environmental standards. This includes the assessment of safety barriers and electrical facilities, as well as ensuring proper ventilation, dryness, cleanliness, and overall safety of the environment. The warehouses are equipped with fire safety equipment, moisture control, and rodent prevention measures to protect our inventory. In addition, the finished product tank areas are equipped with automated control instruments, video surveillance and safety fire protection systems to enhance security. We also conduct routine physical inventory checks to confirm the accuracy and quality of both auxiliary materials and finished products. These checks include daily monitoring of warehouse space usage to ensure it aligns with production and delivery requirements.

Transportation

We implement control measures to ensure the quality and safety of products throughout the entire transportation process, including both raw materials and finished products. Specific quality and safety control measures are implemented for industrial off-gas, ethanol and microbial protein products during transportation.

For industrial off-gas, the supplier is responsible for transporting it through pipelines to our designated delivery point. The quality of the industrial off-gas is continuously monitored through our online instruments that track carbon monoxide concentration and oxygen levels. If fluctuations are detected, we promptly notify the supplier to make necessary adjustments. Both industrial off-gas suppliers and our Company must adhere to safety protocols and promptly address pipeline leakage issues.

For ethanol, we offer two delivery options, namely delivery to the locations designated by the customers or customer pick-up. In the first case, we engage qualified third-party logistics providers to handle transportation, and the safety responsibility during transportation lies with the third-party carrier. In the second case, customers arrange for qualified third-party logistics providers to pick up the ethanol products from our warehouse, and customers bear full

responsibility for safety during transportation. For microbial protein, customers are responsible for picking up the microbial protein products from our warehouse, and customers bear the responsibility for safety during transportation.

INFORMATION TECHNOLOGY SYSTEMS

Our information technology systems are integrated into key aspects of our operations, including sales management, procurement and supply chain management, production planning and monitoring, financial and technical reporting, and human resources management.

We utilize the enterprise resource planning (ERP) system to streamline our financial management, procurement, and sales processes. We have also implemented an office automation (“OA”) system to digitalize our business management and internal coordination. The OA system has improved efficiency by automating routine administrative tasks and supporting better collaboration across teams. In our production process, we deploy a distributed control system (“DCS”) to monitor and control operations. The DCS system ensures the stability and efficiency of our production facilities through continuous monitoring and performance optimization.

We are also undertaking initiatives to enhance our information technology systems, such as developing a big data platform to support research and development in biosynthetic technologies and designing an intelligent fermentation model for real-time adjustment of fermentation conditions during the production process. We believe these efforts will strengthen our operational capabilities, improve efficiency, and foster knowledge sharing across the organization.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. Please refer to “Risk Factors” for further details. In order to address these risks, we have in place a set of risk management and internal control procedures to address various risks associated with our operations, including information disclosure, external guarantees, investment management, related-party transactions, internal audits, human resources management, occupational health and safety, procurement management, sales management, inventory management, research and development management, information technology management, anti-corruption, anti-money laundering, and other financial and operational controls.

Our Board is responsible for the establishment and operation of risk management and internal control procedures. Our Audit Committee reviews and oversees our financial reporting processes and internal control systems to ensure that our risk management policies are continuously implemented. Our internal auditors, under the guidance of our Audit Committee, are responsible for identifying weaknesses and issues within our internal controls and recommending improvements. Our internal auditors will promptly report any significant findings to our Audit Committee and our Board. Our Audit Committee consists of three

members: Mr. Hoong Cheong Thard (Chairman), Dr. Hu Shanying, and Dr. Feng Yingang. Please refer to “Directors, Supervisors and Senior Management — Corporate Governance — Audit Committee” for further details.

To ensure the above compliance culture is embedded into everyday workflows and to set the expectations for individual behavior across the organization, we will regularly review our risk management and internal control procedures, adopt strict accountability internally and conduct compliance training periodically.

We will also continue to implement appropriate internal control measures to ensure compliance with all applicable laws and regulations. When necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisors, and other relevant professional experts to address internal control and legal compliance matters.

INTELLECTUAL PROPERTY

We primarily rely on a combination of patents, trademarks, copyrights, and confidentiality agreements to protect our intellectual property rights. As of the Latest Practicable Date, we owned patents, trademarks and copyrights that are material to our business, including 241 granted patents, three registered trademarks, six registered copyrights and one domain name, and had applied for the registration of 102 patents. Please refer to “Appendix VI — Statutory and General Information — Further Information About Our Business — 2. Intellectual Property Rights of Our Group” for further details on our intellectual property portfolio.

We also signed confidentiality agreements and non-compete clauses in the employee contracts with some of our research and development personnel, and other key employees who have access to trade secrets or confidential proprietary information. Our standard employment contracts include a transfer clause, under which we retain ownership of all inventions, technologies, know-how, and trade secrets developed by our employees during their employment with us. However, despite the measures we have taken to protect our intellectual property, third parties may still gain unauthorized access to our confidential information and trade secrets. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights in relation to our R&D technology, which could result in losses to our revenue and profit and could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects” for further details.

During the Track Record Period and as of the Latest Practicable Date, we were not involved in any threatened or pending disputes or legal proceedings regarding intellectual property rights that may have a material and adverse effect on our business.

COMPETITION

According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. The global CCUS industry is still in its early stages with limited competition. We face competition from a small number of players, including technology service-oriented companies, product-oriented companies, and energy giants with in-house CCUS facilities. We believe that our synthetic biotechnology gives us a competitive advantage. Our ability to produce both ethanol and microbial protein from industrial off-gas further strengthens our position. We believe that the CCUS industry presents significant barriers to entry, including technological capabilities, production qualifications, and stable access to raw materials. Our ongoing focus on research and development provides us with a strong competitive edge.

Please refer to “Industry Overview” for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance Matters

We recognize our obligation as a responsible enterprise to comply with various social and environmental laws and regulations. We are also aware that environmental, social and governance play a crucial role in the sustainable development of our business.

Our Board will assume the final decision-making responsibility for our ESG strategy, management and performance. To ensure compliance with the Environmental, Social, and Governance Reporting Guide and the provision of relevant ESG disclosures outlined in Appendix C2 of the Listing Rules upon Listing, our Board will uphold the principle of information transparency, and oversee corporate governance and ESG matters. The supervision of ESG-related matters includes: (1) management of important ESG issues; (2) ESG-related risk management; (3) ESG strategy formulation; and (4) determination of ESG-related key performance indicators.

We will establish an ESG Committee upon Listing, which will be responsible for implementing and supervising ESG-related matters. Our Board will actively monitor our ESG performance, regularly assess existing and potential ESG matters arising in the operational process at Board meetings, and take specific measures to address them while mitigating the risks associated with the operational process. Upon Listing, the ESG Committee will review the content and quality of ESG reports.

Identification and management of material ESG issues

We acknowledge that ESG-related issues can impact our business performance. In order to identify, assess and manage ESG issues in respect of our business activities, we have conducted a materiality assessment to gain a more comprehensive understanding of the material ESG issues facing us. Based on the understanding of our management and with reference to the ESG disclosure framework of the HKEx, we have identified 10 material issues related to us.

Set forth below is a summary of the material ESG issues that we have identified.

Material issues	Potential risks, opportunities and impacts
Greenhouse gas (“GHG”) emissions management	We provide solutions for the transition from high-carbon emission industries to green and low-carbon enterprises, and also provide green raw materials for downstream enterprises. In addition, some GHG emissions will be generated during factory construction and daily operations. With the growing emphasis on climate change at both global and national levels, we may gain further development opportunities while being exposed to greater policy risks related to GHG emissions.
Water management	We utilize water resources during our production and the maintenance of daily operations. In the context of global water shortage, China has introduced various water resources management policies. In order to minimize regulatory risks, we ought to increase our investments in water-saving and sewage treatment equipment, as well as foster employees’ water-saving habits. This may lead to a short-term increase in operating costs but can also strengthen our environmental performance and reduce water consumption costs in the long term.
Management of climate-related risks and opportunities	Climate change will subject us to physical and transition risks. For effective management, we have identified climate-related risks and opportunities pertaining to our business. Please refer to “— Environment Matters — Climate Change Management” for further details.
Diversity and equal opportunities	A corporate culture that provides employees with diversity and equal opportunities is conducive to improving employees’ creativity and loyalty to us. The absence of such corporate culture may expose us to reputational risks, leading to decreased competitiveness in the market, challenges in recruiting suitable employees, or potential boycotts by customers.
Employee remuneration and benefits	The biomanufacturing field is a technology-intensive industry and we are highly dependent on R&D personnel. Therefore, we actively attract and retain talents through competitive remuneration packages. The loss of talents may slow down our development, and the recultivation of talents will also incur additional costs.

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Material issues	Potential risks, opportunities and impacts
Employee health and safety	As the production process requires employees to operate the machineries, the health and safety of our employees is of the utmost importance to us. The lack of attention to employee health and safety can put us at risk of litigation, which will adversely affect our reputation.
Supply chain management	We are highly dependent on a stable supply from the upstream supply chain. The suspended production of the upstream supply chain may disrupt our production. However, in the context of the “dual carbon” goals, the industrial sector will accelerate and promote green and low-carbon development. We can seize this opportunity to seek new upstream enterprises to provide carbon-reduction solutions while ensuring our own stable development.
Product R&D and innovation	Due to the growing market demand for low-carbon products, many companies require their suppliers to use green raw materials in their production processes. Our products satisfy the green raw material requirements, and to improve utilization efficiency, we are required to continue to invest in related product development to seize opportunities for market expansion.
Business ethics	Ensuring that we comply with business ethics includes preventing and prohibiting: market manipulation, fraud, money laundering, corruption and bribery, etc., all of which are particularly important to our operations. Failure to maintain good business ethics may expose us to regulatory risks and negatively impact our compliance with such business ethics framework.
Customer relationship management	Maintaining good relationships with customers is crucial to our sustainable development. We can develop product usage through regular communication with customers to improve product utilization efficiency.

Environment Matters

Environmental protection

We regard the natural environment as an important societal asset. In order to strengthen our management of environmental protection, we have formulated the Management Measures for Resource Conservation and Ecological Environment Protection (《資源節約與生態環境保護管理辦法》) according to the Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and other relevant laws and regulations. As stipulated in the management measure, we have established a resource conservation and ecological environmental protection leading group to implement relevant national policies and requirements; deploy our relevant key initiatives and supervise their implementation; guide and supervise each business unit to implement relevant national laws and regulations; and urge and arrange for all business units to carry out relevant publicity, training, exchanges and business

collaboration. Additionally, the quality and reliability of our management system meet international standards. All of our subsidiaries have successfully obtained the environmental management system certification (ISO14001) and energy management system certification (ISO50001).

Climate change management

As the severity of global climate change increases, climate change presents both risks and opportunities to our daily operations, prompting increased attention from stakeholders. The Management Measures for Resource Conservation and Ecological Environmental Protection also emphasizes that each business unit shall establish a sound management system to clearly identify, assess and manage climate-related risks. In accordance with the guidance framework proposed by the Task Force on Climate-related Financial Disclosures and in response to our actual operations, we have identified the climate-related risks and opportunities we may encounter, and have analyzed the possible financial and non-financial impacts.

Physical risks

We have established multiple physical operating sites across China, located in Ningxia, Hebei, Guizhou and Beijing, respectively. The occurrence of natural disasters may have a significant impact on our value chain at various operational stages, such as causing instability in the upstream supply chain, leading to resource shortages or resulting in damages to our facilities during production, etc., thereby hindering our normal supply of products to downstream customers. To effectively mitigate the above risks, we have formulated the Management Measures for Resource Conservation and Ecological Environmental Protection to facilitate timely response in situations of emergency. We are committed to improving the disaster resilience of infrastructure and enhancing its ability to quickly resume production through risk assessments and practice drills.

Transition risks

In addition to the risks of natural disaster faced by physical operations, the transition to a low-carbon society also contains hidden uncertainties, which may expose us to transition risks. The following set forth the possible transition risks that we have identified:

Costs involved in the transition to lower emissions technology: In order to achieve cleaner operations and production processes, we will utilize new equipments which are more energy-efficient and environmentally friendly. This transition period involves not only a substantial one-time capital expenditure, but also ongoing technical maintenance and a steep learning curve. Therefore, we will adopt a phased investment strategy to test new technologies on a small scale first, then gradually expand its application after significant results are achieved. At the same time, by leveraging government subsidies and green financial support, and working closely with technology providers and consulting agencies, the costs and risks in the initial stage can be effectively managed.

Uncertainty regarding policies and regulations: National and local governments may introduce stricter environmental laws and regulations, such as higher GHG emission standards and more stringent restrictions on intensive energy consumption. These regulations not only require us to use cleaner and low-carbon technologies in our daily operations and production, but failure to comply with such policies and regulations may result in significant fines or even business suspension. To mitigate such risk, we will closely monitor the latest legal developments regarding ESG matters and update our ESG measures accordingly to ensure compliance with the latest relevant policies and regulations.

Changes related to the market and supply chain: Market demand is gradually shifting towards a stronger emphasis on low-carbon environments and sustainable development. The implementation of the carbon peak and carbon neutrality goals by the Chinese government has also accelerated the transition of key industries, such as the industrial and energy sectors, to align with major national development strategies. Failure to adapt to such market and supply chain-related transitions may result in a decline in our market competitiveness and customer satisfaction, thereby impacting our market share and profitability. To avoid such consequences, we should proactively strengthen our relationships with supply chain partners to ensure the stable supply of raw materials, and increase our research and development efforts in technological innovation to enhance our product competitiveness and market adaptability.

Opportunities

Set forth below are the specific opportunities we have identified in addressing the issue of climate change:

Aligning with the national policy: Various Chinese government departments have issued over ten leading support policies promoting biofermentation technology for producing ethanol and protein from industrial exhaust gases. We have successfully secured the support of several government special funds, laying a solid economic foundation for our green development projects. The Loan Investment Statistical Report of Financial Institutions in 2023 (《2023年金融機構貸款投向統計報告》) also indicated that green credit is experiencing rapid development, which facilitates financing for our involvement in sustainability projects.

Changing consumer preferences: As public awareness of the environmental impact of products and services continue to grow, green products that demonstrate corporate social responsibility and environmental protection concepts have been increasingly popular among consumers. Our biotechnology aligns with such trend, as its efficient environmental remediation capabilities and consistency with consumer values have established a positive brand image.

R&D and innovation to develop new products and services: We are strengthening our technological development through expanding the application of protein products to cosmetics and health supplements, as well as promoting the extended ethylene chain for converting ethanol into ethylene to produce SAF. Through establishing partnerships with downstream customers, we aim to leverage the green and low-carbon advantages of our products to broaden product applications and increase our market influence.

Energy substitution and diversification: Driven by global environmental protection efforts, the demand for biofuels continues to increase. Our technology facilitates the replacement of traditional fossil fuels, enabling a clean, green, low-carbon, and sustainable energy supply.

Air emissions and GHG emissions management

Our air emissions during daily operations include nitrogen oxides, sulfur dioxide particulate matter and other pollutants. The primary source of such emissions is the fermentation off-gas produced by the fermentation unit, which is collected through pipelines, burned and processed in the oxidation furnace, and subsequently discharged through a high chimney. Our GHG emissions mainly stem from the off-gas treatment stage, which comprises of the carbon dioxide in the fermentation off-gas and some carbon dioxide converted from residual carbon monoxide through the oxidation furnace, as well as other direct and indirect GHG emissions generated from energy consumption. We have formulated the operating procedure, the Environmental Safety Monitoring and Measurement Control Procedure (《環境安全監視和測量控制程序》), and the third-level documents, including the Environmental Protection Management Responsibility System (《環境保護管理責任制》) and the Wastewater, Off-Gas and Noise Pollutant Emission Management System (《廢水、廢氣、噪聲污染物排放管理制度》), to clarify the environmental protection responsibilities of each department and role.

Compared to conventional uses such as industrial off-gas combustion, our existing first-generation carbon reduction technology can achieve 33% biological carbon fixation, as calculated and confirmed by a CCER qualified auditor. In addition, we have achieved a cumulative total of approximately 230,000 tons of ethanol production, and reduced a cumulative total of approximately 1,000,000 tons of carbon emissions during the year from 2022 to 2024, as calculated and confirmed by a CCER qualified auditor. Our synthetic biotechnology is an important initiative for implementing the “dual carbon” target in China. In light of China’s launch of a carbon trading market operation pilot, our main business is of great significance to the domestic industrial sector, enabling efficient carbon emissions reduction at a low cost and accelerating the transition to a green and low-carbon economy.

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The table below sets forth key environmental metrics of our off-gas emissions and greenhouse emissions during our business operation:

Emissions (unit)	For the year ended December 31,		
	2022	2023	2024
Air emissions			
Sulfur dioxide (tonne)	20.2	12.5 ¹	37.0 ²
Nitrogen oxides (tonne) ³	14.6	22.5	37.0
Particulate matter (tonne) ³	6.6	10.5	26.7
GHG emissions⁴			
Scope 1 Direct GHG emissions ⁵			
(tCO ₂ e)	122.4	167.5	156.6
Scope 2 Indirect GHG emissions			
(tCO ₂ e)	61,329.4	111,416.7	104,876.7
Total Scope 1 and Scope 2 GHG			
emissions (tCO ₂ e)	61,451.8	111,584.2	105,033.4
Intensity of Scope 1 and Scope 2 GHG			
emissions (tCO ₂ e/tonne bioethanol			
production ⁶)	1.12	1.29 ⁷	1.19
Scope 3 ⁸ Other indirect GHG emissions			
(tCO ₂ e)	9,596.11	13,118.11	10,756.74
Intensity of Scope 3 GHG emissions . . .	0.17	0.15	0.12

Notes:

- 1 In 2023, the reduction in sulfur dioxide was due to implementation of new procedure to enhance desulfurization efficiency in Shoulang Ji yuan production facility.
- 2 In 2024, Ningxia Binze production facility optimized and adjusted the fermentation production procedure by adding more sulfur, which caused an increase in sulfur dioxide emissions within the government allowable range.
- 3 The fluctuation in air emissions from year-to-year was due to addition of new facilities and data collection coverage period. Guizhou Jinze production facility commenced production in June 2023. Ningxia Binze production facility commenced production in November 2022.
- 4 We referred to GHG Protocol's *Corporate Accounting and Reporting Standard* for the calculation of our Scope 1 and Scope 2 GHG emissions. Scope 1 Direct GHG emissions are calculated using applicable emission factors from the GHG Protocol and National Development and Reform Commission's *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises Operating Public Buildings (Trial)* (《公共建築運營企業溫室氣體排放核算方法和報告指南(試行)》). Scope 2 Indirect GHG emissions are calculated using applicable emission factors issued by the Ministry of Ecology and Environment.
- 5 The Scope 1 GHG emissions only include direct GHG emissions from the combustion of fuels for energy use.
- 6 Bioethanol and ethanologen protein are produced from the same production process; in order to avoid double counting, the intensity calculations use the tonnage of bioethanol output.

- 7 In 2023, the intensity of Scope 1 and Scope 2 GHG emissions increased because Guizhou Jinze production facility operated under trial production. The related bioethanol produced was not for commercial purpose and not included in the intensity calculation.
- 8 Scope 3 GHG emissions cover emissions from purchased chemicals, electricity used for processing fresh water and sewage by authorities, and business air travel by employees. We referred to the ICAO Carbon Emissions Calculator (ICEC), and DEFRA and Exiobase emission factors for the calculation of our Scope 3 GHG emissions.

According to Greenhouse Gas Protocol “Corporate Value Chain (Scope 3) Accounting and Reporting Standard”, we consider the most relevant categories of Scope 3 emissions to include purchased goods and services, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, and use of sold products. Considering the data availability and estimation uncertainty, our Scope 3 emissions estimation incorporated the key sources of emissions from purchased goods and services (purchased chemicals and electricity used for processing fresh water and sewage by authorities) and business travel (air travel by employees). We recognize the growing importance of understanding and managing our broader value chain emissions, and hence have included the Scope 3 emissions data collection procedures into our Internal Control Assessment Report to enable the enhancement of our capability to measure and disclose upon the Listing.

Resource consumption

The energy and resources we consume during our daily business operation are mainly electricity and water consumption, as well as a small amount of gasoline, diesel and outsourced heat. We have adopted energy and water resources management measures that are tailored to our specific circumstances. We have used high-efficiency energy equipment to reduce overall energy consumption during our technical transformation. In 2022, Hebei Shoulang Phase I production facility had upgraded several systems including the power frequency spray pump of the fermentation system, wastewater treatment system and pretreatment device, contributing to an energy saving equivalent to 541.4 tonnes of standard coal per year. Furthermore, all of our production facilities reuse part of the residual distillate water from the clear liquid of the distillation system in the fermentation system, reducing the process water consumption of the fermentation system by 50%.

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As part of our commitment to sustainable development, we have set ESG targets and will deploy relevant resources to achieve them. Our goal is to reduce the environmental impacts of our business operations while lowering long-term operating costs. The table below sets forth our ESG targets and the associated plans and measures.

Target	Measure
<p>Intensity of comprehensive energy consumption: By 2028, we aim to reduce the intensity of comprehensive energy consumption by 10% compared to 2024.</p>	<p>In 2025, we conducted an energy audit of our production facilities to identify areas for energy optimization and transformation. Based on the findings, we replaced conventional lighting with high-brightness and low-energy-consuming LEDs, added automated adjustment settings to the lighting system to automatically adjust the lights according to seasonal and time-based changes, and initiated and promoted the “Energy Saving Week” event to engage employees in energy-saving efforts.</p>
<p>Intensity of Scope 1 and Scope 2 GHG emissions: By 2028, we aim to reduce the intensity of Scope 1 and Scope 2 GHG emissions by 10% compared to 2024.</p>	<p>To further enhance our energy management, we plan to invest around RMB3 to 4 million from 2026 to 2028. In 2026, we will transform and upgrade the waste heat recovery unit to reduce reliance on traditional high-energy-consuming thermal energy, thereby decreasing comprehensive energy consumption. From 2027 to 2028, we will implement variable frequency drives for electrical equipment and install high-efficiency facilities in new or expanded projects. We aim to reduce the intensity of comprehensive energy consumption and Scope 1 and Scope 2 GHG emissions by 2%-3% annually.</p>

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Target	Measure
<p>Water reuse ratio: By 2028, we aim to achieve a water reuse ratio of 80%, compared to 50% in 2024.</p>	<p>As of April 2025, we have implemented sewage treatment methods, including coagulation and sedimentation, electrochemical treatment and membrane filtration, which increased the water reuse ratio to 55%.</p> <p>From 2026 to 2028, we will continue to optimize our sewage treatment system according to the planned measures to be implemented in 2025. We plan to invest around RMB2 to 3 million to install a tertiary ultra-filtration system, which could significantly increase the water reuse ratio. Simultaneously, we plan to utilize existing facilities and equipment to achieve 100% reuse of cooling water and cleaning water from our production facilities. The treated water will be used for plant watering to reduce water consumption. Through these measures, we aim to achieve 60% water reuse ratio in 2026, 70% in 2027 and 80% in 2028.</p>
<p>Intensity of air emissions: By 2028, we aim to reduce the intensity of air emissions by 2% compared to 2024.</p>	<p>We plan to invest around RMB400,000 to achieve this target. We will strengthen the equipment management procedures, increase the frequency of employee training and increase the amount of desulfurizer used. These measures will improve the efficiency of air emissions treatment of our environmental protection equipment, thus reducing the intensity of air emissions.</p>

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The table below sets forth key environmental metrics of our consumption during our business operation:

Consumption (unit)	For the year ended December 31,		
	2022	2023 ³	2024
Energy consumption			
Electricity consumption (MWh)	127,415.6	231,749.7	235,343.6
Gasoline (litre)	34,980.5	53,320.2	32,279.5 ²
Diesel (litre)	13,807.0	18,504.4	14,491.0 ²
Comprehensive energy consumption (tonne of standard coal)	38,737.3	57,743.0	59,634.6
Intensity of comprehensive energy consumption (tonne of standard coal/tonne bioethanol production ¹) . . .	0.71	0.67	0.67
Water resources consumption			
Water consumption (tonne)	2,304,461.0	3,499,790.4	3,071,335.9
Intensity of water consumption (tonne/tonne bioethanol production ¹) .	41.9	40.4	34.7

Notes:

- 1 Bio-ethanol and ethanologen protein are produced from the same production process; in order to avoid double counting, the intensity calculations use the tonnage of bio-ethanol output.
- 2 In 2024, the decrease in the consumption of gasoline and diesel was due to the reduced number of our buses.
- 3 In 2023, Guizhou Jinze production facility commenced production in June and Ningxia Binze production facility had full-year production operation, leading to a significant increase in energy and water consumptions.

Waste and wastewater management

The hazardous wastes generated during our ordinary course of business includes waste activated carbon, waste engine oil, waste reagents and waste catalysts, and the general solid wastes include sludge generated from the wastewater treatment system. All types of hazardous wastes are stored in a hazardous wastes temporary storage room after generation and are regularly transferred to qualified facilities for treatment. The sludge produced from the wastewater treatment system is treated centrally by the solid waste treatment plant after dehydration, or sold for comprehensive utilization.

The wastewater generated in our ordinary course of business mainly refers to the clear liquid wastewater generated after the centrifugation of the concentrated fermenting mash containing microbial protein. We have incorporated the wastewater treatment process into the

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regular production process. After treatment, part of the wastewater is reused in the fermentation process; another portion is utilized for replenishing the circulating cooling water, and the rest is discharged after reaching the required standards.

The table below sets forth key environmental metrics of our waste and wastewater emissions during our business operation:

Emissions (unit)	For the year ended December 31,		
	2022	2023	2024
Solid waste generation			
Total hazardous waste generated (tonne)	33.1	45.8	76.4 ²
Intensity of hazardous waste generated (tonne/tonne bioethanol production ¹) .	0.00060	0.00053	0.000865 ²
Total general solid waste generated (tonne)	9,250.7	15,324.6	16,007.6
Intensity of general solid waste generated (tonne/tonne bioethanol production ¹)	0.17	0.18	0.18
Wastewater discharge			
Amount of wastewater discharged (tonne)	594,172.0	1,679,773.0	1,722,247.0

Notes:

- 1 Bio-ethanol and ethanologen protein are produced from the same production process; in order to avoid double counting, the intensity calculations use the tonnage of bio-ethanol output.
- 2 In 2024, Ningxia Binze production facility replaced equipment fillers, resulting in an increase in hazardous waste generated.

As we anticipate continuing expansion of our production facilities, we recognize the potential of higher emissions and resource consumption. Building on the aforementioned initiatives, we plan to establish baseline measurements and analysing our operational data, which will inform the setting of measurable and meaningful targets for emissions reduction and resource efficiency in the future.

Social Matters

Employee diversity and benefits

We believe that the training and development of employees are our top priority. We treat all members of our Company with respect and strive to maintain a good working environment while promoting a diversified workforce. Adhering to the principle of fairness and justice, the Employee Handbook outlines that we will not treat employees differently based on their

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nationality, race, age, gender, marital status and religious beliefs in all aspects of human resources, including but not limited to talent recruitment, performance appraisal, promotion selection, training, reward and punishment.

We implement talent strategies which focus on attracting, respecting, motivating and cultivating talents, improving the salary and welfare system, and clarifying the talent incentive mechanism. In terms of the protection of employees' rights and interests, we strictly adhere to the labor employment system, ensuring that all employees sign labor contracts and that management is standardized. Such measures ensure that the labor contract signing rate, labor contract filing rate, and labor employment filing rate all reach 100%. In addition, we have established a labor union and a professional ethics committee, and set up a dedicated mailbox to receive employees' requests regarding the protection of their rights and interests.

As of December 31, 2024, we have a total number of 537 employees, including 90 minority employees, accounting for 16.8% of our workforce, and 182 female employees, accounting for 33.9% of our workforce. We are committed to promoting gender equality and cultural diversity, enhancing team innovation capabilities, and driving sustainable corporate development. Please refer to “— Employee” for further details on our employees.

We have established a clear promotion path for employees, maintained a systematic promotion process and clear promotion channels. Employee training and development is an important way for employees to continuously acquire knowledge and improve their skills. To this end, we formulate training and development plans every year to help employees continuously improve their abilities. We have established training management systems, including the Employee Training Management Measures (《員工培訓管理辦法》). Our training mainly includes new employee training, professional upskill training, comprehensive quality training, management training, etc., in the forms of online and offline training.

As of the Latest Practicable Date, our employee training coverage rate has been maintained at 100%. The table below sets forth key training metrics during our business operation:

	For the year ended December 31,		
	2022	2023	2024
Total training hours (hour)	14,072	16,256	15,233
Training hours per person (hour)	27	31	28

Safety management

We attach great importance to the safety and health of our employees. In order to strengthen our management in occupational health and safety, and in accordance with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中

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華人民共和國職業病防治法》), the Law of the People's Republic of China on Fire Prevention and Control (《中華人民共和國消防法》), the Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》) and other relevant laws and requirements on labor, safety and work-related injuries and accidents, we have established and improved the safety management system and the safety position responsibility system for all types of personnel and functional departments. We have also formulated the safety operation procedures for each post, and comprehensive and special accident emergency rescue plans. All of our subsidiaries have successively obtained the occupational health and safety management system certification (ISO45001). According to the certification issued by the competent fire safety authority, there were no material violations of laws or regulations related to fire safety in our operations. Our Directors, as advised by our PRC Legal Advisor, confirm that we have completed the fire safety filings for all our offices, warehouses and production facilities which are required to undergo such filings under PRC laws and regulations before operations, and have complied with all applicable PRC laws and regulations in all material respects relating to fire safety, during the Track Record Period and up to the Latest Practicable Date.

We have formulated the Management Measures for Production Safety Accidents (《生產安全事故管理辦法》) in accordance with the Work Safety Law of the People's Republic of China, the Regulations on the Reporting, Investigation and Handling of Production Safety Accidents (《生產安全事故報告和調查處理條例》), and other laws and regulations. We organize internal and external safety training, provide safety education and training for employees at all levels, carry out safety inspections to identify hidden dangers and make rectifications. We regularly conduct safety drills, including comprehensive emergency plan drills, special emergency plans (for major hazard sources, confined spaces, fire accidents, gas leaks, etc.), and on-site disposal plan drills, etc.

The table below sets forth key work-related metrics during our business operation:

	For the year ended December 31,		
	2022	2023	2024
Number of work-related fatalities			
(person)	0	0	0
Rate of work-related fatalities (%).	0	0	0
Number of work-related injuries			
(person)	0	1	4

During the reporting period, we experienced one work-related injury incident in 2023 and four in 2024. We had documented the accident report for each injury accident. In 2023, the accident occurred due to employee not wearing protective masks while performing gas-related operations, resulting in the inhalation of a small amount of carbon monoxide from the industrial off-gas feedstock and causing brief faint of the employee, which no significant harm to health was identified. In 2024, four accidents occurred. Three accidents were caused by losing balance. Two employees lost balance and fell during work, and another employee

slipped and fell due to wet ground while leaving work, all resulting in ankle sprains. One accident was due to the employee not wearing safety goggles, which liquid splashed into the employee's eyes when adding liquid to machinery equipment. Timely treatment was conducted and no significant damage was caused to the eyes.

Following these accidents, we applied for work-related injury assessments, labor ability appraisals, and work-related injury insurance compensation from the local administrative department. Injured employees are permitted to take paid leave during the period of layoff. After the work-related injury assessments, all five incidents were not classified as disability levels, which did not affect the working capacity of the employees or our daily production and operation. We did not receive any material safety violation administrative penalties or claims from government departments during the reporting period.

All above mentioned accidents are identified as work-related injury with no financial disputes. We have initiated corrective actions to strengthen the safety measure within the workplace, including enhancing training to raise self-protection awareness, conducting self-risk identification and assessment in all areas, and emphasizing safety prevention skills during regular meeting.

In terms of the prevention and control of occupational disease hazards, we have formulated the Compilation of the Prevention and Control Systems of Occupational Disease Hazards (《職業病危害防治制度彙編》), which includes the prevention, monitoring and evaluation of occupational disease hazards, the system of occupational health, the management of occupational health files, the distribution of labor protection supplies, publicity and education, the evaluation and monitoring of occupational hazard factors, disposal reports, rescue management, the declaration of occupational disease projects and the warning, and the notification system of occupational disease hazards. We have established the Monitoring and Evaluation Management System for Occupational Disease Hazards (《職業病危害監測及評價管理制度》). Our occupational disease risk assessment covers all work sectors and positions in the whole plant area, including the workplace of contractors within the plant.

In terms of contractor safety management, we sign a safety management agreement with contractors to clarify the safety management responsibilities and assessment requirements of both parties, carry out safety notifications, safety trainings and examinations for the contractors entering the construction site, and conduct safety briefings and safety inspection from time to time. Contractors will be evaluated after the construction is completed, and contractors who do not possess adequate safety management, have occurred accidents, or are found to have three violations during the construction process will be included in a negative list.

We understand hazardous chemical management is critical to our business model. We have established Production Safety Management Policy (《安全生產管理辦法》) to govern the management of hazardous chemical. We conduct major hazard identification for facilities, equipment, or sites involved in the production, operation, storage, or use of hazardous chemicals. We regularly inspect and test the safety facilities and safety monitoring systems of

major hazards, strengthens daily maintenance and upkeep, and ensures the effective and reliable operation of safety facilities and monitoring systems. Additionally, we stipulate that the primary responsible persons and safety production managers who come into contact with hazardous chemicals must undergo initial safety training of no less than 48 hours and annual refresher training of no less than 16 hours, ensuring employee safety.

Supplier management

We consistently uphold a strong sense of responsibility and apply a meticulous approach to the selection and maintenance of suppliers. We have established the Procurement Suppliers Management Policy (《採購供應商管理辦法》) to govern the evaluation of our supply chain. We evaluate suppliers based on specific criteria, including technical capabilities and personnel qualifications, quality management systems, production process controls, laboratory and testing equipment, after-sales service, and physical product inspection. Each supplier is scored according to these criteria, and any failure to meet the required standards will necessitate adjustments before they can be approved as qualified suppliers.

In terms of ESG, we conduct rigorous evaluation and continuous monitoring processes in respect of supplier performance. We believe that a responsible enterprise must align its practices across the entire supply chain to collectively promote social harmony and environmental sustainability. Once a major ESG issue or negative incident with a supplier is identified, we will immediately initiate an internal investigation process to thoroughly assess the circumstances and their implications. We will conduct in-depth discussions with suppliers, request for them to implement corrective measures and establish a timetable to resolve the relevant issues. Additionally, we continuously monitor the improvement progress of our suppliers to ensure the effective implementation of such corrective actions.

Product R&D and innovation

In order to adapt to the development of scientific and technological innovation, elevate the level of scientific and technological management and enhance our capability for independent innovation, we have formulated the Management Measures for Scientific and Technological Innovation (《科技創新管理辦法》). We have also designated the Synthetic Biotechnology Research Center as our scientific and technological R&D management department to be responsible for the management of projects, achievements, innovative patents, essays, and product standards. Please refer to “— Research and Development” for further details on our research and development.

Product liability

We have developed the detailed Sales Management Measures (《銷售管理辦法》) to ensure the standardized management of product sales. We clearly indicate the environmentally friendly properties of our products, ensuring that our promotions do not mislead consumers, and that there are no false or untrue statements in promotional materials. In terms of pricing strategy, the settlement price of ethanol is regulated by relevant national macro policies. We are

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committed to providing fair and reasonable prices, to ensure that customers receive equal respect and services. With regard to the processing of customer data, we attach great importance to privacy protection to ensure that customers are informed of the purpose and application of their data in a timely manner, and data protection measures are explained in detail when information is collected. We also assure confidentiality agreements are adhered to, and we prohibit the sharing of personal data without the customer's permission. We have established an efficient complaint handling process to guarantee that customer complaints are responded to in a timely manner and are properly handled.

Social contribution

To broaden the reach of “Project Hope”, we are committed to promoting the development of public welfare. By donating funds to establish Point-Market and facilities for social public welfare activities, we will carry out fundraising campaigns on a regular basis to address the needs of the underprivileged youth. For example, Ningxia Binze provided financial support to the Hope Public Welfare Service Center of Shizuishan in December 2023, actively contributing to the “Home of Little Kindliness • Warm Winter Campaign” (“微善之家 • 暖冬行動”) through practical initiatives.

ESG awards and honors

We prioritize our responsibilities on social accountability and environmental protection, which has attracted industry attention and earned us with multiple ESG-related rewards. Such accolades include the 2024 Green Industry Sustainable Development Practice Case (2024綠色產業可持續發展實踐案例), the 2022 Bluetech Carbon Neutrality Pioneers Award (2022創藍碳中和先鋒獎), and the third prize in the Typical Cases of Carbon Peak and Carbon Neutrality Action 2022 (2022碳達峰碳中和行動典型案例三等獎). Please refer to “— Awards and Recognitions” for further details on our awards and recognitions.

EMPLOYEE

As of December 31, 2024, we had 537 full-time employees based in mainland China. The table below sets out a breakdown of our employees by function as of December 31, 2024:

	As of December 31, 2024	
	Number of employees	Percentage of total employees
Senior management	6	1.1
Research and development	74	13.8
Production	327	60.9
Specialized management ⁽¹⁾	130	24.2
Total	537	100.0

Note:

- (1) Includes employees working in departments such as Human Resources, Finance, Safety and Environmental Protection, and Sales.

BUSINESS

We believe that our employees are valuable assets for our success. We primarily recruit our employees through campus recruiting and recruitment websites.

We enter into employment contracts with full-time employees, which cover matters such as salary, employee benefits, job responsibilities, and grounds for termination. Employees generally receive fixed salaries along with bonuses and allowances based on their roles and responsibilities. To protect the rights and interests of our employees, our internal employment policies include provisions on salary adjustments, payments, and the conditions and procedures for terminating employment contracts.

We provide various training courses to enhance employee skills and industry knowledge, including induction training, safety production training, and training on occupational health and safety standards as well as applicable laws and regulations. We also offer annual health check-ups to our employees. In accordance with relevant laws and regulations, our employees in mainland China are entitled to housing provident funds and social insurance, which includes pension, basic medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance. Our PRC Legal Advisor is of the view that we had been in compliance with all relevant PRC laws and regulations in respect of social insurance and housing provident fund in all material aspects as of the Latest Practicable Date. In addition, our Directors confirmed that we had not been subject to any administrative penalties or investigations from PRC government authorities in relation to social insurance and housing provident fund during the Track Record Period and up to the Latest Practicable Date.

We have established labor unions in the PRC. During the Track Record Period, we did not experience any material labor disputes with our employees.

We believe that we maintain strong working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major labor disputes, lockouts, or strikes, nor have there been any safety-related incidents that caused interruptions to our operations.

LAND AND PROPERTIES

Our headquarters is in Beijing, the PRC.

We occupy certain properties in connection with our business operation in the PRC. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

As of December 31, 2024, we did not have any single property with a book value accounting for 15% or more of our total assets. Our Directors are of the view that we are not required to set out all of our interests in land and buildings in the valuation report described in paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance according to Chapter 5 of the Listing Rules and section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

As of the Latest Practicable Date, our Directors confirmed that there were no title defects affecting the ownership or lease rights of our material production facilities in the PRC.

Owned Properties

As of the Latest Practicable Date, we obtained (i) land use right certificates for three parcels of land with an aggregate site area of approximately 279,680.9 square meters, and (ii) owned building ownership certificates in respect of 16 buildings with a total gross floor area of approximately 67,947.9 square meters, which are primarily used for our production, warehouses and offices. As of the Latest Practicable Date, all three parcels of land and all our owned properties with property ownership certificates were pledged to secure certain bank loans.

Leased Properties

As of the Latest Practicable Date, we leased (i) one parcel of land with an aggregate site area of approximately 90 mu, and (ii) nine buildings, each exceeding 150 square meters, with an aggregate gross floor area of approximately 18,935.7 square meters in the PRC, which are primarily used for our production, dormitories and offices.

As of the Latest Practicable Date, for two of our leased buildings used as dormitories in the PRC with an aggregate gross floor area of approximately 1,135.4 square meters, the lessors failed to provide the corresponding building ownership certificates. Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the rightful owner may request the return of a property from an unauthorized possessor. Our PRC Legal Advisor informed us that the failure of the lessors to provide the necessary property ownership documentation exposes us to the risk of third parties asserting rights to the leased properties, potentially preventing us from continuing to occupy or use the properties. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties from the competent authorities due to the lessors' failure to provide building ownership certificates for such leased properties.

In addition, as of the Latest Practicable Date, five of our leased buildings in the PRC with an aggregate gross floor area of approximately 2,121.1 square meters had not registered with the relevant housing authorities. Pursuant to the Measures on the Administration of the Registration of Urban House Title (《城市房地產管理法》) and the provisions of the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), for lease agreements that are not registered with the relevant housing authorities, we may be subject to a maximum fine of RMB10,000 per unregistered lease agreement. Our PRC Legal Advisor advised us that our failure to register the lease agreements does not affect the validity of the lease agreements. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice from the relevant housing authorities to rectify or any penalty in relation to our failure to register these leases.

BUSINESS

Our Directors believe that such defects in our leased buildings described above will not have a material adverse impact on our business or results of our operations, mainly because our leased buildings are mainly used as dormitories and office premises, and if we have to terminate the occupation of any leased property, we believe we can find a suitable alternative in a timely manner, and without material disruption to our business.

INSURANCE

We obtained property insurance for our equipment and machinery. We also obtained work injury insurance and safety liability insurance for our employees at our various production facilities to cover the risks of work-related injuries, accidents and occupational health diseases. In addition, we obtained personal accident insurance for our employees who work in different locations or frequently travel for business. In accordance with the relevant laws and regulations of the PRC, we also make contributions to social security insurance for our employees. Consistent with customary practice in the PRC, we do not take out any product liability insurance relating to claims or liabilities that may arise from any defects of our products.

According to Frost & Sullivan, our current insurance coverage in relation to our business as mentioned above is in line with relevant industry practice in the PRC. We believe that our insurance coverage is adequate to protect the Company against risk management in the normal course of operations. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Please refer to “Risk Factors — 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 or been subject to any material insurance claims and/or product liability claims. We will review and assess our risks on an ongoing basis and make necessary adjustments to our insurance coverage in line with our needs and industry practice in the PRC.

LICENSES, PERMITS AND APPROVALS

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

BUSINESS

The following table sets forth details of our material certificates, licenses and permits, and their respective holding entities:

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
National Industrial Production Certificate (全國工業產品生產許可證)	Hebei Shoulang	Hebei Provincial Administration for Market Regulation (河北省市場監督管理局)	August 8, 2024	September 2, 2029
	Shoulang Jiyuan	Ningxia Hui Autonomous Region Administration for Market Regulation (寧夏回族自治區市場監督管理廳)	May 17, 2022	May 16, 2027
	Guizhou Jinze	Guizhou Provincial Administration for Market Regulation (貴州省市場監督管理局)	January 25, 2024	January 24, 2029
	Ningxia Binze	Ningxia Hui Autonomous Region Administration for Market Regulation (寧夏回族自治區市場監督管理廳)	August 4, 2023	August 3, 2028
Safety Production License (安全生產許可證)	Hebei Shoulang	Hebei Provincial Emergency Management Department (河北省應急管理廳)	September 9, 2022	September 8, 2025 ^{Note}
	Shoulang Jiyuan	Ningxia Hui Autonomous Region Emergency Management Department (寧夏回族自治區應急管理廳)	January 17, 2025	January 16, 2028

Note: as advised by our PRC Legal Advisor, pursuant to the Regulations on Work Safety Licensing in the PRC, where an enterprise has strictly complied with applicable work safety laws and regulations during the validity period of its Work Safety License and recorded no fatal accidents, the license term shall be extended by three years after its expiry date with approval by the competent authority without undergoing re-examination procedures. Hebei Shoulang confirms that it has maintained full compliance with relevant work safety laws and regulations throughout the current license term with no fatal accidents. As of the Latest Practicable Date, we had engaged a third party consultant to prepare a Current Safety Status Assessment Report and planned to submit an application for license renewal to the Department of Emergency Management of Hebei Province in August 2025.

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License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Hazardous Chemicals Registration Certificate (危險化學品登記證)	Guizhou Jinze	Guizhou Provincial Emergency Management Department (貴州省應 急管理廳)	January 23, 2024	January 10, 2027
	Ningxia Binze	Ningxia Hui Autonomous Region Emergency Management Department (寧夏回族 自治區應急管理廳)	July 11, 2023	July 10, 2026
	Hebei Shoulang	Hebei Provincial Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management (河北省 危險化學品登記註冊中 心、應急管理部化學品 登記中心)	September 10, 2024	September 9, 2027
	Shoulang Jiyuan	Ningxia Hui Autonomous Region Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management (寧夏回 族自治區危險化學品登 記中心、應急管理部化 學品登記中心)	August 29, 2024	August 28, 2027
	Guizhou Jinze	Guizhou Provincial Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management (貴州省 危險化學品登記辦公 室、應急管理部化學品 登記中心)	January 31, 2023	January 30, 2026

BUSINESS

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
	Ningxia Binze	Ningxia Hui Autonomous Region Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management (寧夏回族自治區危險化學品登記中心、應急管理部化學品登記中心)	April 17, 2023	April 16, 2026
Certificate of New Products for Feed and Feed Additives (飼料和飼料添加劑新產品證書)	Shoulang Biotechnology	Ministry of Agriculture and Rural Affairs (農業農村部)	August 2021	–
Feed Production License (飼料生產許可證)	Hebei Shoulang	Hebei Provincial Department of Agriculture and Rural Affairs (河北省農業農村廳)	March 30, 2023	November 18, 2026
	Shoulang Jiyuan	Ningxia Hui Autonomous Region Department of Agriculture and Rural Affairs (寧夏回族自治區農業農村廳)	January 24, 2022	January 23, 2027
	Guizhou Jinze	Guizhou Provincial Department of Agriculture and Rural Affairs (貴州省農業農村廳)	December 22, 2023	December 21, 2028
	Ningxia Binze	Ningxia Hui Autonomous Region Department of Agriculture and Rural Affairs (寧夏回族自治區農業農村廳)	March 31, 2023	March 30, 2028

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AWARDS AND RECOGNITIONS

We received awards and recognitions for the quality of our products and our strong R&D and innovation capabilities. Representative awards and recognitions are set forth below:

No.	Award/recognition	Year	Awarding institution/authority	Holder
1 . . .	Green Technology Promotion Catalog (2024 Edition) (綠色技術推廣目錄(2024年版))	2024	NDRC and others	Our Company
2 . . .	National Recommended Catalog of Energy Saving and Carbon Reducing Technologies and Equipment in Industry and Information Technology (2024 Edition) (國家工業和信息化領域節能降碳技術裝備推薦目錄(2024年版))	2024	MIIT and others	Our Company
3 . . .	List of Demonstration Projects of Green and Low-carbon Advanced Technologies (First Batch) (綠色低碳先進技術示範項目清單(第一批))	2024	NDRC	Our Company
4 . . .	Guidance Catalog for Green and Low-carbon Transformation Industries (2024 Edition) (綠色低碳轉型產業指導目錄(2024年版))	2024	NDRC and others	Our Company
5 . . .	2024 Green Industry Sustainable Development Practice Case (2024 綠色產業可持續發展實踐案例)	2024	All-China Environment Federation (中華環保聯合會)	Our Company
6 . . .	National Specialized, Refined, Differential and Innovative Key “Little Giant” Enterprise (國家專精特新重點“小巨人”企業)	2024	MIIT	Our Company
7 . . .	2023 Scientific and Technological Progress Award of Hebei Province (2023年度河北省科學技術進步獎)	2024	Hebei Provincial Department of Science and Technology (河北省科學技術廳)	Our Company/Hebei Shoulang/Shoulang Biotech
8 . . .	International Sustainability and Carbon Certification (ISCC PLUS Certificate) (國際可持續發展與碳認證(ISCC PLUS Certificate))	2023	SCS Global Services	Hebei Shoulang/Binze Technology

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No.	Award/recognition	Year	Awarding institution/authority	Holder
9 . . .	International Aviation Carbon Offset and Reduction Scheme Certification (ISCC CORSIA Certificate) (國際航空碳抵消和減排計劃認證(ISCC CORSIA Certificate))	2023	SCS Global Services	Hebei Shoulang/ Binze Technology
10 . .	State-level Green Factory (國家級綠色工廠)	2023	MIIT	Hebei Shoulang/ Shoulang Jiyuan
11 . .	Kosher Certification (猶太潔食認證)	2023	Committee of Kashrut Badatz Beit Joseph	Hebei Shoulang
12 . .	Scientific and Technological Progress Award of the China Petroleum and Chemical Industry Federation (中國石化聯合會科技進步獎)	2023	China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會)	Our Company
13 . .	2022 China Alcoholic Drinks Association Science and Technology Progress Award (2022年度“中國酒業協會科技進步獎”)	2023	Science and Technology Award Committee of the China Alcoholic Drinks Association (中國酒業協會科學技術獎獎勵委員會)	Hebei Shoulang
14 . .	2022 China Petrochemical Federation Patent Gold Award (2022年中國石化聯合會專利金獎)	2022	China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會)	Our Company
15 . .	National Intellectual Property Advantageous Enterprise (國家知識產權優勢企業)	2022	China National Intellectual Property Administration (國家知識產權局)	Hebei Shoulang
16 . .	National Specialized, Refined, Differential and Innovative “Little Giant” Enterprise (國家專精特新“小巨人”企業)	2022	MIIT	Our Company

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No.	Award/recognition	Year	Awarding institution/authority	Holder
17 . .	Bluetech Carbon Neutrality Pioneers Award (創藍碳中和先鋒獎)	2022	Bluetech Clean Air Alliance (中關村創藍清潔空氣產業聯盟)	Our Company
18 . .	2021 National Disruptive Technology Innovation Competition Winning Project (2021全國顛覆性技術創新大賽優勝項目)	2021	Torch High Technology Industry Development Center, Ministry of Science and Technology (科學技術部火炬高技術產業開發中心)	Our Company
19 . .	National High-tech Enterprise (國家級高新技術企業)	2018	Beijing Municipal	Our Company
		2019	Science and	Hebei Shoulang
		2023	Technology	Shoulang Biotech
		2024	Commission (北京市科學技術委員會) and others	Shoulang Jiyuan/ Binze Technology
20 . .	Bluetech Award Winner (創藍獎獲獎技術)	2021	Bluetech Clean Air Alliance (中關村創藍清潔空氣產業聯盟)	Our Company
21 . .	Certificate of Inclusion in Major New Technologies, Products, and Equipment for Agriculture and Rural Areas in China (中國農業農村重大新技術新產品新裝備入選證書)	2021	Chinese Academy of Agricultural Sciences (中國農業科學學會)	Shoulang Biotech
22 . .	Included as a Biofuel Case Study (作為生物燃料案例收錄)	2020	International Energy Agency (國際能源署)	Hebei Shoulang
23 . .	International Roundtable on Sustainable Biomaterials (RSB) Certification (國際可持續生物材料圓桌會議(RSB)認證)	2015	SCS Global Services	Our Company

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and as of the Latest Practicable Date, no member of our Group or any of our Directors was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against our Group or any of our Directors, that would have a material adverse effect on its business, financial condition or results of operations. We may from time to time be involved in legal, arbitration or administrative proceedings in the ordinary course of our business. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — We may in the future be subject to Legal and regulatory proceedings and/or investigations in the ordinary course of our business.”

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had not been and were not involved in any material non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in aggregate, have a material adverse effect on our business, financial condition or results of operations.

Failure to Comply with Relevant PRC Environmental Laws and Regulations

Nature and details

During the Track Record Period and up to the Latest Practicable Date, we commenced one pilot-scale experimental project on carbon monoxide gas fermentation technology for ethanol production at a scale of 300 tons/year (300t/年工業煤氣發酵生產燃料乙醇示範試驗線項目) (the “**Experimental Project**”) before obtaining approval of environmental impact assessment (環評批覆). The Experimental Project was completed and put into operation in 2012 but ceased operation in October 2022. As of the Latest Practicable Date, we had not been subject to any penalties from the competent authorities due to our failure to obtain approval of environmental impact assessment for the Experimental Project.

During the Track Record Period and up to the Latest Practicable Date, as a result of our failure to comply with relevant PRC environmental laws and regulations, we also received four administrative fines from local government authorities, including:

- (1) two administrative fines received by our subsidiary, Ningxia Binze, with an amount of RMB20,000 each. The fines were mainly due to (i) the failure to implement appropriate measures to prevent the emission of malodorous gases from the protein feed workshop, resulting in noticeable odor diffusion in the surrounding environment (the “**Odor Violation**”), and (ii) the failure to rectify potential environmental safety hazards in the rainwater collection and emergency wastewater storage facilities (the “**Safety Hazard Violation**”);

- (2) one administrative fine received by our subsidiary, Guizhou Jinze, with an amount of RMB840,000. The fine was imposed due to the leakage of high-concentration wastewater into a nearby stream, causing water contamination (the “**Wastewater Leakage Violation**”). In connection with the Wastewater Leakage Violation, we also incurred emergency response costs of RMB311,900 and ecological compensation costs of RMB12,300; and
- (3) one administrative fine received by our subsidiary, Shoulang Jiyuan, with an amount of RMB14,000. The fine was imposed due to the overflow of production wastewater from an emergency storage pool into factory rainwater drainage systems (the “**Wastewater Overflow Violation**”).

Reasons, legal consequences, rectification and internal control measures

These non-compliance incidents were primarily because the staff who were in charge of these matters did not fully understand the regulatory requirement that we are required to obtain the approval of environmental impact assessment before commencing construction and the governmental standards of environmental protection.

The Experimental Project. As advised by our PRC Legal Advisor, as the Experimental Project ceased operation in October 2022 and more than two years had passed since its cessation as of the Latest Practicable Date, the risk of being subject to penalties due to our failure to obtain approval of environmental impact assessment pursuant to relevant PRC environmental laws and regulations is relatively low. In the event that the Experimental Project is deemed an unauthorized construction and required to be demolished by the competent authorities, we believe such action would not have a material adverse impact on our business or results of operations either, because the Experimental Project was not our primary production and business site.

Odor Violation. This violation occurred due to improper ventilation in the protein feed workshop, where open windows and axial exhaust fans allowed the uncontrolled release of malodorous gases. To rectify this, we have increased the frequency of alkaline solution and reagent application, enhanced sealing integrity of production facilities and implemented regular deodorant spraying. As a preventive measure, we have introduced daily odor monitoring and adjusted deodorant spraying schedules in real time based on wind conditions to ensure compliance.

Safety Hazard Violation. This violation occurred due to the prolonged storage of wastewater in the rainwater collection and emergency pools, leading to odor emissions and environmental risks. To rectify this, we have emptied the stored wastewater and sediment, installed an explosion-proof axial fan, and connected it to a tail gas treatment system. As a preventive measure, we have strictly controlled wastewater entry into the emergency pool, maintained zero liquid levels, and mandated daily reporting on wastewater storage conditions to prevent similar risks.

Wastewater Leakage Violation. This violation occurred due to a containment failure, leading to the discharge of high-concentration pollutants into a nearby stream. To rectify this, we have removed underground dark pipes and replaced them with elevated transparent pipelines and built a new underground water collection pool as an additional safeguard. As a preventive measure, we have installed geological settlement monitoring points, enhanced site inspections, and increased the frequency of groundwater quality testing to detect and mitigate potential risks.

Wastewater Overflow Violation. This violation occurred due to the emergency wastewater storage pool reaching full capacity, causing overflow into the factory's rainwater drainage system. To rectify this, we have removed excess wastewater and treated it through the sewage system before discharging it into a centralized facility. As a preventive measure, we have implemented a stricter wastewater discharge schedule, introduced real-time storage level monitoring, and enhanced supervision of the wastewater system to prevent future overflows.

As advised by our PRC Legal Advisor, according to written decision of administrative penalty and confirmation letters issued by competent government authorities, we did not materially violate the applicable environmental laws and regulations even though we received the abovementioned administrative fines as a result of our environmental non-compliance as mentioned above. We have taken relevant rectification measures as required by local government authorities. Further, as advised by our PRC Legal Advisor, as the principle of non-bis in idem is applicable to these administrative fines, they will not result in a material legal impediment to the Global Offering.

Based on the above, our Directors are of the view that these non-compliance incidents due to our failure to comply with relevant PRC environmental laws and regulations will not have a material adverse impact on our business, financial condition or results of operations.

Environmental protection and internal control measures

To ensure our compliance with environmental protection laws and regulations, and to prevent the above-mentioned non-compliance from recurring, we have also adopted the following environmental protection and internal control measures:

- We have established a tiered management system for ecological and environmental protection. Our Company is responsible for specialized management and overall regulatory oversight, while each subsidiary is directly responsible for implementing specific environmental protection measures and assumes direct responsibility. Each subsidiary has established an environmental risk management system and is required to conduct environmental risk assessments and develop practical emergency response plans for sudden environmental incidents and heavy pollution weather in compliance with regulations. In the event of an environmental emergency, subsidiaries must report to us via phone or written notice and implement emergency response measures. After handling an incident, they must submit a rectification report.

BUSINESS

- Our Board will periodically review our environmental compliance record and relevant internal control measures.
- Our technical and quality control department has an internal testing team responsible for the internal testing of wastewater and formulating our self-monitoring plans. We installed real-time automatic monitoring at primary emission ports and engaged independent third parties with necessary qualification to conduct wastewater and exhaust gas emission testing in strict compliance with discharge permit requirements. We also collect feedback from regulatory departments and the public on a regular basis to evaluate our wastes emission condition and rectify promptly if any issue arises.
- We have established internal procedures in respect of the feasibility study before initiating any new construction project or production line, including but not limited to: (i) evaluating the current environmental status of the proposed location; (ii) studying the local environmental protection regulations and standards; (iii) establishing various pollution source control plans; (iv) determining the budgets for the project's environmental protection costs; and (v) evaluating the possible impact on the surrounding environment by the project and establishing the countermeasures to mitigate such impact accordingly.
- For other environmental protection measures, please see the section headed “— Environmental, Social and Governance” in this prospectus.
- For other general internal control measures, please see the section headed “— Risk Management and Internal Control” in this prospectus.

Please also refer to “Risk Factors — Risks Relating to Our Business and Industry — 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 non-compliance, as well as result in a delay or cessation of our operations.”

CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons, details of which are set out below. Our Directors confirm that the following transactions will continue after the Listing and will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

SUMMARY OF OUR CONNECTED PERSONS

The table below sets out the parties who will become our connected persons and with whom we have entered into certain transactions which will constitute continuing connected transactions following the Listing:

Name of Connected Persons	Connected Relationships
Shougang Group	our Controlling Shareholder
Shougang Jingtang	a company which is owned as to approximately 57% by Shougang Group, and hence an associate of Shougang Group
Shougang Finance	a company which is owned as to 80% directly by Shougang Group and 20% indirectly by Shougang Group, and hence an associate of Shougang Group
Jinyuan Suiyang	a substantial shareholder of our subsidiary Guizhou Jinze
Jiyuan Metallurgical	a company which is wholly-owned by Ningxia Jiyuan Cycle Development Co., Ltd. (寧夏吉元循環發展有限公司), the holding company of Hainan Jiyuan Junyi Biotechnology Co., Ltd. (海南吉元君熠生物科技有限公司) (“ Jiyuan Junyi ”). Thus, Jiyuan Metallurgical is an associate of Jiyuan Junyi, the substantial shareholder of our subsidiary Shoulang Jiyuan

CONNECTED TRANSACTIONS

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions that will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules upon Listing:

No.	Transaction	Type of connected transaction and applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31,		
		Rules				
				2025	2026	2027
(RMB'000)						
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS						
A1	Shougang Group Cooperation Framework Agreement					
1.	Sales of goods/ supply of services to Shougang Group	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	Announcement, independent shareholder approval, circular	6,000	61,370	85,100
2.	Purchase from Shougang Group	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.83 Rule 14A.105	Announcement, independent shareholder approval, circular	7,450	6,950	5,500
A2	Shougang Jingtang Supply Framework Agreement					
1.	Purchase of goods from Shougang Jingtang	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.52 Rule 14A.53 Rule 14A.83 Rule 14A.105	Announcement, independent shareholder approval, circular, term of agreements exceeding three years	125,000	240,700	291,000

CONNECTED TRANSACTIONS

No.	Transaction	Type of connected transaction and applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31,		
				2025	2026	2027
				(RMB'000)		
B	Shougang Finance Financial Services Framework Agreement					
1.	Deposit Services	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	Announcement, independent shareholder approval, circular	197,300 ⁽¹⁾	199,300 ⁽¹⁾	201,300 ⁽¹⁾
2.	Comprehensive Credit Services					
	i. commercial acceptance bill services	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	Announcement, independent shareholder approval, circular	50,000 ⁽²⁾	50,000 ⁽²⁾	50,000 ⁽²⁾
	ii. loan services	Fully exempt continuing connected transaction: Rule 14A.90	–	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾
3.	Other Financial Services	Non-exempt continuing connected transaction: Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	Announcement, independent shareholder approval, circular	150	150	150

CONNECTED TRANSACTIONS

No.	Transaction	Type of connected transaction and applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31,		
				2025	2026	2027
				(RMB'000)		

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

C Jinyuan Suiyang Cooperation Framework Agreement

Purchase of goods from Jinyuan Suiyang	Partially-exempt continuing connected transaction: Rule 14A.52 Rule 14A.53 Rule 14A.101 Rule 14A.105	Announcement, term of agreements exceeding three years	87,600	150,000	150,000
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D Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement

Purchase of goods from Jiyuan Metallurgical	Partially-exempt continuing connected transaction: Rule 14A.52 Rule 14A.53 Rule 14A.101 Rule 14A.105	Announcement, term of agreements exceeding three years	82,000	88,500	94,200
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Notes:

- Refers to the maximum daily balance of deposits (including the corresponding interest accrued thereon).
- Refers to the maximum daily credit limit for the commercial acceptance bills.
- Any transactions relating to loan services under the Comprehensive Credit Services pursuant to the Shougang Finance Financial Services Framework Agreement after Listing are expected to be fully exempted for the reasons set out in the section headed “Listing Rules Implications” below. Therefore, proposed annual caps are not applicable.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A1. Shougang Group Cooperation Framework Agreement

On June 16, 2025, the Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Shougang Group (for itself and on behalf of the other group members of Shougang Group, except the Company and its subsidiaries) (the “**Shougang Group Cooperation Framework Agreement**”) to regulate the supply of products and the services (other than financial services and supply of energy medium) by Shougang Group to the Company and its subsidiaries as well as the sale of goods and services by the Company and

CONNECTED TRANSACTIONS

its subsidiaries to Shougang Group. Under the Shougang Group Cooperation Framework Agreement, Shougang Group will provide the Company and its subsidiaries with operation and maintenance services, construction services, testing and inspection services, catering, training and other services (other than financial services) and sell products (other than industrial off-gas and energy medium) to the Company and its subsidiaries; the Company and its subsidiaries will sell goods (such as biogas and fermentation off-gases) and provide other services to Shougang Group.

The initial term of the Shougang Group Cooperation Framework Agreement will commence on the Listing Date and end on December 31, 2027 (both days inclusive). Separate underlying agreements will be entered into which will set out the specific details of the relevant goods or services and payment requirements such as payment method, settlement time and payment information of the goods or services in the manner provided in the Shougang Group Cooperation Framework Agreement. Pursuant to the Shougang Group Cooperation Framework Agreement, each party shall sell goods and services to the other parties in accordance with the pricing terms set out below.

Reasons for the transactions

We transacted and expect to continue to transact with Shougang Group upon the Listing. The sale of goods by the Company to Shougang Group provides a stable source of income for the Company; at the same time, Shougang Group provides a stable supply of goods and services to the Company to meet the needs of the Company in the ordinary course of business.

During the Track Record Period, Hebei Shoulang sold biogas to Shougang Jingtang in the ordinary course of business. We expect to expand the scope of sales to biogas and fermentation off-gas produced by Hebei Shoulang Phase II production facility to Shougang Jingtang upon the completion of Hebei Shoulang Phase II production facility, which is expected to commence production in 2026.

During the Track Record Period, we procured services and purchased parts and equipments from Shougang Group in our ordinary course of business. We generally need to procure goods such as, equipment and spare parts, and services such as construction services, testing and inspection services and other general services. These goods and services are readily available in the market, but the prices offered by Shougang Group and its associates have been competitive, and we consider that Shougang Group and its associates have respectable experience and reputation in their respective areas of businesses, solid financial standing and have demonstrated themselves to be reliable customers and suppliers of the Company and its subsidiaries over the past years.

During the Track Record Period, the goods and services we procured from Shougang Group were diversified and the major type of goods and services we procured was the repair and maintenance services provided by Shougang Group for our Hebei Shoulang production facility. Other than the competitive price which Shougang Group could be offered, we chose

CONNECTED TRANSACTIONS

Shougang Group as our supplier as they stationed a team at the production zone owned by Shougang Jingtang where Hebei Shoulang production facility is located. Hence, the corresponding service response time is more favorable than other third party service providers.

The Directors believe that maintaining strategic business relationships with them will continue to bring sustainable contribution to our growth in the long run, which is in the best interests of our Company.

Pricing terms and policy

For the provision of services and sale of goods, the parties under the Shougang Group Cooperation Framework Agreement agreed to set prices based on the following general principles and on a fair basis as below:

- (i) the pricing of biogas is based on a calculation of the price and calorific value of coke oven gas purchased by the Shougang Group and the average calorific value of biogas;
- (ii) the pricing of fermentation off-gas is based on a calculation of the cost of purchasing coke oven gas and the calorific value of such fermentation off-gas; and
- (iii) the pricing of other provision of services and procurement of products is based on market price or a price agreed to by the parties;
 - market price refers to the price paid by PRC enterprises in the same industry for receiving services or purchasing products of the same type; or
 - parties adopt the agreement price in the absence of market price. Agreement price refers to: (a) the prices to be determined with reference to the parties' transaction records of similar services or products in accordance with the market price during the previous years and considering increases in costs for raw materials and human resources, and other relevant factors; or (b) if there is no historical record of selling the relevant products or supplying the relevant services, the price shall be determined based on the relevant cost plus reasonable expenses and a certain amount of profit.

The pricing and other terms in a specific purchase or service agreement under the Shougang Group Cooperation Framework Agreement are determined based on arm's length negotiation, and we will only enter into such a specific purchase or service agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to the prevailing market price and terms for comparable products and services (available from vendors who are independent third parties); and (ii) it is in the best interests of our Company and the Shareholders as a whole. Our business department will annually survey and review the prevailing market price and terms of similar products and services to ensure our foregoing pricing policy can be effectively implemented.

CONNECTED TRANSACTIONS

Historical amounts, proposed annual caps and basis of proposed annual caps

Set out below are the historical amounts of the relevant sales of goods to Shougang Group and purchase of goods and services from Shougang Group for the years ended December 31, 2022, 2023 and 2024.

	Historical transaction figures (RMB'000)		
	For the year ended December 31,		
	2022	2023	2024
1. Sales of goods/supply of services to Shougang Group	6,650	5,609	5,787
2. Purchase from Shougang Group ^(Note)	11,454	6,851	6,147

Note: For the avoidance of doubt, purchase from Shougang Group excludes purchase from Shougang Jingtang (which is separately presented in “— A2. Shougang Jingtang Supply Framework Agreement” below) and purchase from Shougang Finance (which is presented separately in “— B. Shougang Finance Financial Services Framework Agreement” below). Purchase from Shougang Group decreased from approximately RMB11.5 million for the year ended December 31, 2022 to RMB6.9 million for the year ended December 31, 2023, primarily because we completed certain one-off purchases of equipment from Shougang Group in 2022. Purchase from Shougang Group further decreased to approximately RMB6.1 million for the year ended December 31, 2024 mainly because Guizhou Jinze no longer purchased computer control systems and computer SIS security instrumentation system after the completion of the project in respect of which such purchase was made.

The proposed annual caps for the transactions contemplated under Shougang Group Cooperation Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are as follows.

	Proposed annual caps (RMB'000)		
	For the year ending December 31,		
	2025	2026	2027
1. Sales of goods/supply of services to Shougang Group	6,000	61,370	85,100
2. Purchase from Shougang Group ^(Note)	7,450	6,950	5,500

Note: For the avoidance of doubt, purchase from Shougang Group excludes purchase from Shougang Jingtang (which is separately presented in “— A2. Shougang Jingtang Supply Framework Agreement” below) and purchase from Shougang Finance (which is presented separately in “— B. Shougang Finance Financial Services Framework Agreement” below).

CONNECTED TRANSACTIONS

The proposed annual caps were determined primarily taking into account the following key factors:

- (i) the historical transaction amounts and volume between the Company and Shougang Group;
- (ii) the existing agreements (including the pricing terms therein) between the Company and Shougang Group;
- (iii) for the sales to Shougang Group, the expected productivity of Hebei Shoulang and expected supply of biogas and fermentation off-gas to Shougang Group, as the sale to Shougang Group is tied to the productivity of the Hebei Shoulang production facilities. The Hebei Shoulang Phase II production facility, which is expected to commence production in 2026, includes a device that can also enrich the CO concentration for the Hebei Shoulang Phase I production facility and thus increase the ethanol production output. It is expected that the Hebei Shoulang Phase I production facility and the Hebei Shoulang Phase II production facility will achieve a capacity utilization rate of 67% to 75% for ethanol, leading to an expected increase in the sales of biogas and fermentation off-gas to Shougang Group and accordingly, the annual caps from 2025 to 2027;
- (iv) for the purchase of goods and services from Shougang Group, our expected business needs and our demand of the relevant goods and services from Shougang Group. It is expected that more purchase from Shougang Group will be needed for 2025 and 2026 as we will procure computer control systems and computer SIS security instrumentation system from Shougang Group for the Hebei Shoulang Phase II project, and following the completion of procurement of the above mentioned systems for the Hebei Shoulang Phase II project, the demand and hence purchase volume will decrease in 2027; and
- (v) expected inflation and a reasonable buffer.

Our Directors consider that the proposed annual caps for the transactions contemplated under the Shougang Group Cooperation Framework Agreement are fair and reasonable.

A2. Shougang Jingtang Supply Framework Agreement

On June 16, 2025, the Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Shougang Jingtang (the “**Shougang Jingtang Supply Framework Agreement**”) to regulate the supply of industrial off-gas (steelmaking converter coal gas, coke oven gas) and energy medium (water, electrical power, oxygen, compressed air and steam, etc.) by Shougang Jingtang to Hebei Shoulang, which will commence on the Listing Date and end on January 29, 2035, which is the expiry date of the operating term of Hebei Shoulang under its current articles.

CONNECTED TRANSACTIONS

Separate underlying agreements will be entered into by the parties which will set out the specific details of the relevant goods and payment requirements such as payment method, settlement time and payment information of the goods in the manner provided in the Shougang Jingtang Supply Framework Agreement. Pursuant to the Shougang Jingtang Supply Framework Agreement, Shougang Jingtang shall sell, and the Company and its subsidiaries shall purchase, goods in accordance with the pricing terms set out below.

Reasons for the transactions

Shougang Jingtang is principally engaged in steel and steel products production and development. Our Hebei Shoulang production facility is located in the production zone (生產園區) owned by Shougang Jingtang. Shougang Jingtang also supplies industrial off-gas and energy medium to our Hebei Shoulang production facility. Given our relationship with Shougang Group, and the geographical proximity of our Hebei Shoulang production facility and Shougang Jingtang (which enables the transportation of industrial off-gas energy medium to be carried out in a cost-efficient manner), our Directors consider that the entering into of the Shougang Jingtang Supply Framework Agreement will allow the Company to secure a cost-effective, timely and stable source of industrial off-gases and energy medium to our Hebei Shoulang production facility (and the Hebei Shoulang Phase II production facility in the future). The supply of industrial off-gas and energy medium requires up-front planning and costs to build transport pipelines in the Shougang Jingtang production zone. Hence, alternative suppliers are not readily available in the market, and Shougang Jingtang is our natural choice on the supplier of industrial off-gas and energy medium. We expect to continue to transact with Shougang Jingtang upon the Listing. The entering into of the Shougang Jingtang Supply Framework Agreement will allow the Company to continue to receive the supply of goods which are essential to the operation of our Hebei Shoulang production facility and to avoid set-up costs if a new supplier were engaged. The Directors believe that maintaining the supply of industrial off-gases and energy medium to the Hebei Shoulang production facility is in the best interests of our Company.

Pricing terms and policy

The purchase price payable by the Group to Shougang Jingtang under the Shougang Jingtang Supply Framework Agreement shall be determined on an arm's length basis and according to the following pricing principles:

- (i) the pricing of steelmaking converter coal gases will be agreed by the parties and determined based on the cost of electrical power to Shougang Jingtang itself, with reference to the standard heat required for power generation, the calorific value of gas, other costs of captive power plant other than fuel cost, and the self-use power rate;
- (ii) the pricing of electrical power shall be determined based on the basic cost of electrical power to Shougang Jingtang itself, plus reasonable fees;

CONNECTED TRANSACTIONS

- (iii) the pricing of water shall be determined on the basis of the cost of water to Shougang Jingtang itself, plus reasonable fees;
- (iv) the pricing of steam, nitrogen and compressed air shall be determined on the basis of Shougang Jingtang's manufacturing costs, plus reasonable fees; and
- (v) the pricing of coke oven gas shall be determined upon consensus based on the price and calorific value of the natural gas purchased by Shougang Jingtang and the average calorific value of coke oven gas purchased by Shougang Jingtang, or upon consensus with reference to the price of the coke oven gas at which Shougang Jingtang sells to other users.

The pricing and other terms in a specific agreement under the Shougang Jingtang Supply Framework Agreement are determined based on arm's length negotiation, and we will only enter into such a specific purchase agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to the prevailing market price and terms for comparable products (available from vendors who are independent third parties); and (ii) it is in the best interests of our Company and the Shareholders as a whole.

Our legal department will be responsible for ensuring that the agreed price of each specific agreement is valid for no more than two years, and be responsible for prompting the business department to renegotiate the price before the expiration of each agreement to adjust the price periodically. Our business department will annually survey and review the prevailing market price and terms of similar products to ensure our foregoing pricing policy can be effectively implemented. If the survey and review reveal that the agreed prices and terms of the executed agreements are in comparison materially unfavorable with prevailing market prices and terms, the Group will renegotiate with the relevant counterparties to adjust the prices and terms.

Historical amounts, proposed annual caps and basis of proposed annual caps

Set out below are the historical amounts of the relevant purchase of goods and services from Shougang Jingtang for the years ended December 31, 2022, 2023 and 2024.

	Historical transaction figures (RMB'000)		
	For the year ended December 31,		
	2022	2023	2024
Purchase of goods from Shougang			
Jingtang^(Note)	124,331	117,138	110,887

Note: Purchase from Shougang Jingtang for the years ended December 31, 2022, 2023 and 2024 is largely stable, which is in line with the output of our Hebei Shoulang phase I production facility for years ended December 31, 2022 to 2024, which is approximately 28,770.65 tons, 27,326.51 tons and 27,042.65 tons. See "Business — Production Capacity and Utilization Rate" for further details.

CONNECTED TRANSACTIONS

The proposed annual caps for the transactions contemplated under Shougang Jingtang Supply Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are as follows.

	Proposed annual caps (RMB'000)		
	For the year ending December 31,		
	2025	2026	2027
Purchase of goods from			
Shougang Jingtang	125,000	240,700	291,000

The proposed annual caps were determined primarily taking into account the following key factors:

- (i) the historical transaction amounts and volume between the Company and Shougang Jingtang;
- (ii) the existing agreements (including the pricing terms therein) between the Company and Shougang Jingtang;
- (iii) the expected growth in business of the Company and expected demand for the relevant goods. It is expected that the Hebei Shoulang Phase I production facility, as well as the Hebei Shoulang Phase II production facility which is expected to commence production in 2026, will achieve a capacity utilization rate of 67% to 75% for ethanol for 2025 to 2027, representing an increase rate ranging from 11.5% to 24.8% as compared to the same for 2024. Further, it is expected that the Company's procurement demand from Shougang Jingtang will increase upon the completion of Hebei Shoulang Phase II project, and the amount and volume of transactions between the Company and Shougang Jingtang are expected to continue to increase in 2026 and 2027. The maximum production capacity of the Hebei Shoulang Phase II production facility is expected to be 15,000 tons of ethanol and 750 tons of microbial protein annually after it commences production in 2026, which drives the increase in purchase volume of goods from Shougang Jingtang. For more details, see "Business — Future Facility"; and
- (iv) expected inflation and a reasonable buffer.

Our Directors consider that the proposed annual caps for the transactions contemplated under the Shougang Jingtang Supply Framework Agreement are fair and reasonable.

B. Shougang Finance Financial Services Framework Agreement

On June 16, 2025, the Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Shougang Finance (the “**Shougang Finance Financial Services Framework Agreement**”), pursuant to which Shougang Finance will, within its own financing abilities, provide our Company and its subsidiaries with financial services, including:

- (i) deposit services (the “**Deposit Services**”);
- (ii) comprehensive credit services (the “**Comprehensive Credit Services**”); and
- (iii) other financial services (the “**Other Financial Services**”).

Pursuant to the Shougang Finance Financial Services Framework Agreement, Shougang Finance will provide the abovementioned financial services to our Company and its subsidiaries in accordance with the following categories and principles of services:

- (i) Deposit Services: including but not limited to deposits taking and handling time deposits, call deposits, agreement deposit and other services.
- (ii) Comprehensive Credit Services: including but not limited to (a) commercial acceptance bill and (b) loan services.
- (iii) Other Financial Services: including but not limited to fund management, entrusted loans, acceptance and discounting of commercial acceptance bills, non-financial guarantees to issuance of fund certificates, discounting of bank acceptance bills, foreign exchange settlement services (including but not limited to the sale and purchase of foreign currencies, foreign currency-related centralised collection and payment, etc.) and other financial services.

The initial term of the Shougang Finance Financial Services Framework Agreement will commence on the Listing Date and end on December 31, 2027 (both days inclusive). Separate underlying agreements which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Shougang Finance Financial Services Framework Agreement will be entered into. Pursuant to the Shougang Finance Financial Services Framework Agreement, Shougang Group shall provide financial services to us, and, in return, we shall pay Shougang Finance service fees in accordance with the pricing terms set out below.

CONNECTED TRANSACTIONS

Reasons for the transactions

Shougang Finance is a financial institution in the PRC regulated by National Financial Regulatory Administration (國家金融監督管理總局). During the Track Record Period, we procured financial services provided by Shougang Finance on a non-exclusive basis. We chose the services provided by Shougang Finance or other financial institutions in light of our own benefits and we expect to continue to procure finance services provided by Shougang Finance upon the Listing. The benefits to the Company from the relevant financial services provided by Shougang Finance are as follows:

- (i) the interest rate on deposits offered by Shougang Finance to us will be higher than or equal to that offered by domestic commercial banks, and the service fees charged by Shougang Finance on us will be lower than or equal to that offered by domestic commercial banks; and
- (ii) the Company is expected to benefit from Shougang Finance's superior understanding of operations of the Company which should allow expedient and efficient service provision.

Pricing terms and policy

The Shougang Finance Financial Services Framework Agreement provides that:

- (i) Deposit Services: the deposit interest rate shall not be lower than the base rate of the same type of deposits announced by the People's Bank of China for the same period and the deposit interest rate of the same type of deposits placed with major domestic commercial banks in the PRC provided to us for the same period;
- (ii) Comprehensive Credit Services: the fees for acceptance of commercial acceptance bills and other fees shall not be higher than the standard for fees charged by domestic commercial banks for same type of services during the same period and the composite interest rate of loans shall not be higher than those provided to us by major domestic commercial banks for loans of the same type and same maturity period; and
- (iii) Other Financial Services: the standard for the fees charged shall not be higher than the standard for the same types of fees charged by major domestic commercial banks during the same period.

In addition to the above, the pricing and other terms in a specific service agreement under the Shougang Finance Financial Services Framework Agreement are determined based on arm's length negotiation, and we will only enter into such a specific service agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to the prevailing market price and terms for comparable services (available from vendors who are independent third parties); and (ii) it is in the best

CONNECTED TRANSACTIONS

interests of our Company and the Shareholders as a whole. Our finance department will annually survey and review the prevailing market price and terms of similar services to ensure our foregoing pricing policy can be effectively implemented.

Historical amounts, proposed annual caps and basis of proposed annual caps

Set out below are the historical amounts of the relevant financial services provided by Shougang Finance for the years ended December 31, 2022, 2023 and 2024.

	Historical transaction figures (RMB'000)		
	For the year ended/as at December 31,		
	2022	2023	2024
B1. Deposit Services (Maximum daily balance of deposits (including the corresponding interest accrued thereon))	803,488	477,519	225,955
B2. Comprehensive Credit Services			
(i) commercial acceptance bill services (Representing the balance for commercial acceptable bills as at the respective date)	44,400	50,000	50,000
(ii) loan services (Including new loans amount and interest expenses)	204,452	7,991	86,968
B3. Other Financial Services.	28	55	118

CONNECTED TRANSACTIONS

Proposed annual caps and basis of annual caps

The proposed annual caps for the transactions contemplated under the Shougang Finance Financial Services Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are as follows.

	Proposed annual caps (RMB'000) ^(Note)		
	For the year ending December 31,		
	2025	2026	2027
B1. Deposit Services (Maximum daily balance of deposits (including the corresponding interest accrued thereon))	197,300	199,300	201,300
B2. Comprehensive Credit Services			
(i) commercial acceptance bill services (Maximum daily credit limit of commercial acceptance bills)	50,000	50,000	50,000
(ii) loan services	N/A ^(Note)	N/A ^(Note)	N/A ^(Note)
B3. Other Financial Services.	150	150	150

Note: Any transactions relating to loan services under the Comprehensive Credit Services pursuant to the Shougang Finance Financial Services Framework Agreement after the Listing are expected to be fully exempted for the reasons set out in the section headed “Listing Rules Implications” below. Therefore, proposed annual caps are not applicable. All other transactions contemplated under the Shougang Finance Financial Services Framework Agreement are similar in nature, and the said transactions will be aggregated pursuant to Rule 14A.83 of the Listing Rules.

The proposed annual caps were determined taking into account the following key factors:

For proposed annual caps of the Deposit Services, we have considered various key factors including (a) the existing level of cash and cash equivalents and time deposits at banks held by the Company; (b) the expected deposit balances at the end of each month of the Company; (c) the cash position of the Company and the expected growth of the business operation of the Company; (d) the financial needs of the Company during the term of the Shougang Finance Financial Services Framework Agreement; and (e) the basis of determining the deposit interest rate as disclosed above.

For the proposed caps of the Comprehensive Credit Services, we have considered various key factors including (a) the existing business requirements, business development and capital requirements of the Company; (b) the current scale of assets, business and revenue of the Company; and (c) the need to broaden financing channels.

CONNECTED TRANSACTIONS

For the proposed annual caps of the Other Financial Services, they are based on (i) the pricing basis of service fees as disclosed above; (ii) the expected scope and service specifications of Other Financial Services; and (iii) the expected demand for Other Financial Services by the Company with reference to the existing scale of operations and anticipated growth.

Our Directors consider that the proposed annual caps for the transactions contemplated under the Financial Services Framework Agreement are fair and reasonable.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

C. Jinyuan Suiyang Cooperation Framework Agreement

On June 16, 2025, the Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**Jinyuan Suiyang Cooperation Framework Agreement**”) with Jinyuan Suiyang to regulate the provision of raw materials by Jinyuan Suiyang to Guizhou Jinze, which will commence on the Listing Date and end on September 27, 2040, which is the expiry date of the operating term of Guizhou Jinze under its current articles. Separate underlying agreements will be entered into which will set out the precise quantity, purchase price, method of payment and other details of the purchase arrangement in the manner provided in the Jinyuan Suiyang Cooperation Framework Agreement.

Pursuant to the Jinyuan Suiyang Cooperation Framework Agreement, Jinyuan Suiyang shall sell industrial off-gas and energy medium (such as water and electricity) to us and, in return, we shall pay Jinyuan Suiyang for such industrial off-gas and energy medium in accordance with the pricing terms set out below.

Reasons for the transactions

Jinyuan Suiyang is a substantial shareholder of our non-wholly-owned subsidiary Guizhou Jinze and a strategic partner for the operation of our Guizhou Jinze production facility. Our Guizhou Jinze production facility utilizes raw gases from ferroalloy plants under Jinyuan Suiyang. Jinyuan Suiyang is also the supplier of industrial off-gas, water and electricity to the area where our Guizhou Jinze production facility is located. As such, Jinyuan Suiyang has strong capabilities to provide Guizhou Jinze with gas, water, electricity and other energy medium for the construction and operation of our plant Guizhou Jinze production facility. The supply of industrial off-gas and energy medium requires up-front planning and costs to build transport pipelines in the Jinyuan Suiyang production zone. Hence, alternative suppliers are not readily available in the market, and Jinyuan Suiyang is our natural choice on the supplier of industrial off-gas and energy medium.

Given our relationship with Jinyuan Suiyang and the geographical proximity of production facilities under Jinyuan Suiyang to the Guizhou Jinze production facility, the Directors consider that the entering into of the Jinyuan Suiyang Cooperation Framework Agreement will allow the Company to secure a cost-effective, timely and stable source of raw materials for the Guizhou Jinze production facility.

CONNECTED TRANSACTIONS

Our Guizhou Jinze production facility, which has an annual capacity of 60,000 tons of ethanol and 6,600 tons of microbial protein, was established to produce ethanol and microbial protein through bio-fermentation processes that utilize upstream ferroalloy industrial off-gas and officially began production at the end of June 2023. During the Track Record Period, Jinyuan Suiyang was the sole supplier of gas, water and electricity to the Guizhou Jinze production facility, offering the supply of energy medium on normal or better commercial terms. We expect to continue to transact with Jinyuan Suiyang upon the Listing. The Directors consider it is in the interest of the Group to obtain a reliable supply of energy medium from Jinyuan Suiyang to ensure the Group's stable and continuous production.

Pricing terms and policy

The purchase price payable by the Group to Jinyuan Suiyang under the Jinyuan Suiyang Cooperation Framework Agreement shall be determined on an arm's length basis and according to the following pricing principles:

- (i) the pricing of industrial off-gas shall be based on the calorific value of ore furnace gas converted into the calorific value of standard coal, and with reference to the current market price of standard coal;
- (ii) the pricing of water shall be based on the volume of water withdrawn from Jinyuan Suiyang's reservoir and transportation fees; and
- (iii) the pricing of electrical power shall be based on the power sale pricing document issued by Guizhou Provincial Development and Reform Commission, and the two-part tariff pricing method shall be adopted to calculate the boundary conditions. The price per kWh and the basic tariff constitute the power sale price.

The pricing and other terms in a specific purchase agreement under the Jinyuan Suiyang Cooperation Framework Agreement are determined based on arm's length negotiation, and we will only enter into such a specific purchase agreement if:

- (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to the prevailing market price and terms for comparable products and services (available from vendors who are independent third parties); and
- (ii) it is in the best interests of our Company and the Shareholders as a whole. Our business department will annually survey and review the prevailing market price and terms of similar goods to ensure our foregoing pricing policy can be effectively implemented.

CONNECTED TRANSACTIONS

Our legal department will also be responsible for ensuring that the agreed price of each agreement is valid for no more than two years, and be responsible for prompting the business department to renegotiate the price before the expiration of each agreement to adjust the price periodically. Our business department will annually survey and review the prevailing market price and terms of similar products to ensure our foregoing pricing policy can be effectively implemented. If the survey and review reveal that the agreed prices and terms of the executed agreements are in comparison materially unfavorable with prevailing market prices and terms, the Group will renegotiate with the relevant counterparties to adjust the prices and terms.

Historical amounts, proposed annual caps and basis of proposed annual caps

Set out below are the amount we paid to Jinyuan Suiyang for the purchase of energy medium for the years ended December 31, 2022, 2023 and 2024.

	Historical transaction figures (RMB'000)		
	For the year ended December 31,		
	2022	2023	2024
Purchase from Jinyuan Suiyang	366	57,979	78,178

Note: Our Guizhou Jinze production facility officially began production at the end of June 2023. The transactions between us and Jinyuan Suiyang prior to June 2023 were only for construction and trial operations. For 2024, the transaction amount was more than 2023 mainly due to the increase in production of the Guizhou Jinze production facility from 14,949.58 tons of ethanol in 2023 to 18,046.03 tons of ethanol in 2024.

The proposed annual caps for the transactions contemplated under the Jinyuan Suiyang Cooperation Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are as follows.

	Proposed annual caps (RMB'000)		
	For the year ending December 31,		
	2025	2026	2027
Purchase from Jinyuan Suiyang	87,600	150,000	150,000

The proposed annual caps were determined taking into account factors including:

- (i) the historical transaction amounts and unit prices of the industrial off-gas and energy medium purchased by the Company from Jinyuan Suiyang;
- (ii) the estimated stable average price of energy medium to be charged by Jinyuan Suiyang for the years ending December 31, 2025, 2026 and 2027;

CONNECTED TRANSACTIONS

- (iii) the estimated volume of industrial off-gas and energy medium to be purchased by the Company from Jinyuan Suiyang for the years ending December 31, 2025, 2026 and 2027 based on the existing plan on the productivity of our Guizhou Jinze production facility. We prepared our production plan of our Guizhou Jinze production facility based on the production plan for 2025 and 2026 provided by Jinyuan Suiyang, which indicated their expected volume of industrial off-gas to be produced to increase throughout 2025 and 2026. We also expect that we can boost the capacity utilization rate for ethanol of our Guizhou Jinze production facility to 46%, 72% and 80% for the years ending December 31, 2025, 2026 and 2027, respectively, as compared to the capacity utilization rate of 30% for 2024, considering, the positive prospects of ferroalloy industry and CCUS industry in China, which further details are set out in “Business — Business Sustainability — Path to Profitability”. Therefore, it is expected that the productivity of our Guizhou Jinze production facility, and accordingly, the transaction amounts, will increase throughout 2025 to 2027; and
- (iv) expected inflation and a reasonable buffer.

Our Directors consider that the proposed annual caps for the transactions contemplated under the Jinyuan Suiyang Cooperation Framework Agreement are fair and reasonable.

D. Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement

On January 10, 2023, Shoulang Jiyuan entered into an industrial off-gas sales and purchase agreement (the “**Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement**”) with Jiyuan Metallurgical to regulate the provision of industrial off-gas by Jiyuan Metallurgical to Shoulang Jiyuan, which will end on May 15, 2039, which is the expiry date of the operating term of Shoulang Jiyuan under its current articles. Jiyuan Metallurgical undertook to provide Shoulang Jiyuan with a continuous and stable supply of the industrial off-gas required for the operation of Shoulang Jiyuan. The Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement set out the purchase price of industrial off-gas up to September 30, 2025 and separate agreements will be entered into which will set out the future purchase price and other details of the purchase arrangement within 30 days prior to the expiry on September 30 every two years thereafter in the manner provided in the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement. Pursuant to the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement, Jiyuan Metallurgical shall sell industrial off-gas to us, and, in return, we shall pay Jiyuan Metallurgical for industrial off-gas in accordance with the pricing terms set out below.

CONNECTED TRANSACTIONS

Reasons for the transactions

During our ordinary course of business, we have historically purchased raw materials, mainly industrial off-gas, from Jiyuan Metallurgical for the use in our Shoulang Jiyuan production facility, which has an annual capacity of 45,000 tons of ethanol and 5,000 tons of microbial protein, utilizing ferroalloy off-gas to produce ethanol and protein through bio-fermentation processes. Shoulang Jiyuan production facility officially commenced production in 2022.

Jiyuan Metallurgical is an associate of Jiyuan Junyi, the substantial shareholder of our non-wholly-owned subsidiary, Shoulang Jiyuan. We consider that the cooperation with Jiyuan Junyi and its associates is in the interest of the Group for the following reasons:

- (i) Jiyuan Metallurgical is a ferroalloy smelting service provider, whose business covers the production and sales of ferronickel, silicon-manganese alloy and steel chips, and therefore has an ample supply of industrial off-gas generated from its production process, allowing Shoulang Jiyuan to secure a stable source of raw materials;
- (ii) Shoulang Jiyuan is located in the Jiyuan Metallurgical factory area. Jiyuan Metallurgical is the most appropriate upstream gas supply unit of our Shoulang Jiyuan production facility due to its geographical proximity and the convenient transport of raw materials, which allows Shoulang Jiyuan to procure raw materials in a cost-efficient manner with minimum disruption; and
- (iii) as a result of the strategic relationship between Jiyuan Junyi and our Group, Jiyuan Metallurgical maintains a long-term business relationship with us. Jiyuan Metallurgical is familiar with our technical processes, gas supply requirements, quality standards and production characteristics, and is able to stably and continuously supply industrial off-gas that meets our procurement standards.

Pricing terms and policy

The purchase price payable by Shoulang Jiyuan to Jiyuan Metallurgical under the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement shall be the price of industrial off-gas determined by multiplying the average price of basic electricity price (excluding capacity charge and tax) of the previous year (year refers to the year ended September 30 for the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement) by a certain coefficient which shall be determined according to the actual unit consumption of Jiyuan Metallurgical's power generation units in operation at the time.

CONNECTED TRANSACTIONS

The pricing and other terms in a future purchase agreement following the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement are determined based on arm's length negotiation, and we will only enter into such a future purchase agreement if:

- (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms as compared to the prevailing market price and terms for comparable goods (available from vendors who are independent third parties); and
- (ii) it is in the best interests of our Company and the Shareholders as a whole. Our business department will annually survey and review the prevailing market price and terms of similar goods to ensure our foregoing pricing policy can be effectively implemented.

Our legal department will be responsible for ensuring that the agreed price of each future agreement is valid for no more than two years, and be responsible for prompting the business department to renegotiate the price before the expiration of each agreement to adjust the price periodically. Our business department will annually survey and review the prevailing market price and terms of similar products to ensure our foregoing pricing policy can be effectively implemented. If the survey and review reveal that the agreed prices and terms of the executed agreements are in comparison materially unfavorable with prevailing market prices and terms, the Group will renegotiate with the relevant counterparties to adjust the prices and terms.

Historical amounts, proposed annual caps and basis of proposed annual caps

Set out below are the amount we paid to Jiyuan Metallurgical for the purchase of industrial off-gas for the years ended December 31, 2022, 2023 and 2024.

	Historical transaction figures (RMB'000)		
	For the year ended December 31,		
	2022	2023	2024
Purchase from Jiyuan Metallurgical . .	41,753	41,643	60,909

Note: Shoulang Jiyuan production facility officially commenced production in 2022. In particular, the increase in the transaction amount from RMB41.6 million to RMB60.9 million from 2023 to 2024 was mainly due to the increase in production of Shougang Jiyuan from 13,407.12 tonnes of ethanol in 2023 to 19,549.04 tonnes in 2024.

CONNECTED TRANSACTIONS

The proposed annual caps for the transactions contemplated under the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement for the years ending December 31, 2025, 2026 and 2027 are as follows.

	Proposed annual caps (RMB'000)		
	For the year ending December 31,		
	2025	2026	2027
Purchase from Jiyuan Metallurgical . .	82,000	88,500	94,200

The proposed annual caps were determined taking into account factors including:

- (i) the historical transaction amounts and volume for the Company's purchase of industrial off-gas from Jiyuan Metallurgical;
- (ii) the estimated volume of industrial off-gas to be needed by the Company and the estimated trend of the unit price of the industrial off gas for the years ending December 31, 2025, 2026 and 2027. The expected increase in transaction amount is mainly attributable to the expected increase in the capacity utilization rate for ethanol of Shoulang Jiyuan production facility, which is 70%, 80% and 85% for the years ending December 31, 2025, 2026 and 2027, respectively, as compared to the capacity utilization rate of 43% for 2024, considering the positive prospects of ferroalloy industry and CCUS industry in China, which further details are set out in "Business — Business Sustainability — Path to Profitability"; and
- (iii) expected inflation and a reasonable buffer.

CONNECTED TRANSACTIONS

Our Directors consider that the proposed annual caps for the transactions contemplated under the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement are fair and reasonable.

LISTING RULES IMPLICATIONS

Transaction	Listing Rules implications
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS	
A1. Shougang Group Cooperation Framework Agreement	
1. Sales of goods/supply of services to Shougang Group	Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is expected to exceed 5%, the relevant transactions contemplated under the Shougang Group Cooperation Framework Agreement will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.
2. Purchase of goods and services from Shougang Group	As (i) Shougang Jingtang is an associate of the Shougang Group, and the purchase of goods and services from Shougang Group (i.e., transaction A1.2) and the purchase of goods from Shougang Jingtang (i.e., transaction A2.1) are all transactions between the Company and its subsidiaries and Shougang Group; and (ii) all such transactions are similar in nature, the said transactions may be required to be aggregated pursuant to Rule 14A.83 of the Listing Rules.

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is expected to exceed 5%, the relevant transactions, in aggregation, contemplated under the Shougang Group Cooperation Framework Agreement and Shougang Jingtang Supply Framework Agreement will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

Transaction	Listing Rules implications
A2. Shougang Jingtang Supply Framework Agreement	
1. Purchase of goods from Shougang Group	See analysis in relation to transaction A1.2 above.
B. Shougang Finance Financial Services Framework Agreement	
1. Deposit Services	As (i) the connected transactions under the Shougang Finance Financial Services Framework Agreement (except for the loan services) (i.e., transactions B1, B2(i) and B3) are all transactions between the Company and its subsidiaries and Shougang Finance; and (ii) all such transactions are similar in nature, the said transactions may be required to be aggregated pursuant to Rule 14A.83 of the Listing Rules.
	<p>Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is expected to exceed 5%, the relevant transactions, in aggregation, contemplated under the Shougang Finance Financial Services Framework Agreement will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.</p>
2. Comprehensive Credit Services	
(i) <i>Commercial acceptance bill services:</i>	See analysis in relation to transaction B1 above.

CONNECTED TRANSACTIONS

Transaction	Listing Rules implications
(ii) <i>Loan services:</i>	The loan services under the Comprehensive Credit Services to be provided by Shougang Finance to the Group pursuant to the Shougang Finance Financial Services Framework Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group. As such loan services are expected to be on normal commercial terms which are similar to or more favorable than those offered by other domestic commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.
3. Other Financial Services	See analysis in relation to transaction B1 above.

CONNECTED TRANSACTIONS

Transaction

Listing Rules implications

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

C. Jinyuan Suiyang Cooperation Framework Agreement

Purchase of goods from Jinyuan Suiyang . . . On the basis that Jinyuan Suiyang is a connected person of the Company at the subsidiary level, the Board (including the independent non-executive Directors) has approved the Jinyuan Suiyang Cooperation Framework Agreement and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the terms of the Jinyuan Suiyang Cooperation Framework Agreement are fair and reasonable, on normal commercial terms or better and in the interests of our Company and our Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Jinyuan Suiyang Cooperation Framework Agreement and the transactions contemplated thereunder shall be exempted from circular, independent financial advice and the independent Shareholders' approval requirement.

D. Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement

Purchase of goods from Jiyuan
Metallurgical On the basis that Jiyuan Metallurgical is a connected person of the Company at the subsidiary level, the Board (including the independent non-executive Directors) has approved the Jiyuan Metallurgical Industrial-off Gas Sales and Purchase Agreement and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the terms of the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the interests of our Company and our Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement and the transactions contemplated thereunder shall be exempted from circular, independent financial advice and the independent Shareholders' approval requirement.

CONNECTED TRANSACTIONS

The proposed annual caps set out and discussed in this section headed “Connected Transactions” are produced for the purposes of managing our connected transactions and compliance with Chapter 14A of the Listing Rules; they do not in any way represent, indicate or imply any forecast or projection of our revenue, profitability, financial position or financial performance in the future. Shareholders and investors shall not place any reliance on the above annual caps in assessing the financial position or financial performance of our Group, whether historical or future. Instead, to assess the financial position and financial performance of our Group, Shareholders and investors shall consider carefully all relevant business and financial information contained in this prospectus, in particular, the information in “Business”, “Financial Information” and “Risk Factors” sections of this prospectus and the Accountants’ Report and unaudited pro forma financial information in Appendix I and Appendix II to this prospectus.

WAIVERS

In respect of the partially-exempt continuing connected transactions described above, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

In respect of the non-exempt continuing connected transactions described above, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement, circular and independent shareholders’ approval requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

RULE 14A.52 CONSIDERATIONS

Pursuant to Rule 14A.52 of the Listing Rules, the terms of an agreement for a continuing connected transaction must not exceed three years, except in special circumstances where the nature of the transaction requires a longer period. The transactions contemplated under the Shougang Jingtang Supply Framework Agreement, Jinyuan Suiyang Cooperation Framework Agreement and Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement (collectively, the “**Long Term Framework Agreements**”) are by nature require terms longer than three years for the reasons set out below, on the basis of which our Directors and the Sole Sponsor believe such term arrangements are of normal business practice, justified, appropriate and necessary:

(a) The nature of transactions requires long-term cooperation

- (i) Our Directors consider that sustainable and stable gas and energy supply is crucial for our strain cultivation process. It is particularly important to the Company’s production, the absence of which will have a significant negative impact on the Company’s production. Frost & Sullivan has also confirmed that the continuous and

CONNECTED TRANSACTIONS

stable supply of energy medium and off-gas is the foundation of the strain cultivation, and it is consistent with industry practice for the Company to enter into industrial off-gas and energy medium supply agreements with a term exceeding or equal to 10 years.

- (ii) Shougang Jingtang is controlled by our Controlling Shareholders while Jinyuan Suiyang and Jiyuan Metallurgical are minority shareholders of our subsidiaries or their associates. It is our strategic plan and consensus with these counterparties at time of establishing subsidiaries and constructing our production bases to cooperate with these counter-parties with the capability to supply energy medium and/or off-gas and enter into long-term arrangements to ensure the stable supply of energy medium and/or off-gas. Frost & Sullivan also confirmed that it is industry practice for companies to jointly establish subsidiaries with companies supplying industrial off-gas in the CCUS industry utilizing synthetic biotechnology. Ningyuan New Materials (a minority shareholder holding 5.00% of equity interests in Ningxia Binze) and Binhe SIC (our Pre-IPO investor and a minority shareholder holding 9.09% of equity interests in Ningxia Binze), who are Independent Third Parties, entered into an energy medium supply agreement for a term ending on November 10, 2040, which is far more than three years;
- (iii) our Directors consider that a long contractual arrangement is necessary and critical to the sustainability of our business and to ensure our smooth and continued operations of the relevant production facilities. In particular, it would take substantial costs and time to set up replacements for existing infrastructure via which Shougang Jingtang, Jinyuan Suiyang and Jiyuan Metallurgical supply us with industrial off-gas, and any such replacements would take further time to be adjusted to a desirable level of suitability and stability. It would cause significant disruption to the business operations of the relevant production facilities. On the other hand, it is mutually beneficial to our counterparties for handling off-gas generated from their operations, and concurrently turning into a stable revenue from supplying the industrial off-gas to us. Therefore, long term agreements would be a logical option for both parties. We consider that strict compliance with the Listing Rules requirements in respect of the Long Term Framework Agreements will be unduly burdensome to us, taking into account the nature of the raw material required, both business and operation needs of us and our suppliers, and the potential disruption to our business operations caused by discontinuance of such supply; and
- (iv) our Directors, including our independent non-executive Directors, consider that the Long Term Framework Agreements have been entered into in a manner consistent with our past and established approach and the terms therein are consistent with normal business practices for agreements of a similar nature in the CCUS industry and are in the best interest of our Company and our Shareholders as a whole. The terms of the Long Term Framework Agreements, which are ranging from

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approximately 10 to 15 years, are required by the nature of the transactions. The Long Term Framework Agreements have been entered into in the ordinary and usual course of business of our Company on normal or better commercial terms after arm's length negotiations.

(b) Interest of our Company and our Shareholders not prejudiced

As the transactions contemplated under the Long Term Framework Agreements are essential part for our ordinary course of business, long-term agreements allow the Company to secure stable operations and revenue streams from its various production facilities. Our Directors are of the view that carbon-containing industrial off-gas, which is a raw material we use for production, is not a common raw material; there is a need for our suppliers to be in close geographical proximity to our production bases, and alternative suppliers of which cannot be readily found in the market, and jointly establishing subsidiaries with suppliers and signing long-term contracts with such subsidiaries is an important step for us to secure stable supply. Our continuous business relationships with Shougang Jingtang, Jinyuan Suiyang and Jiyeuan Metallurgical provides an advantage for us to secure our procurement raw materials essential to our business, and therefore it is in the interest of our Company and our Shareholders.

In addition, we will ensure (i) the terms and conditions for the transactions are fair and reasonable and based on normal or no less favourable commercial terms as compared to other suppliers of similar goods who are independent third parties. Internal policies have been established to ensure the pricing of industrial off-gas and energy medium will be continuously reviewed annually. We need to renegotiate with the relevant counterparty to adjust the prices and terms, if the review shows the agreed prices and terms are materially unfavourable with prevailing market prices and terms; and (ii) it is in the best interests of our Company and the Shareholders as a whole, according to the applicable pricing policy and Listing Rules. As such, the Directors do not consider having a term of more than three years would unduly prejudice the interests of the Company and its Shareholders as a whole.

As the Long Term Framework Agreements are in respect of the supply of industrial off-gas and energy medium, the precise volume to be supplied are largely dependent on the productivity of our Group and the counterparties, as suppliers of our Group. As such, as of the date of this prospectus, we do not have sufficiently accurate and certain basis to produce annual caps for the said transactions beyond three years. We will refresh the annual caps for these transactions and comply with the relevant requirements in Chapter 14A before the end of 2027.

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described under "Non-exempt Continuing Connected Transactions" and "Partially-exempt Continuing Connected Transactions" above have been entered into, and will be carried out, (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better terms and in accordance with the respective agreements governing them; (iii) on terms that are fair and reasonable and in the interests of our Company

CONNECTED TRANSACTIONS

and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions under “Non-exempt Continuing Connected Transactions” and “Partially-exempt Continuing Connected Transactions” above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole; and (iv) it is of normal business practice and justified for the Shougang Jingtang Supply Framework Agreement, Jinyuan Suiyang Cooperation Framework Agreement and Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement to be of a term greater than three years.

SOLE SPONSOR’S CONFIRMATION

The Sole Sponsor concurs with our Directors’ view that the continuing connected transactions described under “Non-exempt Continuing Connected Transactions” and “Partially-Exempt Continuing Connected Transactions” above have been entered into, and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better terms; (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; (iv) the proposed annual caps for the continuing connected transactions under “Non-exempt Continuing Connected Transactions” and “Partially-exempt Continuing Connected Transactions” above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole; and (v) it is of normal business practice and justified for the Shougang Jingtang Supply Framework Agreement, Jinyuan Suiyang Cooperation Framework Agreement and Jiyuan Metallurgical Industrial Off-gas Sales and Purchase Agreement to be of a term greater than three years.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of 11 Directors, comprising two executive Directors, five non-executive Directors and four independent non-executive Directors. The following table sets forth certain key information regarding the Directors of our Group:

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Key responsibilities	Relationship with Directors, Supervisors and senior management
Executive Directors						
Ms. Dong Yan (董燕)	63	November 11, 2011	November 11, 2011	Executive Director and general manager	Overseeing overall business and daily management and operations of our Group	None
Mr. Lin Siyu (林思雨) . . .	54	February 2, 2021	February 2, 2021 ^(note)	Executive Director	Overseeing and directing the execution of investment and finance of the Group	None
Non-executive Directors						
Dr. Ma Lishen (馬力深) . . .	44	December 5, 2024	December 5, 2024	Chairman and non-executive Director	Providing recommendations on the strategic development of our Group	None
Dr. Jennifer Holmgren . .	65	November 11, 2011	November 11, 2011	Vice Chairlady and non-executive Director	Providing recommendations on the strategic development of our Group	None
Dr. Wu Bin (吳斌)	52	April 8, 2022	April 8, 2022	Non-executive Director	Providing recommendations on the strategic development of our Group	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Key responsibilities	Relationship with Directors, Supervisors and senior management
Mr. Zhang Dan (張丹)	42	December 5, 2024	December 5, 2024	Non-executive Director	Providing recommendations on the strategic development of our Group	None
Ms. Wang Yan (王妍)	38	December 5, 2024	December 5, 2024	Non-executive Director	Providing recommendations on the strategic development of our Group	None
Independent Non-Executive Directors						
Dr. Hu Shanying (胡山鷹) . . .	59	November 14, 2023	November 14, 2023	Independent Non-executive Director	Supervising and providing independent advice to our Board	None
Dr. Feng Yingang (馮銀剛) . . .	47	April 28, 2023	April 28, 2023	Independent Non-executive Director	Supervising and providing independent advice to our Board	None
Dr. Chen Xin (陳鑫)	49	December 30, 2022	December 30, 2022	Independent Non-executive Director	Supervising and providing independent advice to our Board	None
Mr. Hoong Cheong Thard (孔祥達)	56	December 5, 2024	December 5, 2024	Independent Non-executive Director	Supervising and providing independent advice to our Board	None

Note: Mr. Lin Siyu (林思雨) was re-designated as an executive Director on 27 May 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Dong Yan (董燕), aged 63, is an executive Director and the general manager of our Group. She was appointed as a Director in November 2011, and was re-designated as an executive Director in December 2024. Ms. Dong is primarily responsible for overseeing overall business and daily management and operations of our Group. Ms. Dong has served as our Director and deputy general manager since November 2011, and our general manager since January 2015.

Before joining the Group, Ms. Dong worked at Baotou Research Institute of Rare Earths (包頭稀土研究院) from September 1983 to January 1985. Ms. Dong was employed with Fujian Sangang (Group) Co., Ltd. (福建省三鋼(集團)有限責任公司) from February 1985 to August 1995, with her last position as a rolling mill engineer. She previously served as the director of TANGMING TRADING CO. LIMITED from March 1998 to April 1999 and from September 1999 to September 2005. Ms. Dong has been the chairlady of Tang Ming Group (Wellington) Investment Limited since September 2011. From October 2017 to March 2023, Ms. Dong served as a director at Shoulang Biotechnology. She served as the chairlady of Shoulang Jiyuan from May 2019 to June 2024, and as the chairlady of Ningxia Binze from November 2020 to April 2024. Since September 2020, Ms. Dong has also been a director at Guizhou Jinze.

Ms. Dong received a bachelor's degree in steel rolling from the Xi'an University of Architecture and Technology (西安建築科技大學) (formerly known as the Xi'an Institute of Metallurgy and Architecture) (西安冶金建築大學) in July 1983. Ms. Dong also served as the vice chairlady at the China Chamber of Commerce in New Zealand (新西蘭中國商會) from 2005 to 2008 and from 2015 to 2017.

Mr. Lin Siyu (林思雨), aged 54, is a non-executive Director. He was appointed as a non-executive Director in February 2021 and re-designated as an executive Director in May 2025. Mr. Lin is primarily responsible for overseeing and directing the execution of investment and finance of the Group. He has also been serving as a director of Ningxia Binze since January 2023.

Mr. Lin has over 23 years of enterprise operation and management experience. Mr. Lin worked at Guancheng Daitong Company Limited (冠城大通股份有限公司) from October 2001 to January 2017, with his last position being a vice president. Mr. Lin has been the general manager of Fujian Guancheng Investment Company Limited (福建冠城投資有限公司) since October 2015, and the general manager of Fujian Emerging Industries Investment Management Company Limited (福建省新興產業投資管理有限公司) since December 2015.

Mr. Lin has been the general manager and the legal representative of Fujian Guancheng Asset Management Company Limited (福建冠城資產管理有限公司) ("**Fujian Guancheng**") since October 2015. Fujian Guancheng was subjected to a public reprimand in December 2023 imposed by the Asset Management Association of China (中國證券投資基金業協會) ("**AMAC**") for (i) its lending activities in contravention of certain regulations and measures relating to management of private investment funds, such as the Trial Measures on the

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervision and Management of Private Investment Funds (《私募投資基金監督管理暫行辦法》); (ii) its failure to conduct risk rating for several private equity funds managed by it; and (iii) its failure to arrange custodianship of the fund properties in accordance with the relevant contracts (collectively, the “**Non-compliance Incidents**”). Mr. Lin as the legal representative of Fujian Guancheng, was also subject to public reprimand (the “**Public Reprimand**”) due to the Non-compliance Incidents on the same date. Such Non-compliance Incidents were due to internal control deficiencies of Fujian Guancheng and such internal deficiencies were subsequently rectified. As advised by our PRC Legal Advisor, (i) AMAC is a self-regulatory organization for the securities investment funds industry in the PRC; (ii) the public reprimand does not constitute any administrative penalty in the PRC and it would not affect his eligibility to serve as a director of a PRC company under the PRC Company Law; and (iii) except the Public Reprimand, Mr. Lin has not been subjected to any other administrative penalties or administrative treatment with material impact and legal consequences as a result of the Non-compliance Incidents.

Based on the above, our Directors are of the view that the Public Reprimand does not affect Mr. Lin Siyu’s eligibility to serve as a director. Having considered the views of our Directors above and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on our Directors’ views above in any material respect.

Mr. Lin received a bachelor’s degree in economics from Fuzhou University (福州大學) in July 1993.

Non-executive Directors

Dr. Ma Lishen (馬力深), aged 44, is a non-executive Director and the Chairman of the Board. He was appointed as a non-executive Director and the Chairman of the Board in December 2024. He is primarily responsible for providing recommendations on the strategic development of our Group.

Before joining the Group, Dr. Ma had over ten years of experience in the steel industry. Dr. Ma held various positions within Shougang Group Co., Ltd. (首鋼集團有限公司) (formerly known as Shougang Corporation (首鋼總公司)), including a deputy director of the planning department from December 2012 to December 2015, a senior manager of strategic planning in the strategic development department from December 2015 to August 2016, and a director of strategic planning in the strategic development department from August 2016 to September 2021. He has been the assistant general manager of Shougang Jingtang since September 2021, the general counsel of Shougang Jingtang since June 2022, and a vice chairman of Tangshan Tangcao Railway Company Limited (唐山唐曹鐵路有限公司) since September 2022.

Dr. Ma received a bachelor’s degree in mechanical engineering and automation in July 2002, a master’s degree in materials science and engineering in July 2008 and a doctor of philosophy (PhD) in materials science and engineering in July 2008 from Tsinghua University (清華大學). He became qualified as a certified engineer in October 2008. In June 2023, Dr. Ma obtained the certificate of legal profession qualification of the People’s Republic of China.

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Dr. Jennifer Holmgren, aged 65, is a non-executive Director and the Vice Chairlady of the Board. She is primarily responsible for providing recommendations on the strategic development of our Group. From November 2011 to May 2015, Dr. Jennifer Holmgren served as the Chairlady of the Board.

Before joining the Group, Dr. Jennifer Holmgren was employed with Honeywell International, Inc from June 1987 to June 2010. She previously served as chief executive officer and as a director of LanzaTech NZ, Inc. from April 2010 to February 2023 and has served as the chief executive officer and as director of LanzaTech Global, Inc. (NASDAQ: LNZA) since February 2023. She has also served as the chairlady of LanzaJet, Inc. since November 2018. She served as vice chairlady of Shoulang Biotechnology from October 2016 to April 2023.

Dr. Holmgren received a bachelor's degree in science from Harvey Mudd College in May 1981, a doctor of philosophy (PhD) in chemistry from the University of Illinois at Urbana-Champaign in May 1986, and a master's degree in business administration from the University of Chicago in May 2006.

Dr. Wu Bin (吳斌), aged 52, is a non-executive Director. He was appointed as a non-executive Director in April 2022. Dr. Wu is primarily responsible for providing recommendations on the strategic development of our Group.

Dr. Wu has over 20 years of experience in the financial services field. He has been the general manager of Shanghai Zhongping Guoyu Asset Management Co., Ltd. (上海中平國瑀資產管理有限公司) since August 2016. He has been serving as an independent non-executive director of CMBC Capital Holdings Limited (民銀資本控股有限公司) (a company listed on the Main Board of the Stock Exchange, with stock code: 1141) since June 2017, and Shanghai Lingang Holdings Co., Ltd. (上海臨港控股股份有限公司) (a company listed on the Shanghai Stock Exchange, with stock code: 600848) since September 2021.

Dr. Wu received a bachelor's degree from East China Normal University (華東師範大學) in July 1995, a master's degree from East China University of Political Science and Law (華東政法學院) in June 1998, and a doctor of philosophy (PhD) from Fudan University (復旦大學) in June 2003. He became qualified as a lawyer by Lawyer Qualification Examination Committee of the Ministry of Justice of the PRC (中華人民共和國司法部律師資格審查委員會) in April 1997 and a fund practitioner by Asset Management Association of China (中國證券投資基金業協會) in October 2016.

Mr. Zhang Dan (張丹), aged 42, is a non-executive Director. He was appointed as a non-executive Director in December 2024. Mr. Zhang is primarily responsible for providing recommendations on the strategic development of our Group.

Before joining the Group, Mr. Zhang served as the co-head of general industrial and merger and acquisition of investment banking department of Huatai Financial Holdings (Hong Kong) Limited from January 2018 to March 2023. He joined Beijing Shougang Fund Co., Ltd

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(北京首鋼基金有限公司) in January 2023 as a managing director. He joined Jingxi Holdings Limited (京西控股有限公司) as a deputy general manager in January 2023 and was later promoted to general manager since July 2024. He has served as the general manager of Beijing Shouxi Investment Management Co., Ltd. (北京首熙投資管理有限公司) since October 2023. He has also served as the executive director of Shougang Century Holdings Limited (首佳科技製造有限公司) (a company listed on the Main Board of the Stock Exchange, with stock code: 103) since August 2023.

Mr. Zhang received a bachelor's degree in economics from Beijing University of Technology (北京工業大學) in July 2005 and a master's degree in business administration (MBA) from The University of California, Los Angeles in June 2012. He is currently a responsible officer recognized by the SFC in Hong Kong for engaging in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate governance) regulated activities.

Ms. Wang Yan (王妍), aged 38, is a non-executive Director. She was appointed as a non-executive Director in December 2024. Ms. Wang is responsible for providing recommendations on the strategic development of our Group.

Ms. Wang has been the chairlady of the supervisory board at Tangshan Caofeidian Industrial Port Co. (唐山曹妃甸實業港務有限公司) since May 2019, and the deputy director of the accounting and finance department at Shougang Jingtang since June 2024.

Ms. Wang received a bachelor's degree in financial management from Liaoning University of Science and Technology (遼寧科技大學) in July 2010 and a master's degree in accounting from Beijing Technology and Business University (北京工商大學) in June 2013. She was conferred the professional title of senior accountant by the office of Hebei Province Professional Title Reform Leading Group (河北省職稱改革領導小組辦公室) in December 2022.

Independent Non-Executive Directors

Dr. Hu Shanying (胡山鷹), aged 59, is an independent non-executive Director. He was appointed as an independent Director in November 2023, and was re-designated as an independent non-executive Director in December 2024. Dr. Hu is primarily responsible for supervising and providing independent advice to our Board.

Before joining the Group, Dr. Hu was a lecturer in the department of chemical engineering at Tsinghua University (清華大學) from January 1990 to September 1994, and an associate professor from September 1994 to December 2003. From December 2003 to January 2017, Dr. Hu was the director, professor and doctoral supervisor at the Center for Industrial Ecology, Department of Chemical Engineering at Tsinghua University (清華大學化學工程系生態工業研究中心). Since January 2017, he has been a director, permanent professor, and a doctoral supervisor at the Center for Industrial Ecology, Department of Chemical Engineering

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at Tsinghua University. Dr. Hu has served as an independent non-executive director of Zangge Mining Co., Ltd. (藏格礦業股份有限公司) (a company listed on the Shenzhen Stock Exchange, with stock code: 000408) since August 2022.

Dr. Hu received a bachelor's degree and a doctor of philosophy (PhD) in chemical engineering from Tsinghua University in July 1985 and December 1989, respectively.

Dr. Feng Yingang (馮銀剛), aged 47, is an independent non-executive Director. He was appointed as an independent Director in April 2023, and was re-designated as an independent non-executive Director in December 2024. Dr. Feng is primarily responsible for supervising and providing independent advice to our Board.

Before joining the Group, Dr. Feng served as an associate researcher at the Institute of Biophysics, Chinese Academy of Sciences (中國科學院生物物理研究所) from June 2006 to May 2011. Since June 2011, he has been a researcher at the Qingdao Institute of Bioenergy and Bioprocess Technology, Chinese Academy of Sciences (中國科學院青島生物能源與過程研究所). Dr. Feng has also served as the secretary general of the Biomagnetic Resonance Branch of the Biophysical Society of China (中國生物物理學會生物磁共振分會) since June 2022.

Dr. Feng received a bachelor's degree in physics (biophysics) from Nanjing University (南京大學) in July 1999, and a doctor of philosophy (PhD) in biochemistry and molecular biology from the Institute of Biophysics, Chinese Academy of Sciences (中國科學院生物物理研究所) in August 2004. He attained the qualification of Researcher Level 4 in June 2011 and further attained Researcher Level 3 in December 2019 at Qingdao Institute of Bioenergy and Bioprocess Technology, Chinese Academy of Sciences (中國科學院青島生物能源與過程研究所).

Dr. Chen Xin (陳鑫), aged 49, is an independent non-executive Director. She was appointed as an independent Director in December 2022, and was re-designated as an independent non-executive Director in December 2024. Dr. Chen is primarily responsible for supervising and providing independent advice to our Board.

Before joining the Group, Dr. Chen has served as an independent non-executive director at Dynagreen Environmental Protection Group Co., Ltd. (綠色動力環保集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, with stock code: 1330) from April 2012 to October 2018, where she has held various positions including the chairlady of the remuneration and assessment committee and a member of the audit committee. Dr. Chen has served as an independent non-executive Director at GKHT Medical Technology Co., Ltd. (國科恒泰(北京)醫療科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 301370) since December 2022.

Dr. Chen received a bachelor's degree in law from East China University of Political Science and Law (華東政法學院) in July 1998, a master's degree in law from Peking University (北京大學) in June 2001, and a doctor of philosophy (PhD) in law from Peking University (北京大學) in June 2004. In November 2006, Dr. Chen was designated as an

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associate researcher at the Institute of Law, Chinese Academy of Social Sciences (中國社會科學院法學研究所). In June 2018, she attained the position of researcher at the University of Chinese Academy of Social Sciences (中國社會科學院大學).

Mr. Hoong Cheong Thard (孔祥達), aged 56, is an independent non-executive Director. He was appointed as our independent non-executive Director in December 2024. He is responsible for supervising and providing independent advice to the Board.

Before joining the Group, Mr. Hoong worked at UBS from April 1997 to June 2003 with his last position being an executive director and Deutsche Bank from 2003 to 2006. He was the chief executive officer of China LotSynergy Holdings Limited (which was then listed on GEM of the Hong Kong Stock Exchange but has since transferred its listing to the Main Board of the Hong Kong Stock Exchange and changed its name to China Ecotourism Group Limited) from March 2007 to September 2008, and a non-executive director of China Ecotourism Group Limited (a company listed on the Hong Kong Stock Exchange with stock code: 1371) from September 2008 to June 2017. Mr. Hoong has also been serving as an executive director of the Far East Consortium International Limited (a company listed on the Hong Kong Stock Exchange with stock code: 35) from August 2012 and was also separately redesignated as managing director of Far East Organization (International) Limited, which holds a controlling stake in Far East Consortium International Limited with effect from January 2024. He was a director of AGORA Hospitality Group Co., Ltd. (a company listed on the Tokyo Stock Exchange with stock code: 9704) from March 2009 to March 2017, and a non-executive director of i-CABLE Communications Limited (a company listed on the Hong Kong Stock Exchange with stock code: 1097) from September 2017 to May 2023. Mr. Hoong has been serving as a non-independent and non-executive director of Land & General Berhad (a company listed on the Bursa Malaysia with stock code: 3174) since June 2010, a non-executive director of Palasino Holdings Limited (a company listed on the Hong Kong Stock Exchange with stock code: 2536) since August 2023, and an independent non-executive director of Evergrande Property Services Group Limited (a company listed on the Hong Kong Stock Exchange with stock code: 6666) since May 2025.

Mr. Hoong received a bachelor's degree in mechanical engineering from Imperial College London in August 1989, and has been a member of The Institute of Chartered Accountants in England and Wales (ICAEW) since December 1992.

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SUPERVISORS

The Board of Supervisors consists of three Supervisors. The following table sets forth the key information about our Supervisors:

Name	Age	Date of joining our Group	Date of appointment as a Supervisor	Position	Key responsibilities	Relationship with Directors, Supervisors and senior management
Mr. Zhao Yucheng (趙玉成) . . .	55	March 9, 2020	March 9, 2020	Supervisor and Chairman of the Board of Supervisors	Supervising the Board and overseeing our operations	None
Ms. Xing Fei (邢菲)	43	September 1, 2020	November 5, 2021	Supervisor	Supervising the Board and overseeing our operations	None
Ms. Zhang Ling (張玲) .	37	March 23, 2015	May 9, 2024	Supervisor	Supervising the financial management of our Group	None

Mr. Zhao Yucheng (趙玉成), aged 55, is a Supervisor and the Chairman of the Board of Supervisors. He has been appointed as a Supervisor and the Chairman of the Board of Supervisors since March 2020. He is primarily responsible for supervising the Board and overseeing our operations.

Mr. Zhao worked at Shougang Mining Company (首鋼礦業公司) (currently known as Shougang Group Co., Ltd. Mining Company (首鋼集團有限公司礦業公司)) as the head of the enterprise management department from August 2005 to December 2007. He then served as a supervisor and director of the integrated business department at Beijing Shoukuang Engineering Technology Co., Ltd. (北京首礦工程技術有限公司) from August 2008 to May 2010. From May 2010 to January 2015, Mr. Zhao worked at Anhui Shougang Dachang Metal Materials Co., Ltd. (安徽首鋼大昌金屬材料有限公司), where he served as the board secretary, head of human resources and the head of security. He was the director of legal affairs (tender management) at the smart operations department of Shougang Jingtang from July 2018 to July 2023, and has been the chairman of the supervisory board at Tangshan Shougang Jingtang Xishan Coking Co., Ltd. (唐山首鋼京唐西山焦化有限責任公司) since July 2018.

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Mr. Zhao obtained a master's degree in business administration (MBA) from Beijing Jiaotong University (北京交通大學) in July 2009, and graduated from Hebei University (河北大學) in December 2002 through a self-taught education program.

Ms. Xing Fei (邢菲), aged 43, is a Supervisor. Ms. Xing joined our Group as a sales specialist in September 2020 and was appointed as a Supervisor in November 2021. She is primarily responsible for supervising the Board and overseeing our operations.

Before joining the Group, Ms. Xing worked at as a cost accountant at Beijing Maichuang Medical Device Sales Co., Ltd. (北京邁創醫療器械銷售有限公司) from October 2017 to August 2020. Since April 2021, she has also served as a supervisor at Guizhou Jinze.

Ms. Xing received a diploma in computer numerical control technology from North China University of Technology (北方工業大學) in July 2002.

Ms. Zhang Ling (張玲), aged 37, is a Supervisor. She was appointed as a Supervisor in May 2024. Ms. Zhang is primarily responsible for supervising the financial management of our Group. From March 2015 to November 2020, Ms. Zhang served as a financial accountant of our Group. She also worked as the financial manager at Ningxia Binze from December 2020 to December 2023. Since January 2024, Ms. Zhang has served as the treasurer of our Company.

Before joining the Group, Ms. Zhang worked as an accountant at Beijing Century Boai Hospital Research Institute Co., Ltd. (北京世紀博愛醫學研究所股份有限公司) from November 2011 to December 2014.

Ms. Zhang received a bachelor's degree in accounting from Beijing City University (北京城市學院) in June 2009, and she qualified as an intermediate accountant in September 2021.

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SENIOR MANAGEMENT

The following table set forth the key information of our senior management:

Name	Age	Date of joining our Group	Date of appointment as a senior management	Position	Key responsibilities	Relationship with Directors, Supervisors and senior management
Ms. Dong Yan (董燕)	63	November 11, 2011	November 11, 2011	Executive Director and general manager	Overseeing overall business and daily management and operations of our Group	None
Dr. Chao Wei (晁偉)	42	March 16, 2015	November 5, 2021	Deputy general manager and board secretary	Overseeing our Group's listing, technological innovation, strategic development and day-to-day management	None
Mr. Zhao Yifeng (趙毅鋒) . . .	54	May 1, 2020	May 28, 2020	Chief financial officer	Overseeing the overall financial management of our Group	None
Mr. Song Qingkun (宋慶坤) . . .	45	November 6, 2016	January 30, 2022	Deputy general manager	Overseeing our Group's production and operations management	None
Mr. Jia Wei (賈偉)	38	May 21, 2012	September 23, 2024	Deputy general manager	Supervising and management of our Group's operation in the northwest region	None

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Name	Age	Date of joining our Group	Date of appointment as a senior management	Position	Key responsibilities	Relationship with Directors, Supervisors and senior management
Mr. Chen Chao Chao (陳超超) . . .	39	August 9, 2017	September 23, 2024	Deputy general manager and head of global sales	Overseeing our Group's international and domestic sales and our Group's operation in the southwest region	None

Ms. Dong Yan (董燕), aged 63, is an executive Director and the general manager of our Group. Please refer to “— Directors — Executive Directors” for further details on her biography.

Dr. Chao Wei (晁偉), aged 42, is a deputy general manager and board secretary of our Group. Dr. Chao joined our Group in March 2015. He was appointed as the deputy general manager of our Group in November 2021, and began serving as our board secretary in January 2023. He is primarily responsible for overseeing our Group's listing, technological innovation, strategic development and day-to-day management. Before joining our Group, Dr. Chao worked at Shougang Research Institute of Technology (首鋼技術研究院) from July 2008 to February 2015.

Dr. Chao received a bachelor's degree in applied chemistry from Yantai University (煙台大學) in July 2003, and a doctor of philosophy (PhD) in physical chemistry from Peking University (北京大學) in July 2008. He qualified as a certified senior engineer in coking engineering in June 2014. He has been a member of the Special Committee of Carbon Biotechnology of the Chinese Society of Bioengineering (中國生物工程學會—碳生物技術專委會委員) since January 2024.

Mr. Zhao Yifeng (趙毅鋒), aged 54, is the chief financial officer of our Group. He was appointed as the chief financial officer of our Company since May 2020. He is primarily responsible overseeing the overall financial management of our Group.

Prior to Mr. Zhao serving as our chief financial officer, he worked at Shougang Supply and Marketing Committee (首鋼生供委) as a procurement and inventory accountant from August 1993 to July 1995. He then served in the finance department at Shougang Group Co., Ltd. as a cost manager in the steel division from August 1995 to May 1997. From May 1997 to March 2005, Mr. Zhao was a cost accountant at Shougang Third Steel Plant (首鋼第三煉鋼廠). He continued as a cost accountant in the finance department at Shougang Jingtang from April 2008 to January 2013, a procurement accountant for raw materials from January to September 2013, and a general administrator of transportation settlement in the finance department from September 2013 to March 2016. From March 2016 to March 2020, he

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successively held various positions at Shougang Jingtang, including serving as an assistant to the director of the accounting Division of the finance department, the director of the accounting management office of the finance department and the director of the finance office of the coking operations department. Since May 2020, he has been the chief financial officer at Hebei Shoulang.

Mr. Zhao graduated from Beijing Professional Business Institute (北京經貿職業學院) (formerly known as China Society University (中華社會大學)) in July 1991, and graduated from the Open University of China (國家開放大學) (formerly known as the Central Radio and Television University (中央廣播電視大學)) in July 2007. He obtained an accountant qualification in May 1997.

Mr. Song Qingkun (宋慶坤), aged 45, is a deputy general manager of our Group. He is primarily responsible for overseeing our Group's production and operations management. Mr. Song joined our Group in November 2016 and has served as our deputy general manager since January 2022.

From March 2010 to October 2016, Mr. Song worked at ZTE Energy (Inner Mongolia) Company Limited. (中興能源(內蒙古)有限公司), where he served as a deputy chief engineer. Since November 1, 2019, he has served as the general manager of Hebei Shoulang.

Mr. Song received a bachelor's degree in bioengineering from Shandong Vocational College of Light Industry (山東輕工業學院) by way of correspondence in January 2009. He further obtained a senior engineer certification in chemical engineering in November 2024. Mr. Song was awarded with the first prize for scientific and technological achievements from Shougang Group Co., Ltd., in March 2021 and the second prize for management innovation achievements from Shougang Group Co., Ltd. in February 2022. Mr. Song was also awarded with the second prize for metallurgical scientific and technological progress from the Hebei Province Society for Metals (河北省金屬學會) in July 2022 and was honoured as a labor model of Shougang Group Co., Ltd. for the year 2023 in April 2024.

Mr. Jia Wei (賈偉), aged 38, is a deputy general manager of our Group, responsible for supervising and management of our Group's operation in the northwest region, with focus on two companies in Ningxia, in addition to being responsible for the expansion and construction of new projects in the Northwest regions of the PRC. Mr. Jia joined our Group in May 2012 and was appointed to senior management in September 2024.

From May 2019 to November 2020, he served as the deputy general manager at Shoulang Jiyuan, overseeing the equipment automation, technology quality, and general departments. In November 2020, he became the director and general manager of Ningxia Binze, managing its overall operations. As of March 2024, he also took on the role of chairman at Shoulang Jiyuan. Since November 2022, he has acted as the representative for the northwest region, managing operations for both companies in that area.

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Mr. Jia served as the onsite leader for the 300T pilot project of our Company from May 2012 to June 2013. He was later assigned to Hebei Shoulang from July 2013 to May 2019, where he took on roles including deputy director of the general office, director, assistant to the general manager, and the concurrent roles of head of the storage and transportation department, the head of equipment automation, the director of the research and development centre, and a supervisor of the technology department and later as deputy general manager.

His contributions have been recognized with various honors, including being named an honorary lecturer for the “High-Quality Development of Industrial Economy” training course by Pingluo County Industry and Information Technology Bureau (平羅縣工業和信息化局) in July 2020, receiving the second prize in the Shougang Management Innovation Awards in February 2022, and being recognized as an excellent talent in Pingluo County in December 2023. He was also awarded as an “Advanced Employee for the Year 2023” by Shougang Jingtang in April 2024.

Mr. Jia received a bachelor’s degree of engineering in electrical engineering and automation from China University of Mining and Technology (中國礦業大學) in June 2010.

Mr. Chen Chao Chao (陳超超), aged 39, is a deputy general manager and head of global sales, where he oversees our Group’s international and domestic sales, and our Group’s operation in the southwest region. Mr. Chen joined our Group in August 2017 and was appointed to senior management in September 2024.

Prior to joining our Group, Mr. Chen was a researcher at the Shougang Research Institute of Technology (首鋼技術研究院) from July 2010 to July 2017. From August 2017, he held various positions in the Company, including marketing supervisor, director of the procurement and sales trading center, and sales director until September 2024. In January 2021, he was assigned to Guizhou Jinze as a director and general manager, responsible for Guizhou Jinze’s daily operations. In his current role as deputy general manager and global sales head at the Company, he oversees both domestic and international sales operations and manages production and operations in the Southwest region, including project development and work related to Guizhou Jinze.

Mr. Chen received a bachelor’s degree in automation from Qufu Normal University (曲阜師範大學) in July 2007 and a master’s degree in mechanical manufacturing and automation from North China University of Technology (北方工業大學) in July 2010.

OTHER INFORMATION

Except as disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors, Supervisors and members of the senior management (i) is related to other Directors, Supervisors and members of the senior management; (ii) does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date; and (iii) has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Except as disclosed above and the paragraph headed “Further Information about Our Directors, Supervisors and Substantial Shareholders” in Appendix VI to this prospectus, each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in December 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules; and (iii) he/she has no interest in the Shares within the meaning of Part XV of the SFO.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

Resignation of Directors and a Supervisor During the Track Record Period

For the three years ended 31 December 2022, 2023 and 2024, there were three, three, and four former Directors resigned as Directors on voluntary and amicable basis. Five of the former Directors resigned due to change in work arrangement of our shareholders as they were Directors nominated by the respective shareholder; while the remaining five former Directors were independent Directors and they resigned due to personal reason. All of them did not perform an executive role in the Company. To the best of our Director’s knowledge and belief, there is no dispute and/or disagreement between any of the former Directors and the Group and/or the Board and that there are no matters in relation to their resignation that need to be brought to the attention of our Shareholders.

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During the Track Record Period, there was one former Supervisor resigned as a Supervisor on voluntary and amicable basis due to personal reason. To the best of our Director's knowledge and belief, there is no dispute and/or disagreement between the former Supervisor and the Group and/or the Board and that there are no matters in relation to his resignation that need to be brought to the attention of our Shareholders.

JOINT COMPANY SECRETARIES

Ms. Zhang Ke (張珂) was appointed as one of our joint company secretaries in December 2024 with effect from December 30, 2024. Ms. Zhang does not possess the formal qualifications required for a company secretary under Rule 3.28 of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang may be appointed as a joint company secretary of the Company. Please refer to "Waivers from Strict Compliance with the Listing Rules — Waiver in Respect of Joint Company Secretaries" for further details.

Ms. Zhang has 12 years of experience working in various roles in the corporate service, compliance and investment related fields. Ms. Zhang served as an industry analyst at China Great Wall Securities Co., Ltd. (長城證券股份有限公司) from September 2012 to April 2016. She joined Beijing Taikong Works Culture Development Co., Ltd. (北京華映星球文化發展股份有限公司) (a company previously listed on NEEQ with stock code: 836846) as the director of investor relationship from May 2016 to March 2017 and as the secretary of the board from August 2016. From April 2017 to February 2019, she held the roles of secretary of the board and deputy general manager at Great Wall Movie and Television Co., Ltd (長城影視股份有限公司) (a company previously listed on the Shenzhen Stock Exchange with stock code: 002071). From December 2020 to July 2024, Ms. Zhang has served as the secretary of the board at Beijing Nicefilm Technology Co., Ltd. (北京耐飛科技有限公司). She holds several qualifications, including a legal professional qualification certificate and certifications as a secretary of the board from both the Shanghai and Shenzhen stock exchanges. She was awarded the 12th China Listed Company Selection of Outstanding Secretary of the Board of Small and Medium-Sized Board Listed Companies (第十二屆中國上市公司價值評選中小板上市公司優秀董秘).

Ms. Chu Cheuk Ting (朱卓婷) was appointed as one of our joint company secretaries in December 2024 with effect from December 30, 2024. Ms. Chu currently serves a manager of the listing services department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 12 years of experience in the corporate service field. Ms. Chu is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Chu holds a bachelor of arts degree from The Hong Kong Polytechnic University and a master of science in professional accounting and corporate governance from the City University of Hong Kong.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, the Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business and operations of the Group are conducted in China, members of our senior management are, and are expected to continue to be, based in China. Further, as our executive Directors have a vital role in the Group's operations, it is crucial for them to maintain close contact with the Group's core management located in China. The Company does not, and, in the foreseeable future, will not have sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. Please refer to "Waivers from Strict Compliance with the Listing Rules — Management Presence in Hong Kong" for further details.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules. The Company is committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Company is also of the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Committees

The Company has established four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee.

Audit Committee

The Company established the Audit Committee, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.4 and D.3 of Part 2 of the CG Code, as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members: Mr. Hoong Cheong Thard (孔祥達), Dr. Hu Shanying (胡山鷹) and Dr. Feng Yingang (馮銀剛). Mr. Hoong Cheong Thard (孔祥達) serves as the chairperson of the Audit Committee and is an independent non-executive Director with the appropriate professional

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

qualifications required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary responsibilities of the Audit Committee include, but are not limited to, the following:

- providing independent insights on the effectiveness of the Company's financial reporting system, risk management, and internal control processes;
- overseeing the audit process and developing and reviewing relevant policies;
- proposing the appointment or change of external auditors, monitoring their independence, and advising the Board on their appointment, reappointment, removal, and compensation terms;
- establishing and implementing policies on non-audit services provided by external auditors;
- guiding internal audit work and internal training;
- examining the Company's financial information and reviewing financial reports and statements;
- assessing the effectiveness of internal controls;
- reviewing continuing connected transactions for compliance;
- facilitating communication among management, the internal audit department, relevant departments, and external audit agencies; and
- addressing other matters authorized by the Board or relevant laws and regulations.

Nomination Committee

The Company established the Nomination Committee, with written terms of reference that comply with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the CG Code, as outlined in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members: Ms. Dong Yan (董燕), Dr. Feng Yingang (馮銀剛) and Dr. Chen Xin (陳鑫), with Dr. Feng Yingang (馮銀剛) appointed as the chairperson. The primary responsibilities of the Nomination Committee include, but are not limited to, the following:

- making recommendations to the Board regarding the size and composition of the Board based on the Company's business operations, asset scale, and equity structure;
- researching and developing standards and procedures for the election of Board members, general managers, and senior management, and providing recommendations to the Board;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- conducting thorough searches to identify suitable candidates for Directors, general managers, and other senior management positions;
- evaluating candidates for the Board, general manager, and senior management, and making recommendations to the Board;
- assessing and reviewing the independence of independent non-executive Directors in accordance with the provisions of the Listing Rules;
- evaluating the number of other listed company directorships held by candidates nominated as independent non-executive directors;
- developing a policy on board diversity and overseeing relevant disclosures in the corporate governance report; and
- addressing other matters as authorized by the Board.

Remuneration and Appraisal Committee

The Company established the Remuneration and Appraisal Committee, with written terms of reference that comply with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the CG Code, as outlined in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three members: Dr. Chen Xin (陳鑫), Mr. Lin Siyu (林思雨) and Dr. Hu Shanying (胡山鷹), with Dr. Chen Xin (陳鑫) appointed as the chairperson. The primary responsibilities of the Remuneration and Appraisal Committee include:

- establishing and reviewing the policy and structure for the remuneration of Directors and senior management, and making recommendations to the Board regarding the terms of remuneration packages, bonuses, and other compensation;
- formulating individual remuneration plans for Directors and senior management based on job responsibilities, the significance of their positions, and remuneration benchmarks from comparable companies;
- examining the performance evaluation criteria for Directors and senior management, as well as conducting annual performance evaluations;
- supervising the implementation of the Company's remuneration plan;
- reviewing and approving compensation arrangements for directors and senior management in cases of loss or termination of office or appointment, as well as dismissal or removal due to misconduct, ensuring that such compensation is consistent with contractual terms;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- advising shareholders on voting for service contracts, including the evaluation of their fairness and assessing alignment with the company's interests; and
- addressing other matters as authorized by the Board.

Strategy Committee

The Company established a strategy committee with written terms of reference. The Strategy Committee consists of Dr. Ma Lishen (馬力深), Ms. Dong Yan (董燕) and Mr. Hoong Cheong Thard (孔祥達), with Dr. Ma Lishen (馬力深) being the chairperson of the committee. The primary duties of the Strategy Committee are to formulate, evaluate and facilitate long-term development strategies and major investment decisions of our Group, which includes, amongst other things:

- evaluating and advising on our long-term strategic plans and other significant matters that may affect our development strategies;
- reviewing and proposing major investment and financing plans that require Board approval, including comprehensive credit, loans, credit and bill financing, and issuing guarantees;
- researching and advising on major capital operations and asset management projects that require Board approval, such as company listings, introducing investors, establishing new wholly-owned enterprises, joint ventures, mergers, equity acquisitions, transfers, and capital adjustments;
- monitoring the implementation of the above matters; and
- performing other duties conferred by our Board.

BOARD DIVERSITY POLICY

The Company has implemented a board diversity policy that outlines the approach to achieving diversity on the Board. The Company recognizes the benefits of having a diverse Board and believes that increasing diversity at the Board level is key to reaching its strategic goals and promoting sustainable development.

To foster Board diversity, the Company considers a range of factors, including talents, skills, gender, age, ethnicity, experience, independence, and knowledge. We are dedicated to enhancing gender diversity across all levels of the Company. When selecting potential Board candidates, the focus is on merit and their potential contributions to the Board, while also taking into account the board diversity policy and other relevant factors. The Company will assess our own business model and specific needs as we evolve. All Board appointments will be based on merit, with candidates evaluated against objective criteria, taking into account the advantages of diversity.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

After Listing, the Nomination Committee will regularly review the board diversity policy and its effectiveness. This information will be included in the corporate governance report as required by the Listing Rules following the Listing.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor (“**Compliance Advisor**”) pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise the Company, among others, in the following circumstances:

- a. before the publication of any regulatory announcement, circular or financial report;
- b. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- c. where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of the Group deviate from any forecast, estimate or other data in this prospectus; and
- d. where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, our Compliance Advisor will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor of the Company will also inform us of any amendment and supplement to applicable laws and standards.

The term of appointment of the Compliance Advisor shall 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 the distribution of our financial results for the first full financial year commencing after the Listing Date.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management members who receive emolument from the Company are remunerated in forms of salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions and social welfare.

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Directors amounted to RMB1.8 million, RMB1.8 million and RMB2.1 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Supervisors amounted to RMB0.3 million, RMB0.4 million and RMB0.5 million, respectively.

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our key management personnel amounted to RMB2.2 million, RMB2.2 million and RMB2.5 million, respectively.

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to the five highest paid individuals (excluding Director and chief executive) to RMB3.3 million, RMB3.3 million and RMB3.7 million, respectively.

Under the arrangement currently in force, the Company expects that the total remuneration (excluding year-end bonuses) to be paid to our Directors and Supervisors by the Company for the year ending December 31, 2025 will be approximately RMB1.5 million and RMB0.4 million, respectively.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors or Supervisors waived any remuneration during the relevant period.

The remuneration of our Directors, Supervisors and senior management is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company. Fixed remuneration is determined with reference to the remuneration data provided by the professional management consultation company and position of the Company among its major competitors.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Shougang Group was directly interested in approximately 26.54% of the total issued share capital of our Company; (ii) NZ Tang Ming was directly interested in approximately 9.48% of the total issued share capital of our Company; and (iii) Caofeidian Fund was directly interested in approximately 3.54% of the total issued share capital of our Company. It is expected that Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi will constitute a group of Controlling Shareholders of our Company upon Listing.

Shougang Group is a state-owned enterprise established in the PRC and a substantial Shareholder. It is ultimately owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. It is principally engaged in a wide variety of businesses such as steel industry, mining, machinery and equipment development, electronics, building, real estate, and related services.

NZ Tang Ming is a limited liability company incorporated under the laws of New Zealand, which is principally engaged in equity investment. As of the Latest Practicable Date, NZ Tang Ming was owned as to 65.57% by Ms. Dong, our executive Director, 30.89% by Shouye Xinyuan and 3.54% by Ms. Ye. Shouye Xinyuan is a subsidiary of Beijing Changfazhan Assets Operation And Management Company Limited (北京昌發展產業運營管理股份有限公司), which is listed on NEEQ (Stock code: 873943) and it is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Changping District. Shouye Xinyuan is principally engaged in the operation of Xinyuan technology Park (新元科技園) and it is not a special purpose vehicle for the investment in our Company.

Caofeidian Fund is a limited partnership established in the PRC, and is a private equity investment fund owned as to 72.00% of its economic interest by Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司), a wholly-owned subsidiary of Shougang Group, approximately 3.00% by Shoucheng Rongshi and 25.00% by Hebei Jicai Industry Guidance Equity Investment Fund Co., Ltd. (河北省冀財產業引導股權投資基金有限公司), a limited liability company ultimately controlled by the Department of Finance of Hebei Province. Caofeidian Fund is managed by its general partner and executive partner Shoucheng Rongshi which is wholly-owned by Shoucheng Holdings Limited (首程控股有限公司) (“**Shoucheng Holdings**”), a company listed on the Stock Exchange (stock code: 0697). As of the Latest Practicable Date, Shougang Group (together with its associates) was interested in approximately 24.95% in Shoucheng Holdings. As disclosed in the latest annual report of Shoucheng Holdings for the year ended December 31, 2024, Shougang Group was its single largest shareholder and able to exert significant influence on Shoucheng Holdings. Shoucheng Rongshi is principally engaged in private fund management services and it is not a special purpose vehicle for the investment in our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Pursuant to concert party agreements dated February 26, 2020 and December 21, 2022 entered into by and between Shougang Group and NZ Tang Ming, the parties acknowledged that (i) they shall consult each other in respect of the decision making relating to the business operation and corporate governance of the Company and reach consensus before voting unanimously at the general meetings or board meetings of the Company, and (ii) where consensus cannot be reached between the parties, NZ Tang Ming shall follow the instruction of Shougang Group.

Accordingly, as of the Latest Practicable Date, Shougang Group was able to exercise approximately 39.56% of the voting rights in the Company through (i) a direct interest of approximately 26.54% in the Company; (ii) an interest of approximately 9.48% directly held by NZ Tang Ming; (iii) Shougang Group and NZ Tang Ming, together with shareholders of NZ Tang Ming, namely, Ms. Dong, Ms. Ye and Shouye Xinyuan, are parties acting-in-concert; and (iv) an interest of approximately 3.54% directly held by Caofeidian Fund. Accordingly, Shougang Group, NZ Tang Ming, Ms. Dong, Ms. Ye, Shouye Xinyuan, Caofeidian Fund and Shoucheng Rongshi constitute a group of controlling shareholders (as defined under the Listing Rules) of our Company before Listing. Immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), our group of Controlling Shareholders will be interested in and control approximately 37.46% of the total issued share capital of our Company and it is expected that they will remain as a group of controlling shareholders (as defined under the Listing Rules) of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Controlling Shareholders and their close associates after the Listing, taking into account the factors below.

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board consists of 11 Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for a long time and/or have substantial experience in the industry in which we are engaged.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Save as described in the following table, none of our Directors, Supervisors or senior management has any other roles within the Controlling Shareholders.

Name	Position(s) held in our Company	Position(s) held within the Controlling Shareholders
Ms. Dong Yan (董燕)	<ul style="list-style-type: none"> • executive Director and the general manager of our Group 	<ul style="list-style-type: none"> • Director of NZ Tang Ming
Dr. Ma Lishen (馬力深).	<ul style="list-style-type: none"> • non-executive Director and the Chairman of the Board 	<ul style="list-style-type: none"> • assistant general manager and general counsel of Shougang Jingtang
Mr. Zhang Dan (張丹)	<ul style="list-style-type: none"> • non-executive Director 	<ul style="list-style-type: none"> • general manager of the merger and acquisition department of Beijing Shougang Fund Co., Ltd (北京首鋼基金有限公司) • deputy general manager of Jingxi Holdings Limited (京西控股有限公司) • executive director of Shougang Century Holdings Limited (首佳科技製造有限公司)
Ms. Wang Yan (王妍)	<ul style="list-style-type: none"> • non-executive Director 	<ul style="list-style-type: none"> • chairlady of the supervisory board at Tangshan Caofeidian Industrial Port Co. (唐山曹妃甸實業港務有限公司) • deputy director of the accounting and finance department at Shougang Jingtang

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name	Position(s) held in our Company	Position(s) held within the Controlling Shareholders
Mr. Zhao Yucheng (趙玉成)	<ul style="list-style-type: none"> Supervisor and the Chairman of the Board of Supervisors 	<ul style="list-style-type: none"> the director of legal affairs (tender management) at the smart operations department of Shougang Jingtang the chairman of the supervisory board at Tangshan Shougang Jingtang Xishan Coking Co., Ltd. (唐山首鋼京唐西山焦化有限責任公司)

Our executive Director, Ms. Dong, is a director of NZ Tang Ming. Our Directors consider that her role in NZ Tang Ming did not and will not affect our management independence as (i) the principal business of NZ Tang Ming is equity investment, which do not have other substantial business activities related to our Group's operations, and (ii) she devoted and will continue to devote sufficient time to discharge her duties as our executive Director and her position in NZ Tang Ming is not expected to affect her commitment to oversee and manage our business operations. Our another executive Director, Mr. Lin Siyu, does not have any roles with our Controlling Shareholders. For other Directors who have roles with our Controlling Shareholders, all of them are non-executive Directors who are not involved in our day-to-day operations. None of our senior management have any roles with our Controlling Shareholders. Hence, we have sufficient management team members who do not hold any position in our Controlling Shareholders and/or their close associates, and are independent and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group.

Furthermore, our Directors consider that our Directors, Supervisors and senior management will function independently of our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. Please refer to "Directors, Supervisors and Senior Management" for details on the industry experience of our senior management team;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) we have four independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting. As such, Ms. Dong will not vote on those matters or transactions relating to any of our group of Controlling Shareholders which would give rise to any potential conflicts of interest at Board meetings and she would not be counted towards the quorum at the relevant meetings. Mr. Lin Siyu, our executive Director, and other Directors, who do not have any roles in the group of Controlling Shareholders, will count towards the quorum at the relevant meeting and vote on such matters or transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. Please refer to “— Corporate Governance” for further details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the Listing.

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

During the Track Record Period, Shougang Group was both of our customer and suppliers. We primarily purchased carbon-containing industrial off-gas and energy medium from Shougang Jingtang, a subsidiary of Shougang Group, during the Track Record Period while we also sold them biogas. In 2022, 2023 and 2024, our purchases from Shougang Jingtang accounted for 45.1%, 27.3% and 23.6%, respectively, of our total purchases, and our total sales to Shougang Jingtang accounted for 1.7%, 0.9% and 1.0%, respectively, of our

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

revenue. Please refer to “Business — Overlapping of Major Customers and Suppliers” for further details. We entered into a long-term supply arrangement with Shougang Jingtang to ensure a stable and uninterrupted supply of carbon-containing industrial off-gas for our production process. We believe such arrangement reflects our mutual benefits. For our operations, it ensures the stability of critical raw material supplies. For Shougang Jingtang, it provides an effective channel for managing carbon-containing industrial off-gas generated from its operations while converting it into a stable revenue stream. We also entered into long-term lease agreements with Shougang Jingtang in relation to the land and certain buildings for our Hebei Shoulang Phase I production facilities. According to Frost & Sullivan, it is a common industry practice for production enterprises to establish production facilities near key raw material suppliers. This approach facilitates cost-efficient operations and logistical convenience while fostering mutual reliance and benefits between the production enterprises and their suppliers. We consider our relationship with Shougang Jingtang would not give rise to any material risk to our Group as we consider the relationship between our Group and Shougang Jingtang to be one of mutual reliance and beneficial to each other, and unlikely to be materially and adversely changed or terminated.

During the Track Record Period, we also procured services and purchased parts and equipment from Shougang Group in our ordinary course of business. We generally need to procure goods such as, equipment and spare parts, and services such as construction services, testing and inspection services and other general services. These goods and services are readily available in the market, but the prices offered by Shougang Group and its associates have been competitive, and we consider that Shougang Group and its associates have respectable experience and reputation in their respective areas of businesses, solid financial standing and have demonstrated themselves to be reliable suppliers of the Group over the past years. In 2022, 2023 and 2024, our purchases from Shougang Group (other than Shougang Jingtang) accounted for approximately 0.9%, 0.9% and 1.1%, respectively, of our total purchase of goods and services, property, plant and equipment, and intangible assets.

Our sales to and our purchases from Shougang Group and its close associates as mentioned above are expected to continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — A1. Shougang Group Cooperation Framework Agreement” and “Connected Transactions — Non-exempt Continuing Connected Transactions — A2. Shougang Jingtang Supply Framework Agreement” for further details. Such transactions are entered into in the ordinary and usual course of our business and our Directors confirm that the terms of such transactions are determined at arm’s length negotiations and are no less favorable to our Company than terms offered by independent third parties. Our Directors believe that the continuing connected transactions between our Company and our Controlling Shareholders and/or their close associates do not indicate any undue reliance by our Company on our Controlling Shareholders and are beneficial to our Company and our Shareholders as a whole.

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function.

We do not expect to rely on the Controlling Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities as well as the proceeds from the Global Offering. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates.

We have been receiving financial services from an associate of our Controlling Shareholders, including (i) deposit services; (ii) comprehensive credit services; and (iii) other financial services, which will continue to be provided by the associate of our Controlling Shareholders to the Group after the Listing. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — B. Shougang Finance Financial Services Framework Agreement” for further details. The financial services provided by the associate of our Controlling Shareholders are favorable to our Company and the financial services arrangements within Chinese state-owned enterprises group are common in the PRC. Our Directors consider the financial services arrangements are reasonable and are in the interests of the Company and the Shareholders as a whole.

For each of the years ended December 31, 2022, 2023 and 2024, we obtained new borrowings from Shougang Finance amounted to RMB200.0 million, nil, RMB80.0 million, respectively. Please refer to Note 33 to the Accountants' Report in Appendix I to this prospectus for further details. Subsequent to the Track Record Period and up to the Latest Practicable Date, we obtained new borrowings from Shougang Finance amounted to RMB50.0 million. As at the Latest Practicable Date, the amount due to Shougang Finance for interest-bearing bank and other borrowings amounted to RMB330.0 million. These borrowings were not and are not secured by the assets of the Group. We do not plan to settle these borrowings before the Listing. Our Directors believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders in view of our Group's financial position, cash flow generation and level of liquid assets following the Listing as well as its ability to raise funds on a standalone basis. We have established long-term business relationships with relevant commercial banks in the PRC, and we believe we are able to obtain bank credit facilities from commercial banks on competitive terms to finance our business and development needs. To demonstrate that our Group does not rely on our Controlling Shareholders, as of April 30, 2025, we had unutilized credit facilities in an aggregate amount of RMB1,651.0 million, which can be used to cover the outstanding amounts of borrowings from the Controlling Shareholders. These credit facilities were at a market interest on a standalone basis without any credit support from the Controlling Shareholders. Please refer to “Financial Information — Indebtedness — Interest-bearing Bank and Other Borrowings” for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Further, as of December 31, 2024, our cash and cash equivalents amounted to RMB111.2 million, demonstrating our strong cash position and ability to finance our operations independently. Please refer to “Financial Information — Certain Current Balance Sheet Items — Cash and Cash Equivalents” for further details.

As of the Latest Practicable Date, save as disclosed above, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the Listing.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (g) we have appointed Guotai Junan Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽³⁾		
			Number of Shares ⁽²⁾	Approximate percentage in the total issued Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
Shougang Group ^{(4), (5), (7)}	Unlisted Shares	Beneficial owner	95,532,658	26.54%	95,532,658	71.59%	25.13%
		Interest held jointly with another person	34,137,886	9.48%	–	–	–
		Interest in controlled corporation	12,748,081	3.54%	–	–	–
	H Shares	Interest held jointly with another person	–	–	34,137,886	13.84%	8.98%
		Interest in controlled corporation	–	–	12,748,081	5.17%	3.35%
NZ Tang Ming ^{(4), (6)}	Unlisted Shares	Beneficial owner	34,137,886	9.48%	–	–	–
		Interest held jointly with another person	108,280,739	30.08%	95,532,658	71.59%	25.13%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽³⁾		
			Number of Shares ⁽²⁾	Approximate percentage in the total issued Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
Ms. Dong ^{(4), (6)}	H Shares	Beneficial owner	–	–	34,137,886	13.84%	8.98%
		Interest held jointly with another person	–	–	12,748,081	5.17%	3.35%
	Unlisted Shares	Interest in controlled corporation	34,137,886	9.48%	–	–	–
		Interest held jointly with another person	108,280,739	30.08%	95,532,658	71.59%	25.13%
	H Shares	Interest in controlled corporation	–	–	34,137,886	13.84%	8.98%
		Interest held jointly with another person	–	–	12,748,081	5.17%	3.35%
Ms. Ye ^{(4), (6)}	Unlisted Shares	Interest in controlled corporation	34,137,886	9.48%	–	–	–
		Interest held jointly with another person	108,280,739	30.08%	95,532,658	71.59%	25.13%
	H Shares	Interest in controlled corporation	–	–	34,137,886	13.84%	8.98%
		Interest held jointly with another person	–	–	12,748,081	5.17%	3.35%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽³⁾		
			Number of Shares ⁽²⁾	Approximate percentage in the total issued Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
Shouye Xinyuan ^{(4), (6)}	Unlisted Shares	Interest in controlled corporation	34,137,886	9.48%	–	–	–
		Interest held jointly with another person	108,280,739	30.08%	95,532,658	71.59%	25.13%
	H Shares	Interest in controlled corporation	–	–	34,137,886	13.84%	8.98%
		Interest held jointly with another person	–	–	12,748,081	5.17%	3.35%
Caofeidian Fund ^{(5), (7)}	Unlisted Shares	Beneficial owner	12,748,081	3.54%	–	–	–
		Interest held jointly with another person	129,670,544	36.02%	95,532,658	71.59%	25.13%
	H Shares	Beneficial owner	–	–	12,748,081	5.17%	3.35%
		Interest held jointly with another person	–	–	34,137,886	13.84%	8.98%
Shoucheng Rongshi ^{(5), (7)}	Unlisted Shares	Beneficial owner	12,748,081	3.54%	–	–	–
		Interest held jointly with another person	129,670,544	36.02%	95,532,658	71.59%	25.13%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽³⁾		
			Number of Shares ⁽²⁾	Approximate percentage in the total issued Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
	H Shares	Beneficial owner	–	–	12,748,081	5.17%	3.35%
		Interest held jointly with another person	–	–	34,137,886	13.84%	8.98%
Shanghai Mingda Industry ⁽⁸⁾	Unlisted Shares	Beneficial owner	55,241,340	15.34%	35,650,662	26.71%	9.38%
	H Shares	Beneficial owner	–	–	19,590,678	7.94%	5.15%
Shanghai Dehui ⁽⁹⁾ . .	Unlisted Shares	Beneficial owner	16,409,322	4.56%	–	–	–
	H Shares	Beneficial owner	–	–	16,409,322	6.65%	4.32%
Chen Dehua (陳德華) ^{(8), (9),} (10)	Unlisted Shares	Interest in controlled corporation	55,241,340	15.34%	35,650,662	26.71%	9.38%
		Interest of spouse	16,409,322	4.56%	–	–	–
	H Shares	Interest in controlled corporation	–	–	19,590,678	7.94%	5.15%
		Interest of spouse	–	–	16,409,322	6.65%	4.32%
Xue Jiayu (薛加玉) ^{(8), (9),} (10)	Unlisted Shares	Interest in controlled corporation	16,409,322	4.56%	–	–	–
		Interest of spouse	55,241,340	15.34%	35,650,662	26.71%	9.38%
	H Shares	Interest in controlled corporation	–	–	16,409,322	6.65%	4.32%
		Interest of spouse	–	–	19,590,678	7.94%	5.15%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽³⁾		
			Number of Shares ⁽²⁾	Approximate percentage in the total issued Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
LanzaTech Hong Kong ⁽¹¹⁾	Unlisted Shares	Beneficial owner	33,520,231	9.31%	–	–	–
	H Shares	Beneficial owner	–	–	33,520,231	13.59%	8.82%
LanzaTech NZ, Inc. ⁽¹¹⁾	Unlisted Shares	Interest in controlled corporation	33,520,231	9.31%	–	–	–
	H Shares	Interest in controlled corporation	–	–	33,520,231	13.59%	8.82%
LanzaTech Global ⁽¹¹⁾	Unlisted Shares	Interest in controlled corporation	33,520,231	9.31%	–	–	–
	H Shares	Interest in controlled corporation	–	–	33,520,231	13.59%	8.82%
Ruihong Investment ⁽¹²⁾	Unlisted Shares	Beneficial owner	26,162,800	7.27%	–	–	–
	H Shares	Beneficial owner	–	–	26,162,800	10.60%	6.88%

Notes:

- (1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.
- (2) The calculation is based on the total number of 360,000,000 Shares in issue as at the Latest Practicable Date, including 133,451,197 Unlisted Shares and 226,548,803 Unlisted Shares which will be converted into H Shares upon completion of the Global Offering.
- (3) The calculation is based on the assumption that immediately following the completion of the Global Offering, there will be (i) a total number of 133,451,197 Unlisted Shares in issue; and (ii) a total number of 246,708,603 H Shares (including 226,548,803 H Shares converted from Unlisted Shares without taking into consideration the exercise of Over-allotment Option) in issue.

SUBSTANTIAL SHAREHOLDERS

- (4) Pursuant to the Concert Party Agreements, Shougang Group and NZ Tang Ming concurred that they shall act in concert with respect to, inter alia, the voting during general meeting, for the period since the date of the Concert Party Agreements and up until they cease to hold any shares of the Company or upon the termination of the Concert Party Agreements. Please refer to “History, Development and Corporate Structure — Concert Party Arrangement” for further details. As such, each of Shougang Group and NZ Tang Ming is deemed to be interested in the Shares each other is interested in.
- (5) Shougang Group is wholly-owned by Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality. As at the Latest Practicable Date, Shares in which Shougang Group is interested consist of (i) 95,532,658 Unlisted Share held at its own capacity; (ii) 12,748,081 Unlisted Share (among which 12,748,081 Unlisted Shares will be converted to H Shares upon Listing) held by Caofeidian Fund, a company majority-held by its wholly-owned subsidiary, in which Shougang Group is deemed to be interested under the SFO; and (iii) 34,137,886 Unlisted Share (among which 34,137,886 Unlisted Shares will be converted to H Shares upon Listing) in which Shougang Group is deemed to be interested as a result of being a party acting-in-concert with NZ Tang Ming.
- (6) As at the Latest Practicable Date, NZ Tang Ming was owned as to 65.57% by Ms. Dong, 30.89% by Shouye Xinyuan and 3.54% by Ms. Ye. As at the Latest Practicable Date, Shares in which NZ Tang Ming is interested consist of (i) 34,137,886 Unlisted Share (among which 34,137,886 Unlisted Shares will be converted to H Shares upon Listing) held at its own capacity; and (ii) 95,532,658 Unlisted Share in which is deemed to be interested as a result of being a party acting-in-concert with Shougang Group.
- (7) Caofeidian Fund is a limited partnership established in the PRC, and is a private equity investment fund owned as to 72.00% of its economic interest by Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司), a wholly-owned subsidiary of Shougang Group, approximately 3.00% by Shoucheng Rongshi and 25.00% by Hebei Jicai Industry Guidance Equity Investment Fund Co., Ltd. (河北省冀財產業引導股權投資基金有限公司), a limited liability company ultimately controlled by the Department of Finance of Hebei Province. Caofeidian Fund is managed by its general partner and executive partner Shoucheng Rongshi which is wholly-owned by Shoucheng Holdings Limited (首程控股有限公司) (“**Shoucheng Holdings**”), a company listed on the Stock Exchange (stock code: 0697). As of the Latest Practicable Date, Shougang Group (together with its associates) was interested in approximately 24.95%. As disclosed in the latest annual report of Shoucheng Holdings for the year ended December 31, 2024, Shougang Group was the single largest shareholder and able to exert significant influence on Shoucheng Holdings. Therefore, Shougang Group is deemed to be interested in the Shares held by Caofeidian Fund.
- (8) As of the Latest Practicable Date, Shanghai Mingda Industry was owned as to 50% by Chen Dehua (陳德華). As such, Chen Dehua (陳德華) is deemed to be interested in the Shares held by Shanghai Mingda Industry.
- (9) As of the Latest Practicable Date, Shanghai Dehui was owned as to approximately 63.64% by Xue Jiayu (薛加玉). As such, Xue Jiayu is deemed to be interested in the Shares held by Shanghai Dehui.
- (10) Chen Dehua (陳德華) and Xue Jiayu (薛加玉) is the spouse of each other. By virtue of the SFO, they are deemed to be interested in the same number of Shares held by each other.
- (11) As of the Latest Practicable Date, LanzaTech Hong Kong was wholly-owned by LanzaTech NZ, Inc., which was in turn wholly-owned by LanzaTech Global (a company listed on NASDAQ: LNZA).
- (12) Ruihong Investment is a limited partnership established in the PRC, which is a private equity investment fund managed by its general partner, Fujian Guancheng Asset Management Co., Ltd. (福建冠城資產管理有限公司), a limited liability company ultimately controlled by Xue Lixi (薛黎曦). As of the Latest Practicable Date, Ruihong Investment had five limited partners and was owned as to approximately 54.30% by Hongsheng Investment (Pingtan) Partnership Enterprise (Limited Partnership) (泓盛投資(平潭)合夥企業(有限合夥)) as the largest limited partner, which was ultimately controlled by Chen Ya (陳雅). None of the other limited partners of Ruihong Investment held more than 30% economic interest in it.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in “Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Substantial Shareholder” to this prospectus, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests and/or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered share capital of our Company was RMB360,000,000 comprising 360,000,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming that the Over-allotment Option is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	133,451,197	35.10
H Share converted from Unlisted Shares	226,548,803	59.59
H Shares to be issued pursuant to the Global Offering	<u>20,159,800</u>	<u>5.30</u>
Total	<u><u>380,159,800</u></u>	<u><u>100.00</u></u>

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming that the Over-allotment Option is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	133,451,197	34.83
H Share converted from Unlisted Shares	226,548,803	59.12
H Shares to be issued pursuant to the Global Offering	<u>23,183,600</u>	<u>6.05</u>
Total	<u><u>383,183,600</u></u>	<u><u>100.00</u></u>

SHARE CAPITAL

RANKING

Upon completion of the Global Offering, the Shares will consist of H Shares and Unlisted Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the Global Offering, all our Unlisted Shares (other than those converting to H Shares) are not listed or traded on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and complete the filing process procedure with CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

In accordance with the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) (“**Full Circulation Guidelines**”) published and implemented by the CSRC on November 14, 2019 and amended on August 10, 2023 and the Overseas Listing Trial Measures, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to file with the CSRC. The Full Circulation Guidelines are applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange.

Upon completion of the Global Offering, 226,548,803 Unlisted Shares held by 19 existing Shareholders, will be converted into H Shares on a one-for-one basis. The conversion of these Unlisted Shares into H Shares has been filed with CSRC and the CSRC issued notice of filing on June 4, 2025 and an application has been made to the Listing Committee for such H Shares to be listed on the Stock Exchange. Set out below are number of Shares held by our existing

SHARE CAPITAL

Shareholders and their respective shareholding as of the date of this prospectus and upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering (assuming the Over-allotment Option is not exercised).

Shareholders	Number of Shares held by the Shareholder as of the date of this prospectus	Ownership percentage as of the date of this prospectus	Number of Shares upon completion of the Global Offering ⁽¹⁾		Aggregate ownership percentage upon completion of the Global Offering ⁽¹⁾
			Unlisted Shares	H Shares to be converted from Unlisted Shares	
Shougang Group	95,532,658	26.54%	95,532,658	–	25.13%
Shanghai Mingda Industry and Shanghai Dehui	71,650,662	19.90%	35,650,662	36,000,000	18.85%
NZ Tang Ming	34,137,886	9.48%	–	34,137,886	8.98%
LanzaTech Hong Kong	33,520,231	9.31%	–	33,520,231	8.82%
Ruihong Investment	26,162,800	7.27%	–	26,162,800	6.88%
Mitsui & Co., Ltd.	16,590,175	4.61%	–	16,590,175	4.36%
Caofeidian Fund	12,748,081	3.54%	–	12,748,081	3.35%
Guofu Yonglang	12,029,865	3.34%	–	12,029,865	3.16%
Pingyang Puyi	10,526,132	2.92%	–	10,526,132	2.77%
Guangzhou Fanmei	7,848,801	2.18%	–	7,848,801	2.06%
Tang Ming Hong Kong	4,535,755	1.26%	–	4,535,755	1.19%
Zhuhai Jinsheng	4,535,755	1.26%	2,267,877	2,267,878	1.19%
Beijing Jiayeyuan	3,553,015	0.99%	–	3,553,015	0.93%
Qingdao Baiwei Zhihe	1,511,918	0.42%	–	1,511,918	0.40%
Shanghai Guoping	7,451,235	2.07%	–	7,451,235	1.96%
Jiaxing Guoxing	5,107,028	1.42%	–	5,107,028	1.34%
Binhe SIC	4,186,001	1.16%	–	4,186,001	1.10%
Jiaxing Tianchen	4,186,001	1.16%	–	4,186,001	1.10%
Jinxin Kaiying	4,186,001	1.16%	–	4,186,001	1.10%
Total	360,000,000	100.00%	133,451,197	226,548,803	94.70%

Note:

(1) Assuming the Over-allotment Option is not exercised.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Unlisted Shares on the Hong Kong 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 Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

SHARE CAPITAL

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as we are aware, upon completion of the Global Offering, none of our Shareholders currently proposes to convert any of their Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within 12 months from the Listing Date. Furthermore, Beijing Jiayeyuan voluntarily undertook not to transfer our Shares held by it for a period of 36 months from the Listing Date.

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 our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

Please refer to “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by the Controlling Shareholders” for details on the lock-up undertaking given by the Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules.

SHAREHOLDERS’ GENERAL MEETING

Please refer to “Appendix V — Summary of the Articles of Association” for details on circumstances under which our general Shareholders’ meeting is required.

SHARE CAPITAL

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon the Listing and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not listed on the overseas stock exchange as well as the offering and listing of our H Shares.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general mandate to individually or concurrently allot, issue and deal with H Shares not exceeding 20% of the H Shares in issue as at the Listing Date and to determine the terms and conditions in relation to the allotment and issue of new shares. The Board has been authorized to handle the approval or filing in relation to the allotment and issue of new shares with the CSRC, the Stock Exchange and other relevant regulatory authorities in accordance with the relevant laws and regulations.

This general mandate to issue H Shares will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) when varied or revoked by a resolution of the Shareholders in general meeting,

whichever is the earlier.

Please refer to “Appendix VI — Statutory and General Information — Further Information about Our Company — 4. Resolutions of the Shareholders” for further details on this general mandate.

FINANCIAL INFORMATION

You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report in Appendix I to this prospectus, which have been prepared in accordance with IFRSs, and the selected historical financial information and operating data included elsewhere in this prospectus.

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 development, 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. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-Looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a company in the carbon capture, utilization and storage industry, also known as CCUS industry, mainly focusing on producing low-carbon products including ethanol and microbial protein through carbon capture and utilization technologies and providing low-carbon integrated solutions. Since our establishment in 2011, we have been cultivating in the CCUS industry. According to Frost & Sullivan, we are the first company in the CCUS industry utilizing synthetic biotechnology that has been validated to achieve both commercialization and scalability of the production of low-carbon products. We have achieved a number of breakthrough innovations, such as completing the world's first set of industrial devices for producing ethanol and microbial protein through bio-fermentation processes by utilizing the carbon-containing industrial off-gas generated by steel and ferroalloy mills. As of the Latest Practicable Date, we had successfully commissioned four large-scale production facilities across China, which demonstrates our ability to achieve replication of our proprietary technology on an industrial scale.

Our ethanol can be used in automotive fuel, as well as be used as raw materials for the production of SAF, perfumes, sports fashion, cleaning agents, packaging materials and other products, to accelerate the realization of a green and low-carbon environment. Our microbial protein is a high-quality feed protein raw material that can be used in downstream products such as fish feed, piglets feed, and poultry feed.

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Our business has grown rapidly during the Track Record Period. Our revenue increased by 52.1% from RMB389.5 million in 2022 to RMB592.6 million in 2023. Our revenue decreased by 4.9% from RMB592.6 million in 2023 to RMB563.6 million in 2024. We recorded a loss of RMB23.9 million, RMB110.1 million and RMB245.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. Our EBITDA (non-IFRS measure) was RMB33.1 million, RMB14.2 million and negative RMB82.5 million for the years ended December 31, 2022, 2023 and 2024, respectively. For details on reconciliation from our losses to our EBITDA (non-IFRS measure), see “– Non-IFRS Measure”.

BASIS OF PRESENTATION

Our Company was incorporated as a limited liability company established in the PRC on November 11, 2011. On November 12, 2021, our Company was converted into a joint stock company with limited liability.

The historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period. The accounting policies set out in Note 2 in Appendix I to this prospectus have been applied consistently to all years presented in the historical financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group’s financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below.

Increase in Production Capacity

Our results of operations are affected by the growth in our production capacity. We believe that the continuing expansion of our production facilities can help us increase the production volume of our products, which will in turn help us significantly broaden our market reach and continue to drive our growth in the foreseeable future. During the Track Record Period, in addition to our Hebei Shoulang Phase I production facility which commenced operations in 2018, we also commenced operations of our Shoulang Jiyuan and Ningxia Binze production facilities in 2022 and Guizhou Jinze production facility in 2023.

Our production facilities had an aggregate total production capacity (i) for ethanol of 88,750 tons, 180,000 tons and 210,000 tons and (ii) for microbial protein of 9,850 tons, 19,900 tons and 23,200 tons for the years ended December 31, 2022, 2023 and 2024, respectively. We believe the increases in our production capacity of ethanol and microbial protein allow us to better capture market opportunities and enable us to increase our sales volume of ethanol and microbial protein when the market demand is high, which will in turn boost our revenue.

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Our operating results have been and will continue to be affected by the degree to which our production capacity can meet customers' demand. We expect our capital expenditure relating to the construction of our SAF production facilities will have a positive impact on our results of operations. Please refer to “Future Plans and Use of Proceeds” in this prospectus for the details of the construction plans for our SAF production facilities.

Fluctuations in the Selling Prices of Ethanol and Microbial Protein

Sales from ethanol and microbial protein are the main sources of our revenue. Revenue generated from the sales of ethanol accounted for 84.4%, 84.3% and 78.1% of our total revenue for the years ended December 31, 2022, 2023 and 2024, respectively. Revenue generated from the sales of microbial protein accounted for 13.7%, 14.6% and 16.1% of our total revenue for the years ended December 31, 2022, 2023 and 2024, respectively.

We determine the sales prices of our products based on various factors, including prices of related commodity, market conditions, product costs and transportation costs. Since our ethanol products are primarily used as automotive fuel, we set the price for ethanol by reference to (i) the PRC national guidance prices for gasoline products; and (ii) the gasoline price guide provided by our major oil and gas producer clients. Furthermore, we also take into consideration the supply-demand dynamics in the fuel ethanol market and the fluctuation of transportation costs. With respect to the pricing of our microbial protein, we take into account the price trends of commodity protein materials, such as fishmeal and soybean meal, and other market factors including the supply-demand dynamics. Please refer to “— Description of Major Components in Our Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue” for detailed information on the average selling prices of our ethanol and microbial protein products during the Track Record Period.

Our pricing strategies can directly influence our revenue, gross profit margin, and overall operational and financial performance. There is no assurance that the selling prices of ethanol and microbial protein will remain at the same level or increase in the future. The fluctuations in the selling prices of our products may adversely affect our business and financial conditions.

Fluctuations in the Prices of Raw Materials and Utilities

The primary raw material used for the production of ethanol and microbial protein is industrial off-gas, which is primarily sourced from industries such as steel and ferroalloy. The prices of industrial off-gas are largely affected by energy prices, such as that of coal and electricity. Any significant fluctuation in the prices of such raw materials could affect our cost of sales and significantly impact our profit. We have experienced fluctuations in the market prices of industrial off-gas due to the aforementioned factors. Our costs of raw materials, most of which were attributed to the procurement of industrial off-gas, amounted to RMB113.3 million, RMB178.5 million and RMB197.8 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 33.8%, 31.1% and 30.1% of our cost of sales for the respective years.

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The following table sets forth a sensitivity analysis on the impact on our loss before tax from the changes in the costs of raw materials for the years indicated. Actual changes in our loss before tax resulting from an increase or decrease in the costs of raw materials may differ from the results of the following sensitivity analysis.

	(Decrease)/increase in loss before tax		
	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hypothetical fluctuations in the costs of raw materials			
Increase of 5%	(5,667)	(8,925)	(9,890)
Decrease of 5%	5,667	8,925	9,890
Increase of 10%	(11,335)	(17,850)	(19,779)
Decrease of 10%	11,335	17,850	19,779
Increase of 20%	(22,669)	(35,699)	(39,558)
Decrease of 20%	22,669	35,699	39,558

In addition, the operation of our production facilities relies heavily on electricity consumption. The fluctuation in the price of electricity may affect our production costs. Our utility costs, most of which were attributed to the procurement of electricity, amounted to RMB99.5 million, RMB172.8 million and RMB186.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 29.7%, 30.1% and 28.4% of our cost of sales for the respective years. Also, we may experience occasional and temporary electricity shortages due to poor weather conditions or natural disasters, which are out of our control. These factors may have an adverse effect on our business operations.

Capacity Utilization Rate

The fluctuations in the capacity utilization rates of our production facilities have impacted our gross profit margin. High utilization rates enhance our operational efficiency, thereby improving our gross profit margin. The utilization rates of our production facilities are heavily dependent on the steady supply of industrial off-gas, which is primarily sourced from industries such as steel and ferroalloy. As maintenance, including routine and non-routine maintenance, is a standard practice in the steel and ferroalloy industries, such maintenance phase would lead to a decrease in the supply of industrial off-gas and operational disruptions at our production facilities, which would in turn impact our capacity utilization rates.

During the Track Record Period, due to unfavorable market conditions and sudden production fault, certain of our upstream suppliers of industrial off-gas experienced low-load operations or suspended operations from time to time, resulting in low or no output of industrial off-gas for certain periods. While we took advantage of these upstream production suspensions to perform maintenance, equipment upgrades, and technical reform at our own

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facilities, disruptions in the supply of industrial off-gas nonetheless resulted in production suspensions or decreased output at several of our facilities. During such production suspensions or periods of low production output, we continued to incur maintenance and cultivation costs associated with (i) the maintenance of our production facilities and equipment and (ii) the ongoing cultivation of the strains used in our production process.

Such production suspensions or periods of low production output and the subsequent fermentation strains breeding and cultivation period impacted our capacity utilization rates. We had capacity utilization rates (i) for ethanol of 61.2%, 48.1% and 42.1% and (ii) for microbial protein of 63.8%, 51.4% and 46.1% for the years ended December 31, 2022, 2023 and 2024, respectively. Please refer to “Business — Production — Production Capacity and Utilization Rate” for detailed information on the fluctuation of utilization rates at our production facilities during the Track Record Period.

Landscape of the Downstream Market of Ethanol

Fuel ethanol is currently one of the most widely used fuels for producing ethanol gasoline for vehicles. During the Track Record Period, our revenue was primarily generated from sales of ethanol to major domestic oil and gas companies. Therefore, factors that affect the fuel ethanol market in the PRC could materially affect our business, financial condition, results of operations and prospects. These factors include, among others, (i) the impact of price fluctuation of gasoline in the PRC on the price of fuel ethanol and (ii) relevant favorable policies by the PRC government to promote fuel ethanol.

Any growth or decline in such end markets can result in a substantial increase or decrease in the demand for ethanol. In addition, changes in end customers’ demand for our ethanol products may lead to fluctuations in the selling prices of our products, which may impact our revenue, margin and earnings.

MATERIAL ACCOUNTING POLICIES AND ACCOUNTING JUDGMENTS AND ESTIMATES

This discussion and analysis of our financial position and results of operations is based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of our consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each year of the Track Record Period. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Our critical accounting policies and significant estimates, assumptions and judgments are described below. See Note 2.3 to the Accountants’ Report in Appendix I to this prospectus for further details on our accounting policies, estimates and judgments.

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Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements:

Material Accounting Policies

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and constructions	2% to 6%
Vehicles	19%
Machinery	3% to 32%
Electronic devices	10% to 32%
Other equipments	10% to 32%
Leasehold improvement	20% to 43%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of financial year.

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Patents and licenses

Purchased patents and licenses are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 10 to 20 years, which are mainly determined by reference to the period during which such assets are expected to bring economic benefits to us.

Research and development costs

We classify the expenses for in-house research and development as research costs and development costs. All research costs are charged to profit or loss as incurred. Development costs are capitalized and deferred only when all the following conditions are met: we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; our intention to complete and our ability to use or sell the asset; how the asset will generate economic benefits; the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recorded in profit or loss when incurred.

Where the conditions stated above are satisfied, the work of the research stage is completed, and it is certain that the intangible assets arising from the development of the project cater to market demands and the technical solutions are developed, to generate economic benefits, we may advance the corresponding project to the development stage after assessment, capitalize the expenses of the development stage when the capitalization conditions are satisfied and transfer the capitalized expenses to intangible assets when the project passes the completion acceptance to become ready for the intended use.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities

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recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold Land	20 to 50 years
Plant and properties	2 to 20 years
Transportation equipment	3 to 5 years

If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use our incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

We apply the short-term lease recognition exemption to our short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). We also apply the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Impairment of financial assets

We recognize an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

We consider a financial asset in default when contractual payments are 360 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Provision of low-carbon integrated solutions

Revenue from the provision of low-carbon integrated solutions primarily consists of revenue from patent royalties and provision of technical services.

We generate revenue from licensing patents to our customers for certain periods. Revenue from patent royalties is recognized at a point in time when the customer obtains the right to use the licensed patents, as we do not perform any activities that significantly affect the patents to which the customer has rights.

For contracts entered into with customers for the provision of technical services, the relevant services are based on customer's specifications with no alternative use but we do not have an enforceable right to payment prior to the completion of relevant services to customers. Revenue from the provision of technical services is recognized at a point in time when the relevant services are rendered and acknowledged for receipt by the customers.

Contract costs include contract fulfillment costs. Costs incurred for provision of technical services are recognized as contract fulfillment costs, which is recognized as the cost of sales when recognizing revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, we make provision for impairment on the excess portion and recognize it as asset impairment losses.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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Maintenance and cultivation costs

We have routine and non-routine maintenance every year. During the maintenance period and the subsequent fermentation strains breeding and cultivation period, there is no ethanol produced. The costs incurred during these periods, including, among others, depreciation of property, plant and equipment and utilities are summarized and presented as maintenance and cultivation costs under cost of sales.

Material Accounting Judgments and Estimates

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

In the process of applying our accounting policies, our management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Accountants' Report set out in Appendix I to this prospectus.

Significant judgment in determining the lease term of contracts with renewal options

We have several lease contracts that include extension and termination options. We apply judgment in evaluating whether or not to exercise the option to renew or terminate the lease. That is, we consider all relevant factors that create an economic incentive for us to exercise either the renewal or termination. After the commencement date, we reassess the lease term if there is a significant event or change in circumstances that is within our control and affects our ability to exercise or not to exercise the option to renew or to terminate the lease. We include the renewal period as part of the lease term for leases of plant and properties and leasehold land due to the significance of these assets to our operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainties

Provision for expected credit losses on trade and bills receivables, other receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables and other receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually

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for impairment allowance. The remaining trading receivables are grouped based on credit risk of various customer segments with similar loss patterns (for example, by customer rating and aging) and collectively assessed for impairment allowance.

We use a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on aging of receivables for groups of various customer segments that have similar credit rating.

We determine the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on aging of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. We will calibrate the matrix to adjust the credit loss with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the expected credit loss are adjusted. At the end of each of the relevant periods, the expected credit loss rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our forecast of economic conditions may also not be representative of a customer's actual default in the future.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2022, 2023 and 2024, we recorded net losses of RMB23,855,000, RMB110,147,000 and RMB245,568,000, respectively. Given our prolonged period of overall losses, there are indications of impairment.

In accordance with IAS 36, we performed impairment tests at each period-end on non-current assets that show indications of impairment and estimate the recoverable amount of the non-current asset. The recoverable amount is determined for the cash-generating unit to which the asset belongs.

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The non-current assets other than financial assets mainly include property, plant and equipment, right-of-use assets and intangible assets at the end of each of relevant periods and represents RMB2,139,549,000, RMB2,334,897,000 and RMB2,272,190,000, respectively. Each entity that holds these assets can generate independent cash inflows and operated as a distinct economic entity. Therefore, non-current assets, other than financial assets for each factory is defined as a cash-generating unit (“CGU”) for impairment testing.

The recoverable amount of a CGU is determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins are estimated based on historical information achieved and the expected market development.

The cash flow projections are discounted using an after-tax discount rates of 10.18%, 10.07% and 11.28% for years ended December 31, 2022, 2023 and 2024, which are corresponding to a pre-tax rate range 10.18%-11.02%, 10.07%-11.08% and 11.49%-12.90% for different factories for years ended December 31, 2022, 2023 and 2024. The discount rates used reflect specific risks relating to our subsidiaries. Impairment of RMB5,336,000 was made according to the impairment test results for the year ended December 31, 2022, and no further impairment was needed for the years ended December 31, 2023 and 2024.

Leases — Estimating the incremental borrowing rate

We cannot readily determine the interest rate implicit in a lease, and therefore, we use an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). We estimate the IBR using observable inputs (such as market interest rates) when available and are required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	389,512	592,551	563,611
Cost of sales	(335,459)	(574,839)	(656,956)
Cost of sales of goods and services . .	(328,895)	(504,687)	(594,296)
Maintenance and cultivation costs . .	(6,564)	(70,152)	(62,660)
Gross profit/(loss)	54,053	17,712	(93,345)
Finance income	6,925	5,801	2,259
Other income and gains	6,248	15,504	11,647
Selling and marketing expenses	(261)	(692)	(546)
Administrative expenses	(45,697)	(82,709)	(86,945)
Research and development expenses . .	(29,501)	(35,948)	(42,025)
Impairment losses on financial assets, net	(114)	(167)	(1,740)
Other expenses	(5,699)	(2,047)	(143)
Finance costs	(9,589)	(26,847)	(34,227)
Loss before tax	(23,635)	(109,393)	(245,065)
Income tax expense	(220)	(754)	(503)
Loss for the year	(23,855)	(110,147)	(245,568)
Loss attributable to:			
Owners of the parent	(20,455)	(66,447)	(137,408)
Non-controlling interests	(3,400)	(43,700)	(108,160)
	(23,855)	(110,147)	(245,568)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)	(0.07)	(0.18)	(0.38)
Total comprehensive income for the year	(23,855)	(110,147)	(245,568)
Attributable to:			
Owners of the parent	(20,455)	(66,447)	(137,408)
Non-controlling interests	(3,400)	(43,700)	(108,160)
	(23,855)	(110,147)	(245,568)

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NON-IFRS MEASURE

To supplement our consolidated financial statements presented in accordance with IFRS, we use EBITDA (non-IFRS measure) as an additional financial measure, which is not, required by or, presented in accordance with IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items, and provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as it helps management. However, the presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth the reconciliation from our loss for the year to our EBITDA (non-IFRS measure) for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(23,855)	(110,147)	(245,568)
Adjusted for:			
Income tax expenses	220	754	503
Net finance costs	2,664	21,046	31,968
Depreciation and amortization	<u>54,086</u>	<u>102,521</u>	<u>130,633</u>
EBITDA (non-IFRS measure)	<u><u>33,115</u></u>	<u><u>14,174</u></u>	<u><u>(82,464)</u></u>

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DESCRIPTION OF MAJOR COMPONENTS IN OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated revenue from contracts with our customers for the provision of the following types of goods and services: products, including ethanol, microbial protein and other products, which primarily include biogas and crude alcohol, and low-carbon integrated solutions. For the years ended December 31, 2022, 2023 and 2024, our revenue was RMB389.5 million, RMB592.6 million and RMB563.6 million, respectively.

The following table sets forth a breakdown of our revenue by products and services for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Revenue from sales of products						
Ethanol	328,825	84.4	499,730	84.3	440,415	78.1
Microbial protein	53,549	13.7	86,533	14.6	90,823	16.1
Other products	7,138	1.9	6,288	1.1	6,242	1.1
Subtotal	389,512	100.0	592,551	100.0	537,480	95.3
Revenue from low-carbon integrated solutions	—	—	—	—	26,131	4.7
Total	<u>389,512</u>	<u>100.0</u>	<u>592,551</u>	<u>100.0</u>	<u>563,611</u>	<u>100.0</u>

The following table below sets forth a breakdown of our revenue by geographical markets for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Geographical markets						
Mainland China	373,362	95.9	576,421	97.3	556,069	98.7
Overseas	16,150	4.1	16,130	2.7	7,542	1.3
Total	<u>389,512</u>	<u>100.0</u>	<u>592,551</u>	<u>100.0</u>	<u>563,611</u>	<u>100.0</u>

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The following table sets forth the sales volume and the average selling prices of our ethanol and microbial protein for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(tons)	(RMB per ton)	(tons)	(RMB per ton)	(tons)	(RMB per ton)
Ethanol	54,303.7	6,055.3	83,225.9	6,004.5	86,868.9	5,069.9
Microbial protein.	6,476.0	8,268.8	10,174.1	8,505.2	10,742.6	8,454.5

We determine the sales prices of our products based on various factors, including prices of related commodity, market conditions, product costs and transportation costs. The fluctuations in the average selling prices of ethanol and microbial protein during the Track Record Period were attributable to pricing adjustments we made based on our pricing policy. Please refer to “Business — Sales and Marketing — Pricing” for further details on our pricing policy.

Our sales volume of (i) ethanol was 54,303.7 tons, 83,225.9 tons and 86,868.9 tons and (ii) microbial protein was 6,476.0 tons, 10,174.1 tons and 10,742.6 tons for the years ended December 31, 2022, 2023 and 2024, respectively. The increases in sales volumes of ethanol and microbial protein from 2022 to 2024 were primarily attributable to increased production volume as a result of the commencement of operations of our Shoulang Jiyuan, Ningxia Binze, and Guizhou Jinze production facilities in 2022 and 2023.

Cost of Sales

Our cost of sales consists of (i) cost of sales of goods and services, representing direct costs associated with the production of goods and provision of services; for detailed analysis on the fluctuations of our cost of sales of goods and services and the resulting impact on our gross profit and gross profit margin, please refer to our gross profit and gross profit margin discussions in “— Results of Operations” and (ii) maintenance and cultivation costs. Maintenance and cultivation costs primarily reflect, among others, depreciation of property, plant and equipment and utility costs that we incurred during (a) downtime due to upstream sudden production fault and upstream market conditions, (b) downtime due to our scheduled maintenance and technical reform and (c) the subsequent fermentation strains breeding and cultivation period.

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Our maintenance and cultivation costs were RMB6.6 million, RMB70.2 million and RMB62.7 million, respectively, for the years ended December 31, 2022, 2023 and 2024, which accounted for 1.7%, 11.8% and 11.1% of our total revenue for the respective years. Maintenance and cultivation costs increased by 968.7% from RMB6.6 million in 2022 to RMB70.2 million in 2023, primarily because we incurred additional costs associated with (i) the commencement of operations of certain of our production facilities, (ii) scheduled facility maintenance, equipment upgrades and technological enhancements and (iii) suspensions and reductions in our production in 2023 caused by maintenance and repair of and unfavorable market environment faced by our upstream industrial off-gas suppliers. In particular, our Shoulang Jiyuan and Guizhou Jinze production facilities suspended production in 2023 for 56 days and 12 days, respectively, due to the suspension of industrial off-gas supply by our upstream suppliers as they experienced sudden production-related faults. Maintenance and cultivation costs decreased by 10.7% from RMB70.2 million in 2023 to RMB62.7 million in 2024, primarily because although there was no disruption of off-gas supply to our Shoulang Jiyuan production facility due to sudden production-related faults of our upstream suppliers, (i) our Shoulang Jiyuan and Ningxia Binze production facilities suspended production in 2024 for 52 days and 43 days, respectively, as our upstream suppliers suspended their production activities in response to unfavorable market environment and (ii) our Guizhou Jinze production facility suspended production in 2024 for 14 days due to the suspension of industrial off-gas supply by upstream suppliers as they experienced sudden production-related faults. In addition to the suspension of industrial off-gas supply caused by the aforementioned reasons, during the Track Record Period, our upstream industrial off-gas suppliers conducted annual routine maintenance for an average of approximately 20 to 40 days each year. During this period, we also arranged annual routine maintenance of our own production facilities to minimize the impact of the suspension of off-gas supply due to the annual maintenance of upstream suppliers on our production.

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Cost of sales of goods and services	328,895	98.0	504,687	87.8	594,296	90.5
Maintenance and cultivation costs	<u>6,564</u>	<u>2.0</u>	<u>70,152</u>	<u>12.2</u>	<u>62,660</u>	<u>9.5</u>
Total	<u><u>335,459</u></u>	<u><u>100.0</u></u>	<u><u>574,839</u></u>	<u><u>100.0</u></u>	<u><u>656,956</u></u>	<u><u>100.0</u></u>

Our cost of sales primarily consists of (i) costs of raw materials, primarily representing the costs incurred for the purchase of industrial off-gas, (ii) utilities costs, (iii) costs of auxiliary materials, representing costs incurred for the purchases of chemicals, packaging materials and vitamins, (iv) labor costs, primarily representing salaries, bonuses, and welfare benefits of our employees directly involved in the production process, (v) depreciation and amortization, primarily representing the depreciation of (a) property, plant and machinery used

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in production and (b) right-of-use assets, as well as the amortization of license fee to LanzaTech Hong Kong, (vi) repair costs, representing costs incurred for the repairment of our production facilities and equipment, (vii) safety production costs, primarily representing costs incurred in connection with maintaining a safe working environment and ensuring compliance with safety regulations, including costs for safety equipment and safety training programs, (viii) sublicense fee, representing patent royalty fees and labor costs of our employees directly involved in the provision of our low-carbon integrated solutions and (ix) others, primarily representing amortization of environmental protection fees, testing fees, insurance costs and labor protection expenses.

Our cost of sales was RMB335.5 million, RMB574.8 million and RMB657.0 million, respectively, for the years ended December 31, 2022, 2023 and 2024, which accounted for 86.1%, 97.0% and 116.6% of our total revenue for the respective years. The following table below sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Raw materials	113,346	33.8	178,495	31.1	197,790	30.1
Utilities	99,481	29.7	172,783	30.1	186,405	28.4
Auxiliary materials	36,219	10.8	65,455	11.4	69,193	10.5
Labor cost	21,129	6.3	31,017	5.4	38,392	5.8
Depreciation and amortization	44,986	13.4	88,377	15.4	113,861	17.3
Repair costs	6,572	2.0	12,909	2.2	16,462	2.5
Safety production costs	2,273	0.7	4,761	0.8	6,677	1.0
Sublicense fee	—	—	—	—	2,550	0.4
Others	11,453	3.3	21,042	3.6	25,626	4.0
Total	<u>335,459</u>	<u>100.0</u>	<u>574,839</u>	<u>100.0</u>	<u>656,956</u>	<u>100.0</u>

We excluded maintenance and cultivation costs when determining our cost of sales by product and service types as these costs were incurred during periods when no revenue was generated. Factoring in these costs could therefore distort the actual cost of production as they do not correspond to any revenue-generating activities. Maintenance and cultivation costs are

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therefore listed as a standalone line item for reference in the table below, which sets forth a breakdown of our cost of sales by types of products and services for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Products						
Ethanol	274,454	81.8	431,639	75.1	512,894	78.1
Microbial protein	47,303	14.1	66,760	11.6	71,846	10.9
Other products	7,138	2.1	6,288	1.1	6,242	1.0
Low-carbon integrated solutions	—	—	—	—	3,314	0.5
Maintenance and cultivation costs	6,564	2.0	70,152	12.2	62,660	9.5
Total	<u>335,459</u>	<u>100.0</u>	<u>574,839</u>	<u>100.0</u>	<u>656,956</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

Gross profit represents the excess of revenue over cost of sales. Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. For the years ended December 31, 2022, 2023 and 2024, our gross profit was RMB54.1 million, RMB17.7 million and negative RMB93.3 million, respectively, and our gross margin was 13.9%, 3.0% and negative 16.6%, respectively.

Maintenance and cultivation costs are excluded from the calculations of the gross profit and gross profit margin of our products and low-carbon integrated solutions as these costs were incurred during periods when no revenue was generated. Factoring in these costs could therefore distort the actual cost of production as they do not correspond to any revenue-generating activities. Maintenance and cultivation costs are therefore listed as a standalone line item for reference and only factored into the calculations of total gross profit and gross profit

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margin in the table below, which sets forth a breakdown of our gross profit and gross profit margin by product and service types for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Products						
Ethanol	54,371	16.5	68,091	13.6	(72,479)	(16.5)
Microbial protein	6,246	11.7	19,773	22.9	18,977	20.9
Other products ⁽¹⁾	—	—	—	—	—	—
Low-carbon integrated solutions	—	—	—	—	22,817	87.3
Sub-total	60,617		87,864		(30,685)	
Maintenance and cultivation costs ⁽²⁾	(6,564)	—	(70,152)	—	(62,660)	—
Total	<u>54,053</u>	<u>13.9</u>	<u>17,712</u>	<u>3.0</u>	<u>(93,345)</u>	<u>(16.6)</u>

Notes:

- (1) During the Track Record Period, our other products include biogas and crude alcohol, both of which are by-products generated during our production processes. As such, no direct or indirect costs are specially allocated to these by-products, and the calculations of gross profit or gross profit margins are therefore not applicable.
- (2) Maintenance and cultivation costs primarily include among others, depreciation of property, plant and equipment and utility costs that we incurred during (i) downtime due to upstream sudden production fault and upstream market conditions, (ii) downtime due to our scheduled maintenance and technical reform and (iii) the subsequent fermentation strains breeding and cultivation period. These costs were incurred during periods when no revenue was generated and therefore do not correspond to any revenue-generating activities. See “— Description of Major Components in Our Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales” for details of our maintenance and cultivation costs.

Finance Income

During the Track Record Period, our finance income consists of interest income from our bank deposits. For the years ended December 31, 2022, 2023 and 2024, we had finance income of RMB6.9 million, RMB5.8 million and RMB2.3 million, respectively, which accounted for 1.8%, 1.0% and 0.4% of our total revenue for the respective years.

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Other Income and Gains

Our other income consists of (i) government grants and subsidies that support local corporate and economic development initiatives, such as encouraging our R&D activities and talents recruitment, which are generally non-recurring, (ii) gain on disposal of scraps, representing gains from selling leftover materials and waste generated from our production process and (iii) others, which primarily consist of interest income. Our other gains consist of (i) foreign exchange differences, representing gains arising from the conversion of foreign currency transactions into our reporting currency and (ii) gain on disposal of property, plant and equipment, representing gains from the disposal of our fixed assets. For the years ended December 31, 2022, 2023 and 2024, we had other income and gains of RMB6.2 million, RMB15.5 million and RMB11.6 million, respectively, which accounted for 1.6%, 2.6% and 2.1% of our total revenue for the respective years.

The following table sets forth a breakdown of our other income and other gains for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Other income						
Government grants and subsidies	5,499	88.0	12,739	82.2	11,231	96.4
Gain on disposal of scraps	167	2.7	948	6.1	64	0.5
Others	549	8.8	72	0.5	290	2.6
Other gains						
Foreign exchange differences, net	33	0.5	153	1.0	62	0.5
Gain on disposal of property, plant and equipment	—	—	1,592	10.2	—	—
Total	<u>6,248</u>	<u>100.0</u>	<u>15,504</u>	<u>100.0</u>	<u>11,647</u>	<u>100.0</u>

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) labor costs, primarily representing salaries, bonuses and other social security and welfare expenses of our sales and marketing personnel, and (ii) advertising and promotion expenses. For the years ended December 31, 2022, 2023 and 2024, our selling and marketing expenses were RMB261 thousand, RMB692 thousand and RMB546 thousand, respectively, which accounted for 0.1%, 0.1% and 0.1% of our total revenue for the respective years.

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Administrative Expenses

Administrative expenses consist of (i) labor costs, primarily representing salaries, bonuses and other social security and welfare expenses of our administrative personnel and share-based payment expenses and option costs, (ii) professional service fees, representing payments for consulting services and expenses related to the preparation of the A-Share listing plan, (iii) depreciation and amortization, primarily representing the depreciation of our office buildings, (iv) general operating costs, representing office expenses, business promotion expenses, business travel expenses and transportation costs, (v) lease and property management expenses, (vi) safety production costs, primarily representing costs for safety equipment and training programs on production safety, (vii) tax expenses and (viii) others, primarily representing fees of cleaning, security and other services, environmental protection expenses and insurance costs. For the years ended December 31, 2022, 2023 and 2024, our administrative expenses were RMB45.7 million, RMB82.7 million and RMB86.9 million, respectively, which accounted for 11.7%, 14.0% and 15.4% of our total revenue for the respective years.

The table below sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Labor costs	23,246	50.9	38,370	46.4	38,446	44.2
Professional service fees . . .	5,211	11.4	13,215	16.0	16,586	19.1
Depreciation and amortization	5,523	12.1	10,564	12.8	12,896	14.8
General operating expenses .	2,525	5.5	5,184	6.3	4,800	5.5
Lease and property management expenses	958	2.1	1,508	1.8	1,808	2.1
Safety production costs	2,049	4.5	3,610	4.4	3,840	4.4
Tax expenses	2,662	5.8	3,844	4.6	5,181	6.0
Others	3,523	7.7	6,414	7.7	3,388	3.9
Total	<u>45,697</u>	<u>100.0</u>	<u>82,709</u>	<u>100.0</u>	<u>86,945</u>	<u>100.0</u>

Research and Development Expenses

Research and development costs consist of (i) labor costs, primarily representing salaries, bonuses and other social security and welfare expenses of our R&D personnel, (ii) utility costs associated with our R&D activities, (iii) chemicals and material costs, (iv) depreciation and amortization of our R&D equipment, (v) technical service fees, representing payments for engaging external organizations for technical guidance, inspection and testing services and (vi)

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others, primarily representing leasing expenses for R&D facilities and maintenance and calibration fees for R&D equipment. For the years ended December 31, 2022, 2023 and 2024, our research and development expenses were RMB29.5 million, RMB35.9 million and RMB42.0 million, respectively, which accounted for 7.6%, 6.1% and 7.5% of our total revenue for the respective years.

The table below sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Labor costs	9,079	30.8	12,433	34.6	15,390	36.6
Utilities	4,885	16.6	7,513	20.9	8,813	21.0
Chemicals and material costs	4,759	16.1	6,001	16.7	5,575	13.3
Depreciation and amortization	3,577	12.1	3,580	10.0	3,876	9.2
Technical service fees	2,963	10.0	2,403	6.6	2,395	5.7
Others	4,238	14.4	4,018	11.2	5,976	14.2
Total	<u>29,501</u>	<u>100.0</u>	<u>35,948</u>	<u>100.0</u>	<u>42,025</u>	<u>100.0</u>

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets were primarily attributable to provision for impairment of trade receivables. For the years ended December 31, 2022, 2023 and 2024, we had impairment losses on financial assets of RMB114 thousand, RMB167 thousand and RMB1.7 million, respectively.

Other Expenses

Our other expenses consist of impairment of long-term assets and non-operating expenses. For the years ended December 31, 2022, 2023 and 2024, our other expenses were RMB5.7 million, RMB2.0 million and RMB143 thousand, respectively, which accounted for 1.5%, 0.3% and nil of our total revenue for the respective years.

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Finance Costs

During the Track Record Period, our finance costs consist of (i) interest on interest-bearing bank and other borrowings and (ii) interest on lease liabilities. For the years ended December 31, 2022, 2023 and 2024, our total finance costs were RMB9.6 million, RMB26.8 million and RMB34.2 million, respectively, which accounted for 2.5%, 4.5% and 6.1% of our total revenue for the respective years.

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on interest-bearing bank and other borrowings	24,463	33,656	33,897
Interest on lease liabilities	<u>369</u>	<u>473</u>	<u>330</u>
Total interest expense on financial liabilities measured at amortized cost	24,832	34,129	34,227
Less: Interest capitalized	<u>(15,243)</u>	<u>(7,282)</u>	<u>–</u>
Total	<u><u>9,589</u></u>	<u><u>26,847</u></u>	<u><u>34,227</u></u>

Income Tax Expense

Our income tax primarily consists of PRC enterprise income tax charged on our Group and deferred tax expenses arising from timing difference between accounting and taxable profits. For the years ended December 31, 2022, 2023 and 2024, we had income tax expense of RMB220 thousand, RMB754 thousand and RMB503 thousand, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Our subsidiaries incorporated in the PRC are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for those subject to preferential tax set out below.

Our Company and Hebei Shoulang were granted qualification of High and New Technology Enterprises (“HNTE”) with a preferential corporate income tax rate of 15% during the Track Record Period. Ningxia Binze qualified for China’s Western Development corporate income tax policy for 2023 and 2024 with a preferential corporate income tax rate of 15%. Shoulang Biotechnology applied for the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation with a preferential tax rate of 20% on 25% of the taxable profit for the years ended December 31,

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2021 and 2022, and it was granted the qualification of HNTE since 2023 with a preferential corporate income tax rate of 15%. Shoulang Jiyuan and Ningxia Binze were each granted the qualification of HNTE in 2024 with a preferential corporate income tax rate of 15%.

Our effective income tax rates (calculated by dividing our income tax expense by our loss before tax for the corresponding year) for the years ended December 31, 2022, 2023 and 2024 were 0.9%, 0.7% and 0.2%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 4.9% from RMB592.6 million in 2023 to RMB563.6 million in 2024, primarily due to the decrease in revenue derived from the sales of ethanol from RMB499.7 million in 2023 to RMB440.4 million in 2024.

Ethanol

Our revenue from the sales of ethanol decreased by 11.9% from RMB499.7 million in 2023 to RMB440.4 million in 2024, mainly attributable to a decrease of 15.6% in the average selling price of ethanol as compared to the average selling price in 2023 despite an increase of 4.4% in the sales volume of ethanol in 2024. The decrease in the average selling price of ethanol was primarily attributable to (1) the entry into the fuel ethanol market by a large amount of low-cost coal-based ethanol in the second half of 2024, and, to a lesser extent, (2) reduced demand for fuel ethanol as a result of changed market conditions in China and (3) reduced prices of the raw material corn, which is used to produce approximately 60% of the ethanol in China. The decline in corn prices reduced the production costs of ethanol, which led to a decrease in ethanol prices.

Microbial protein

Our revenue from the sales of microbial protein increased by 5.0% from RMB86.5 million in 2023 to RMB90.8 million in 2024, mainly attributable to the relatively stable average selling price of microbial protein and an increase in our production volume, which in turn increased our sales volume from 10,174.1 tons in 2023 to 10,742.6 tons in 2024, as a result of the commencement of operations of our Guizhou Jinze production facility in June 2023.

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Other products

Our revenue from other products remained stable at RMB6.3 million and RMB6.2 million in 2023 and 2024, respectively.

Low-carbon integrated solutions

Our revenue from low-carbon integrated solutions increased from nil in 2023 to RMB26.1 million in 2024, mainly attributable to revenue from patent royalties and technical services in connection with our low-carbon integrated solutions that we recorded in 2024.

Cost of sales

Our cost of sales increased by 14.3% from RMB574.8 million in 2023 to RMB657.0 million in 2024, primarily due to (i) an increase in depreciation and amortization from RMB88.4 million in 2023 to RMB113.9 million in 2024 primarily attributable to the depreciation of our Guizhou Jinze production facility, which commenced operations in June 2023 and (ii) an increase in the costs of raw materials from RMB178.5 million in 2023 to RMB197.8 million in 2024, mainly due to the combined effect of increase in the sales volume of our products and increase in the price of industrial off-gas sourced for our Shoulang Ji yuan and Ningxia Binze production facilities.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 627.0% from RMB17.7 million in 2023 to a gross loss of RMB93.3 million in 2024. Our overall gross margin decreased from 3.0% in 2023 to negative 16.6% in 2024. The decreases in the overall gross profit and gross profit margin are primarily attributable to the decreases in the gross profit and gross profit margin of ethanol and microbial protein.

Ethanol

Our gross profit for ethanol decreased by 206.4% from RMB68.1 million in 2023 to negative RMB72.5 million in 2024. Our gross profit margin for ethanol decreased from 13.6% in 2023 to negative 16.5% in 2024. Although the sales volume of ethanol slightly increased by 4.4% in 2024, the decreases in gross profit and gross profit margin of ethanol were primarily due to (i) a 15.6% decrease in the average selling price of ethanol and (ii) an increase in our cost of sales due to the depreciation of our Guizhou Jinze production facility, which commenced operations in June 2023, and increased costs of raw materials.

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Microbial protein

Our gross profit for microbial protein decreased by 4.0% from RMB19.8 million in 2023 to RMB19.0 million in 2024. Our gross profit margin for our microbial protein decreased from 22.9% in 2023 to 20.9% in 2024. The decreases in gross profit and gross profit margin were primarily due to an increase in our cost of sales due to the depreciation of our Guizhou Jinze production facility, which commenced operations in June 2023, and increased costs of raw materials.

Low-carbon integrated solutions

Our gross profit for low-carbon integrated solutions increased from nil in 2023 to RMB22.8 million in 2024. Our gross profit margin for our low-carbon integrated solutions was nil and 87.3% in 2023 and 2024, respectively. The increases in gross profit and gross profit margin were attributable to the increase in revenue generated from patent royalties and technical services in connection with our low-carbon integrated solutions.

Finance income

Our finance income decreased by 61.1% from RMB5.8 million in 2023 to RMB2.3 million in 2024. Such decrease was primarily due to a decrease in our bank deposits which led to lower interest incomes.

Other income and gains

Our other income and gains decreased by 24.9% from RMB15.5 million in 2023 to RMB11.6 million in 2024. Such decrease was primarily due to (i) a decrease in government grants and subsidies from RMB12.7 million in 2023 to RMB11.2 million in 2024, mainly attributable to amortization of previously received government grants and (ii) a decrease in gain on disposal of property, plant and equipment from RMB1.6 million in 2023 to nil in 2024 because we recorded an one-off income in 2023 from the transfer of ownership of certain buildings of our Hebei Shoulang Phase I production facility to Shougang Jintang pursuant to an asset transfer agreement entered into in 2023.

Selling and marketing expenses

Our selling and marketing expenses were RMB692 thousand and RMB546 thousand for the years ended December 31, 2023 and 2024, respectively.

Administrative expenses

Our administrative expenses increased by 5.1% from RMB82.7 million in 2023 to RMB86.9 million in 2024 due to the respective increases in depreciation and amortization and tax expenses, all of which were attributable to the commencement of new production facilities in 2023.

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Research and development expenses

Our research and development expenses increased by 16.9% from RMB35.9 million in 2023 to RMB42.0 million in 2024, due to an increase in the number of our R&D projects and our enhanced R&D activities related to the development of new strains.

Net impairment losses on financial assets

We recognized impairment losses on financial assets of RMB167 thousand and RMB1.7 million for the years ended December 31, 2023 and 2024, respectively. This change was mainly due to an increase in our trade receivables recorded in 2024, which in turn led to higher impairment losses.

Finance costs

Our finance costs increased by 27.5% from RMB26.8 million in 2023 to RMB34.2 million in 2024, which was primarily due to a deduction of capitalized interests in 2023 of RMB7.3 million. With the commencement of operations of our Guizhou Jinze production facility in 2023, interest on interest-bearing bank and other borrowings is no longer capitalized in 2024, resulting in higher financial costs.

Income tax expense

Our income tax expense decreased from RMB754 thousand in 2023 to RMB503 thousand in 2024.

Loss for the year

As a result of the foregoing, our loss for the year increased by 122.9% from RMB110.1 million in 2023 to RMB245.6 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 52.1% from RMB389.5 million in 2022 to RMB592.6 million in 2023, primarily due to the respective increases in revenue derived from (i) the sales of ethanol from RMB328.8 million in 2022 to RMB499.7 million in 2023 and (ii) the sales of microbial protein from RMB53.5 million in 2022 to RMB86.5 million in 2023.

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Ethanol

Our revenue from the sales of ethanol increased by 52.0% from RMB328.8 million in 2022 to RMB499.7 million in 2023, mainly attributable to an increase in our production volume, which in turn increased our sales volume from 54,303.7 tons in 2022 to 83,225.9 tons in 2023, as a result of the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023.

Microbial protein

Our revenue from the sales of microbial protein increased by 61.6% from RMB53.5 million in 2022 to RMB86.5 million in 2023, mainly attributable to an increase in our production volume, which in turn increased our sales volume from 6,476.0 tons in 2022 to 10,174.1 tons in 2023, as a result of the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023.

Other products

Our revenue from others decreased by 11.9% from RMB7.1 million in 2022 to RMB6.3 million in 2023, mainly attributable to a decrease in the sales volume of biogas as we retained a higher volume of biogas for our own use.

Cost of sales

Our cost of sales increased by 71.4% from RMB335.5 million in 2022 to RMB574.8 million in 2023, primarily due to the respective increases in (i) costs of raw materials from RMB113.3 million in 2022 to RMB178.5 million in 2023, (ii) utility costs from RMB99.5 million in 2022 to RMB172.8 million in 2023 and (iii) depreciation and amortization from RMB45.0 million in 2022 to RMB88.4 million in 2023, all of which were attributable to the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 67.2% from RMB54.1 million in 2022 to RMB17.7 million in 2023. Our overall gross profit margin decreased from 13.9% in 2022 to 3.0% in 2023. Despite the increases in (i) the gross profit of ethanol and microbial protein and (ii) the gross profit margin of microbial protein, the decreases in the overall gross profit and gross profit margin are primarily attributable to an increase in maintenance and cultivation costs, which do not correspond to any revenue-generating activities, from RMB6.6 million in 2022 to RMB70.2 million in 2023.

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Ethanol

Our gross profit for ethanol increased by 25.2% from RMB54.4 million in 2022 to RMB68.1 million in 2023. Such increase was due to an increase in our production volume, which in turn increased our sales volume, as a result of the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023. Our gross profit margin for ethanol decreased from 16.5% in 2022 to 13.6% in 2023, which was primarily driven by higher utility costs and lower capacity utilization rates during the initial phase of operations associated with the commencement of operations of our Guizhou Jinze production facility, which led to higher overall costs.

Microbial protein

Our gross profit for microbial protein increased by 216.6% from RMB6.2 million in 2022 to RMB19.8 million in 2023. Our gross profit margin for microbial protein increased from 11.7% in 2022 to 22.9% in 2023. The increases in gross profit and gross profit margin were primarily due to an increase in our production volume, which in turn increased our sales volume, as a result of the gradual ramping up of productions of our Shoulang Jiyuan and Ningxia Binze production facilities and the commencement of operations of our Guizhou Jinze production facility in 2023.

Finance Income

Our finance income decreased by 16.2% from RMB6.9 million in 2022 to RMB5.8 million in 2023. Such decrease was primarily due to a decrease in our bank deposits which led to lower interest incomes.

Other income and gains

Our other income and gains increased by 148.1% from RMB6.2 million in 2022 to RMB15.5 million in 2023. Such increase was primarily due to an increase in government grants and subsidies from RMB5.5 million in 2022 to RMB12.7 million in 2023 because we received government funding aimed at promoting local scientific and technological development in 2023.

Selling and marketing expenses

Our selling and marketing expenses increased by 165.1% from RMB261 thousand in 2022 to RMB692 thousand in 2023 due to increases in (i) the number of sales personnel and (ii) advertising and marketing expenses in 2023.

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Administrative expenses

Our administrative expenses increased by 81.0% from RMB45.7 million in 2022 to RMB82.7 million in 2023 primarily due to (i) an increase in labor costs from RMB23.2 million in 2022 to RMB38.4 million in 2023 attributable to the commencement of operations of our Ningxia Binze and Guizhou Jinze production facilities, resulting in a substantial increase in the number of administrative employees, (ii) an increase in professional service fees from RMB5.2 million in 2022 to RMB13.2 million in 2023 in connection with the preparation for the A-Share listing plan and (iii) an increase in depreciation of office buildings in our production facilities.

Research and development expenses

Our research and development expenses increased by 21.9% from RMB29.5 million in 2022 to RMB35.9 million in 2023, due to (i) an increase in labor costs from RMB9.1 million in 2022 to RMB12.4 million in 2023 and (ii) an increase in utility costs from RMB4.9 million in 2022 to RMB7.5 million in 2023, both of which were attributable to the substantial R&D investments required for us to maintain a technological advantage in the field of synthetic biotechnology.

Net impairment losses on financial assets

Our impairment losses on financial assets remained relatively stable at RMB114 thousand in 2022 and RMB167 thousand in 2023.

Other expenses

Our other expenses decreased by 64.1% from RMB5.7 million in 2022 to RMB2.0 million in 2023, which was primarily due to the provision for impairment of fixed assets made in 2022.

Finance costs

Our finance costs increased by 180.0% from RMB9.6 million in 2022 to RMB26.8 million in 2023, which was primarily due to (i) an increase in interest on interest-bearing bank and other borrowing from RMB24.5 million in 2022 to RMB33.7 million in 2023 for the construction of our Ningxia Binze and Guizhou Jinze production facilities and (ii) a decrease in capitalized interest from RMB15.2 million in 2022 to RMB7.3 million in 2023.

Income tax expense

Our income tax expense increased from RMB220 thousand in 2022 to RMB754 thousand in 2023.

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Loss for the year

As a result of the foregoing, our loss for the year increased by 361.7% from RMB23.9 million in 2022 to RMB110.1 million in 2023.

DESCRIPTION OF MAJOR LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total current assets	637,474	330,278	284,590
Total non-current assets	2,158,413	2,350,235	2,275,982
Total assets	<u>2,795,887</u>	<u>2,680,513</u>	<u>2,560,572</u>
Total current liabilities	674,544	762,985	895,701
Total non-current liabilities	867,334	738,428	731,339
Total liabilities	<u>1,541,878</u>	<u>1,501,413</u>	<u>1,627,040</u>
Net current liabilities	(37,070)	(432,707)	(611,111)
Net assets	<u>1,254,009</u>	<u>1,179,100</u>	<u>933,532</u>
Equity attributable to owners of the parent			
Share capital	360,000	360,000	360,000
Reserves	641,955	579,243	441,972
	1,001,955	939,243	801,972
Non-controlling interests	252,054	239,857	131,560
Total equity	<u>1,254,009</u>	<u>1,179,100</u>	<u>933,532</u>

FINANCIAL INFORMATION

The following table sets forth our current assets, current liabilities and net current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets				
Inventories	33,967	64,649	64,867	66,006
Trade and bills receivables . . .	4,595	2,946	41,535	32,829
Prepayments, other receivables and other assets	39,405	29,089	31,161	40,363
Due from related companies . .	8,597	10,246	2,324	6,796
Income tax recoverable	228	2,508	2,375	2,375
Pledged deposits	43,754	37,469	31,051	23,007
Restricted cash	3,000	—	86	1
Cash and cash equivalents . . .	503,928	183,371	111,191	58,645
Total current assets	<u>637,474</u>	<u>330,278</u>	<u>284,590</u>	<u>230,022</u>
Current liabilities				
Trade and bills payables	37,854	90,559	207,746	205,048
Other payables and accruals . .	327,260	317,909	242,949	202,614
Contract liabilities	12,622	8,172	3,237	3,607
Due to related companies	163,732	172,551	166,232	157,657
Interest-bearing bank and other borrowings	125,169	161,995	269,954	269,834
Lease liabilities	2,997	3,669	2,691	2,200
Income tax payable	62	—	—	—
Deferred income	4,848	8,130	2,892	2,029
Total current liabilities	<u>674,544</u>	<u>762,985</u>	<u>895,701</u>	<u>842,989</u>
Net current liabilities	<u>(37,070)</u>	<u>(432,707)</u>	<u>(611,111)</u>	<u>(612,967)</u>

Our net current liabilities increased from RMB611.1 million as of December 31, 2024 to RMB613.0 million as of April 30, 2025, primarily due to a decrease in cash and cash equivalents from RMB111.2 million as of December 31, 2024 to RMB58.6 million as of April 30, 2025, which was partially offset by decrease in other payables and accruals from RMB242.9 million as of December 31, 2024 to RMB202.6 million as of April 30, 2025. Changes in both cash and cash equivalents and other payables and accruals primarily reflect payments for construction and equipment fees related to our production facilities.

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Our net current liabilities increased from RMB432.7 million as of December 31, 2023 to RMB611.1 million as of December 31, 2024, primarily due to (i) an increase in the current portion of interest-bearing bank and other borrowings from RMB162.0 million as of December 31, 2023 to RMB270.0 million as of December 31, 2024 to supplement our working capital and (ii) an increase in trade and bills payables from RMB90.6 million as of December 31, 2023 to RMB207.7 million as of December 31, 2024 due to the increased procurement of goods or services, in line with the expansion of our operation, which were partially offset by (i) an increase in trade and bills receivables from RMB2.9 million as of December 31, 2023 to RMB41.5 million as of December 31, 2024 primarily because of income generated from patent royalties and the provision of technical services related to our low-carbon integrated solutions and (ii) a decrease in our other payables and accruals from RMB317.9 million as of December 31, 2023 to RMB242.9 million as of December 31, 2024, reflecting a decrease in amounts owed for construction and equipment fees related to our production facilities.

Our net current liabilities increased from RMB37.1 million as of December 31, 2022 to RMB432.7 million as of December 31, 2023, primarily due to a decrease in cash and cash equivalents from RMB503.9 million as of December 31, 2022 to RMB183.4 million as of December 31, 2023, reflecting payments for construction and equipment fees related to our production facilities.

We intend to further improve our net current liabilities position through various measures, for example: (i) we plan to improve our operating cash flows and enlarge our net cash generated from operating activities as a result of our enhanced profitability from strategies and measures adopted to turn around from loss to profit making in the future; (ii) we plan to take active measures to improve our revenue and decrease our cost of sales; please see “Business — Business Sustainability — Path to Profitability” for further details of active measures we plan to take to improve our profitability; (iii) we plan to focus on adjusting our financing structure by replacing short-term borrowings with long-term borrowings to the extent possible; (iv) we will continue to regularly review and update our liquidity and funding policies to ensure that it is aligned with our business plan and financial position. We will also utilize other financial resources available to us, including the net proceeds from the Global Offering, our current cash and cash equivalents and our net cash flows from operating activities, which would further lower our current liabilities by reducing current borrowings from banks and other financial institutions repayable within one year; (v) we plan to improve our trade and bills payables management. We expect to enhance our bargaining power over our suppliers as we scale up our business, and we plan to negotiate better credit terms with our suppliers for extended payment cycles; and (vi) we plan to enhance our trade and bills receivables management by closely monitoring the credit profiles and operating and financial conditions of our customers, and maintain robust collection of trade and bills receivables by proactively following up on our customers to ensure their payments as scheduled. We also plan to increase the focus on trade and bills receivable collection when evaluating the performance of our sales team.

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CERTAIN CURRENT BALANCE SHEET ITEMS

Inventories

Our inventories primarily consist of (i) raw materials such as chemicals, spare parts, consumables and testing supplies, (ii) finished goods such as ethanol and microbial protein and (iii) goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	13,791	22,031	25,295
Finished goods	19,854	50,453	54,348
Goods in transit	322	200	1,310
	<u>33,967</u>	<u>72,684</u>	<u>80,953</u>
Less: provision for impairment losses on inventories	<u>—</u>	<u>(8,035)</u>	<u>(16,086)</u>
Net carrying amount	<u>33,967</u>	<u>64,649</u>	<u>64,867</u>

Our inventories increased from RMB34.0 million as of December 31, 2022 to RMB64.6 million as of December 31, 2023 and RMB64.9 million as of December 31, 2024, primarily reflecting an increase in the overall scale of our operations. Our finished goods increased from RMB19.9 million as of December 31, 2022 to RMB50.5 million as of December 31, 2023 to RMB54.3 million as of December 31, 2024 due to increased production volume as a result of the commencement of operations of our Shoulang Jiyuan and Ningxia Binze production facilities in 2022 and Guizhou Jinze production facility in 2023. In addition, according to the Guidelines for Safety Risk Investigation and Governance of Chemical Industrial Parks (Trial) (《化工園區安全風險排查治理導則(試行)》) and Guidelines for Safety Risk Hazard Investigation and Governance of Hazardous Chemical Enterprises (《危險化學品企業安全風險隱患排查治理導則》) issued by the Ministry of Emergency Management in August 2019, and as advised by our PRC Legal Advisor, the safety risk inspection checklist for storage and transportation systems stipulates that it is strictly prohibited for the floating roof of an internal floating roof tank to settle to the bottom while in operation and the low liquid level alarms or interlock settings of internal floating roof tanks not being set lower than the height supported by the floating roof shall be included in the scope of inspection. As such, for safety compliance reasons, we maintain a minimum ethanol inventory level in our storage facilities to ensure that these regulatory requirements are met and operational risks are mitigated.

In accordance with the relevant accounting standards, we recorded provision for impairment losses on inventories of nil, RMB8.0 million and RMB16.1 million as of December 31, 2022, 2023 and 2024, respectively, primarily because of a decrease in the average selling price of ethanol in 2023 and 2024.

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The following table sets forth our inventory turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Inventory turnover days⁽¹⁾	30.9	31.3	36.0

Note:

- (1) Inventory turnover days are calculated by dividing the average of the opening and closing balance of inventories by cost of sales for the relevant year and multiplying by 365 days.

Our inventory turnover days remained relatively stable at 30.9 days and 31.3 days for the years ended December 31, 2022 and 2023, respectively, the trend of which was generally in line with the growth of our business. Our inventory turnover days increased to 36.0 days in 2024 because the average of the opening and closing balance of inventories in 2024 was higher than that in 2023, primarily due to the additional inventories associated with the full-year impact of production from our Guizhou Jinze production facility, which commenced operation in June 2023.

As of April 30, 2025, approximately RMB70.0 million, or 86.5%, of our inventories as of December 31, 2024 had been utilized or sold.

Trade and Bills Receivables

Our trade and bills receivables consist of (i) trade receivables, primarily representing outstanding amounts associated with our products and low-carbon integrated solutions and (ii) bank acceptance notes. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	4,600	3,018	42,236
Impairment allowance	(5)	(72)	(1,617)
Trade receivables, net	4,595	2,946	40,619
Bank acceptance notes	—	—	916
Net carrying amount	<u>4,595</u>	<u>2,946</u>	<u>41,535</u>

FINANCIAL INFORMATION

Our trade and bills receivables decreased from RMB4.6 million as of December 31, 2022 to RMB2.9 million as of December 31, 2023, mainly due to the decrease in trade receivables from RMB4.6 million as of December 31, 2022 to RMB3.0 million as of December 31, 2023. The decrease is a result of our enhanced management practices, which accelerated the collection of outstanding trade receivables.

Our trade and bills receivables then increased from RMB2.9 million as of December 31, 2023 to RMB41.5 million as of December 31, 2024, mainly due to the increase in trade receivables from RMB3.0 million as of December 31, 2023 to RMB42.2 million as of December 31, 2024. This increase is primarily attributable to the patent royalties and technical service fees generated from our low-carbon integrated solutions launched in 2024.

The following table sets forth the aging analysis of our trade and bills receivables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	<u>4,595</u>	<u>2,946</u>	<u>41,535</u>

Our typical trading terms with our customers are payment in advance and on credit for our products. Each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables and have established a credit control department to minimize credit risk. For our products, we normally grant a credit period of up to 60 days or a particular period agreed with customers effective from the date when the revenue was recognized. For our low-carbon integrated solutions, the credit period is determined by the terms of the contract with the customer, with payments structured around specific milestones.

The following table sets forth the turnover days of our trade and bills receivables for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade and bills receivables			
turnover days⁽¹⁾	<u>3.9</u>	<u>2.3</u>	<u>14.4</u>

Note:

- (1) Trade and bills receivables turnover days are calculated by dividing the average of the opening and closing balance of trade and bills receivables by revenue and multiplying by 365 days.

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Our trade and bills receivables turnover days were 3.9 days, 2.3 days and 14.4 days for the years ended December 31, 2022, 2023 and 2024, respectively. Our trade and bills receivables turnover days decreased from 3.9 days in 2022 and to 2.3 days in 2023 because a higher proportion of our products sold required prepayments. The turnover days then increased to 14.4 days in 2024, mainly due to the increases in trade receivables from patent royalties and technical services related to our low-carbon integrated solutions and sales of ethanol to major customers.

As of April 30, 2025, RMB16.1 million, or 37.2%, of our trade and bills receivables as of December 31, 2024 had been settled. The outstanding trade and bills receivables primarily relate to low-carbon integrated solutions provided to Mingtuo, with whom we maintain an ongoing business relationship. The payment terms for these receivables are structured around milestone-based payments. Given the early-phase status of the project contemplated under the Mingtuo Agreement and in accordance with the written confirmation from Mingtuo, payment is expected to be incrementally settled in the second half of 2025 and the first half of 2026 based on the project progress, which accounted for the lower settlement rate as of April 30, 2025. In accordance with prudent financial management, we have recognized a 5% provision against these receivables to provide an additional buffer for any potential uncertainties. Taking into account the customers' historical credit record and financial performance, while we had been actively communicating with them for the trade and bills receivables collection, we did not observe significant risk regarding the recoverability of such amounts, and our Directors are of the view that sufficient provision in respect of our trade and bills receivables has been made.

Prepayments, Other Receivables and Other Assets (Current Portion)

Our prepayments, other receivables and other assets primarily consist of (i) deposits, primarily representing lease security deposits and deposits for the purchase of raw materials, (ii) prepayments to suppliers for utilities, equipment and goods, (iii) other tax recoverable, primarily representing input valued-added tax ("VAT") recoverable, (iv) prepaid expenses, primarily representing amortization of prepaid insurance premiums and technical service fees, (v) advance to employees refer to petty cash advances and (vi) others, such as interest receivable and government loan interest subsidies. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other tax recoverable	31,072	24,868	22,029
Deferred listing expenditures	—	—	4,760
Deposits	841	1,051	2,453
Prepayments to suppliers	6,539	1,822	2,000
Prepaid expenses	1,013	1,307	309
Advances to employees	28	32	16
Others	25	114	10
	<u>39,518</u>	<u>29,194</u>	<u>31,577</u>
Impairment allowance	(113)	(105)	(416)
Total	<u><u>39,405</u></u>	<u><u>29,089</u></u>	<u><u>31,161</u></u>

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Our prepayments, other receivables and other assets decreased from RMB39.4 million as of December 31, 2022 to RMB29.1 million as of December 31, 2023, mainly due to the decrease in other tax recoverable from RMB31.1 million as of December 31, 2022 to RMB24.9 million as of December 31, 2023, primarily because we received VAT refund in 2022 due to favorable government policies. Our prepayments, other receivables and other assets then increased from RMB29.1 million as of December 31, 2023 to RMB31.2 million as of December 31, 2024, mainly due to the increase in deferred listing expenditures from nil as of December 31, 2023 to RMB4.8 million as of December 31, 2024 due to the capitalized portion of our listing expenses.

As of April 30, 2025, RMB13.7 million, or 43.3%, of our prepayments, other receivables and other assets as of December 31, 2024 had been settled.

Pledged Deposits

Our pledged deposits refer to the security deposits we provided to banks for the issuance of bank acceptance notes and bank loans. Our pledged deposits decreased from RMB43.8 million as of December 31, 2022 to RMB37.5 million as of December 31, 2023 and RMB31.1 million as of December 31, 2024. The decreases were primarily due to the release of or reduction in security deposits in connection with our commercial loans.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB503.9 million as of December 31, 2022 to RMB183.4 million as of December 31, 2023 and further to RMB111.2 million as of December 31, 2024, mainly due to the settlement of construction and equipment fees.

Trade and Bills Payables

Our trade and bills payables increased from RMB37.9 million as of December 31, 2022 to RMB90.6 million as of December 31, 2023 and RMB207.7 million as of December 31, 2024, primarily due to increased trade payables for utilities and raw materials following the commencement of operation and the ramping up of production of our various production facilities, in line with our business expansion.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	37,640	88,646	192,892
1 to 2 years	208	1,892	14,565
2 to 3 years	–	20	276
Over 3 years	6	1	13
Total	<u>37,854</u>	<u>90,559</u>	<u>207,746</u>

Our trade and bills payables are non-interest-bearing and unsecured and repayable within one year. During the Track Record Period, our suppliers generally granted us a credit period of around 30 to 90 days.

The following table sets forth the turnover days of our trade and bills payables for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade and bills payables turnover			
days⁽¹⁾	<u>32.5</u>	<u>40.8</u>	<u>82.9</u>

Note:

- (1) Trade and bills payables turnover days are calculated by dividing the average of the opening and closing balance of trade and bills payables by cost of sale and multiplying by 365 days.

Our average trade and bills payables turnover days were 32.5 days, 40.8 days and 82.9 days for the years ended December 31, 2022, 2023 and 2024, respectively. Our trade and bills payables turnover days were 32.5 days in 2022 and 40.8 days in 2023, primarily due to the consistent settlement with our suppliers. The turnover days increased to 82.9 days in 2024, primarily due to longer credit periods granted by our suppliers.

As of April 30, 2025, RMB86.1 million, or 41.5%, of our trade and bills payables as of December 31, 2024 had been settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payable for purchase of constructions, equipment, and service, (ii) deposits for construction projects, (iii) payroll and welfare payable, (iv) other tax payables and (v) others, including professional service fees.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payable for purchase of constructions, equipment and service	269,524	286,629	214,538
Deposits	42,328	14,442	6,862
Payroll and welfare payable.	9,997	11,454	13,048
Other tax payables.	3,635	1,605	4,394
Others	1,776	3,779	4,107
Total	<u>327,260</u>	<u>317,909</u>	<u>242,949</u>

As of December 31, 2022, 2023 and 2024, our other payables and accruals were RMB327.3 million, RMB317.9 million and RMB242.9 million, respectively, of which payable for purchase of constructions, equipments and service amounted to RMB269.5 million, RMB286.6 million and RMB214.5 million as of the same dates. The changes in payable for purchase of construction and equipment were in line with the payment schedules of the construction of our production facilities.

As of April 30, 2025, RMB77.3 million, or 31.8%, of our other payables and accruals as of December 31, 2024 had been settled.

FINANCIAL INFORMATION

CERTAIN NON-CURRENT BALANCE SHEET ITEMS

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) buildings and constructions, (ii) machinery, (iii) vehicles, (iv) electronic devices, (v) other equipment, (vi) leasehold improvements and (vii) construction in progress. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings and constructions	397,740	555,764	542,605
Machinery	1,071,747	1,573,223	1,514,553
Vehicles	1,555	1,056	634
Electronic devices	2,140	49,323	43,858
Other equipment	4,358	5,073	6,365
Leasehold improvements	2,085	4,960	5,693
Construction in progress	571,849	5,153	27,255
Total	<u>2,051,474</u>	<u>2,194,552</u>	<u>2,140,963</u>

Our property, plant and equipment increased from RMB2,051.5 million as of December 31, 2022 to RMB2,194.6 million as of December 31, 2023, primarily reflecting the construction of new production facilities and the purchase of machinery for such facilities. Our property, plant and equipment decreased to RMB2,141.0 million as of December 31, 2024, primarily reflecting depreciation of machinery and buildings and constructions.

FINANCIAL INFORMATION

Right-of-Use Assets

Our right-of-use assets primarily consist of (i) plant and properties, (ii) leasehold land, and (iii) transportation equipment.

The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Plant and properties	7,894	37,668	31,615
Leasehold land	56,278	73,538	70,084
Transportation equipment	586	290	305
Total	<u>64,758</u>	<u>111,496</u>	<u>102,004</u>

Our right-of-use assets increased from RMB64.8 million as of December 31, 2022 to RMB111.5 million as of December 31, 2023, reflecting the respective increases in (i) plant and properties from RMB7.9 million as of December 31, 2022 to RMB37.7 million as of December 31, 2023 due to the leasing of plant facilities and (ii) leasehold land from RMB56.3 million as of December 31, 2022 to RMB73.5 million as of December 31, 2023 due to the leasing of land for our production facilities. Our right-of-use assets decreased to RMB102.0 million as of December 31, 2024, primarily due to the depreciation of our plant and properties.

Prepayments, Other Receivables and Other Assets (Non-Current Portion)

Our prepayments, other receivables and other assets primarily consist of prepayments for long-term assets, which refer to construction and equipment fees.

Our prepayments, other receivables and other assets decreased from RMB18.9 million as of December 31, 2022 to RMB15.3 million as of December 31, 2023 and RMB3.8 million as of December 31, 2024, mainly because the contractual obligations pursuant to the prepayments had been settled.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

	Year Ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from/(used in)			
operating activities	104,633	(10,486)	19,308
Net cash used in investing activities . . .	(813,961)	(220,451)	(144,916)
Net cash from/(used in) financing			
activities	<u>1,046,508</u>	<u>(89,620)</u>	<u>53,428</u>
Net increase/(decrease) in cash and			
cash equivalents	337,180	(320,557)	(72,180)
Cash and cash equivalents at beginning			
of year	<u>166,748</u>	<u>503,928</u>	<u>183,371</u>
Total cash and cash equivalents at			
end of year	<u><u>503,928</u></u>	<u><u>183,371</u></u>	<u><u>111,191</u></u>

Net cash flows used in or from operating activities

For the year ended December 31, 2024, we had net cash flows from operating activities of RMB19.3 million, resulting from our loss before tax of RMB245.1 million, adjustments for non-operating activity items of RMB181.9 million, changes in working capital of RMB80.6 million, interest received of RMB2.3 million and income tax paid of RMB0.4 million. Adjustments for non-operating activity items primarily include the adding back of (i) depreciation of property, plant and equipment of RMB119.5 million, (ii) finance costs of RMB34.2 million and (iii) write-down of inventories to net realizable value of RMB16.1 million. Changes in working capital primarily include (i) an increase in trade and bills payables of RMB117.2 million and (ii) an increase in trade and bills receivables of RMB40.1 million.

For the year ended December 31, 2023, we had net cash flows used in operating activities of RMB10.5 million, resulting from our loss before tax of RMB109.4 million, adjustments for non-operating activity items of RMB140.2 million, changes in working capital of RMB44.0 million, interest received of RMB5.8 million and income tax paid of RMB3.1 million. Adjustments for non-operating activity items primarily included the adding back of (i) depreciation of property, plant and equipment of RMB97.1 million and (ii) finance costs of RMB26.8 million. Changes in working capital primarily included (i) an increase in inventories of RMB38.7 million, (ii) a decrease in other payables and accruals of RMB59.1 million and (iii) an increase in trade and bills payables of RMB52.7 million.

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For the year ended December 31, 2022, we had net cash flows from operating activities of RMB104.6 million, resulting from our loss before tax of RMB23.6 million, adjustments for non-operating activity items of RMB64.3 million, changes in working capital of RMB55.9 million, interest received of RMB6.9 million and income tax refunded of RMB1.2 million. Adjustments for non-operating activity items primarily included the adding back of depreciation of property, plant and equipment of RMB48.9 million. Changes in working capital primarily included (i) a decrease in prepayments, other receivables and other assets of RMB34.0 million, (ii) an increase in trade and bills payables of RMB15.9 million and (iii) an increase in inventories of RMB11.1 million.

Net cash flows used in investing activities

For the year ended December 31, 2024, our net cash flows used in investing activities amounted to RMB144.9 million, primarily due to purchases of items of property, plant, equipment and leasehold land of RMB141.6 million.

For the year ended December 31, 2023, our net cash flows used in investing activities amounted to RMB220.5 million, primarily due to purchases of items of property, plant, equipment and leasehold land of RMB212.5 million.

For the year ended December 31, 2022, our net cash flows used in investing activities amounted to RMB814.0 million, primarily due to purchases of items of property, plant, equipment and leasehold land of RMB805.8 million.

Net cash flows used in or from financing activities

For the year ended December 31, 2024, our net cash flows from financing activities amounted to RMB53.4 million, primarily due to proceeds from interest-bearing bank and other borrowings of RMB277.7 million, which were partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB197.5 million and (ii) interest paid of RMB33.9 million.

For the year ended December 31, 2023, our net cash flows used in financing activities amounted to RMB89.6 million, primarily due to (i) repayment of interest-bearing bank and other borrowings of RMB121.5 million and (ii) interest paid of RMB33.8 million, which were partially offset by (i) capital injections from non-controlling shareholders of RMB31.3 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB35.0 million.

For the year ended December 31, 2022, our net cash flows from financing activities amounted to RMB1,046.5 million, primarily due to (i) proceeds from interest-bearing bank and other borrowings of RMB809.0 million and (ii) capital injections from the Company's shareholders of RMB300.0 million, which were partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB95.5 million and (ii) increase in pledged deposits of RMB30.4 million.

FINANCIAL INFORMATION

Working capital sufficiency

Our liquidity and capital resource needs over the next 12 months primarily relate to our R&D activities, procurement of raw materials and product components, employee benefits and daily operation. We believe our liquidity requirements will be satisfied by using funds from a combination of cash flows generated from operating and financing activities and debt financing. As of December 31, 2024, we had cash and cash equivalents of RMB111.2 million. After taking into consideration the above financial resources available to us, in the absence of unforeseeable circumstances, our Directors are of the opinion that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this prospectus.

Our ability to obtain additional funding beyond our anticipated cash needs for the next 12 months following the date of this prospectus, however, is subject to a variety of uncertainties, including our future results of operations, our future business plans, financial condition and cash flows and economic, political and other conditions in the markets where we and our customers and lenders operate.

INDEBTEDNESS

Indebtedness

Our indebtedness primarily consists of interest-bearing bank and other borrowings and lease liabilities. As of December 31, 2022, 2023 and 2024 and April 30, 2025, except as disclosed below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, acceptance credits, hire purchase commitments, any guarantees or other material contingent liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
				(Unaudited)
Non-current				
Interest-bearing bank and				
other borrowings	828,789	705,270	677,513	748,812
Lease liabilities	6,622	3,920	1,794	1,324
Current				
Interest-bearing bank and				
other borrowings	125,169	161,995	269,954	269,834
Lease liabilities	2,997	3,669	2,691	2,200
Total	<u>963,577</u>	<u>874,854</u>	<u>951,952</u>	<u>1,022,170</u>

FINANCIAL INFORMATION

Interest-bearing Bank and Other Borrowings

The following table sets forth the maturity profile of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Bank loans repayable:				
Within one year	124,914	131,786	219,716	169,834
In the second year	—	49,999	—	32,900
In the third to fifth years, inclusive	106,228	—	—	200,412
Beyond five years	<u>492,561</u>	<u>455,271</u>	<u>447,513</u>	<u>285,500</u>
Subtotal	723,703	637,056	667,229	688,646
Other borrowings repayable:				
Within one year	255	30,209	50,238	100,000
In the second year	30,000	200,000	—	—
In the third to fifth years, inclusive	<u>200,000</u>	<u>—</u>	<u>230,000</u>	<u>230,000</u>
Subtotal	230,255	230,209	280,238	330,000
Total	<u>953,958</u>	<u>867,265</u>	<u>947,467</u>	<u>1,018,646</u>

During the Track Record Period, we used our interest-bearing bank and other borrowings to supplement our liquidity and to fund the construction of our production facilities. Our interest-bearing bank and other borrowings decreased from RMB954.0 million as of December 31, 2022 to RMB867.3 million as of December 31, 2023, primarily due to the repayment of certain of our bank loans. Our interest-bearing bank and other borrowings increased to RMB947.5 million as of December 31, 2024, primarily reflecting an increase in our bank loans to supplement our working capital. Our interest-bearing bank and other borrowings further increased to RMB1,018.6 million as of April 30, 2025 to supplement our working capital.

As of December 31, 2022, 2023 and 2024, our interest-bearing bank and other borrowings amounting to RMB723.7 million, RMB637.1 million and RMB557.1 million, respectively, were secured, bearing effective interest rates ranging from 3.4% to 4.9% per annum. During the Track Record Period, a portion of our interest-bearing bank and other borrowings were secured with pledges on our property, plant and equipment and leasehold land. As of December 31, 2022, 2023 and 2024, our interest-bearing bank and other borrowings amounting to RMB230.3 million, RMB230.2 million and RMB390.3 million, respectively, were unsecured, bearing effective interest rates ranging from 2.48% to 3.7% per annum.

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Our interest-bearing bank borrowing agreements contain terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor did we experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings, breach of any material covenants or trigger any cross-default provisions which would have a material negative impact on our business. Our Directors confirm that there is no material change in our indebtedness since April 30, 2025 and up to the date of this Prospectus. Given our credit history and our current credit status, we believe that we will not encounter any difficulties in obtaining additional bank borrowings in the future.

As of April 30, 2025, we had unutilized credit facilities of approximately of RMB1,651.0 million. The unutilized credit facilities were obtained from four commercial banks, each of which is an Independent Third Party. The unutilized portion of the credit facilities granted by each bank amounted to RMB674.0 million, RMB300.0 million, RMB380.0 million, and RMB297.0 million, respectively. Except for the credit facility in the amount of RMB300.0 million which has a tenor of four years, each of the other three credit facilities has a one-year tenor. The effective interest rate, usage and restrictive covenant (if applicable) for each credit facility will be specified in the loan agreements to be entered into by the relevant commercial banks and us when the facilities are drawn down.

Lease Liabilities

During the Track Record Period, our lease liabilities were mainly related to plants, properties, leasehold land and transportation equipment we leased for our business operations. Our lease liabilities decreased from RMB9.6 million as of December 31, 2022 to RMB7.6 million as of December 31, 2023, primarily because lease payments were made. Our lease liabilities decreased to RMB4.5 million as of December 31, 2024, primarily because certain leases are due to expire in 2025, resulting in reduced lease payments in 2024. Our lease liabilities further decreased to RMB3.5 million as of April 30, 2025, primarily because lease payments were made.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURE

Capital Commitments

We had the following significant capital commitments mainly related to the construction and acquisition of property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Properties, plant and equipment	<u>193,560</u>	<u>25,305</u>	<u>12,705</u>

Capital Expenditure

The following table sets forth a summary of our capital expenditure for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Purchases of items of property, plant, equipment and leasehold land	805,840	212,536	141,557
Purchase of intangible assets	<u>8,121</u>	<u>7,915</u>	<u>3,359</u>
Total	<u>813,961</u>	<u>220,451</u>	<u>144,916</u>

For the years ended December 31, 2022, 2023 and 2024, our capital expenditure amounted to RMB814.0 million, RMB220.5 million and RMB144.9 million, respectively. Our capital expenditure during the Track Record Period mainly represented additions to our property, plant, equipment and leasehold land to enhance our production capabilities. We funded our capital expenditures during the Track Record Period mainly through our existing cash and bank balances, cash flows generated from operating and financing activities and debt financing. We intend to fund our planned capital expenditures through a combination of cash flows generated from operating and financing activities, debt financing and the proceeds from the Global Offering.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the market and changes in the regulatory environment. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions. We intend to continue certain transactions with our related parties, including the purchase of industrial off-gas and energy medium, after the Listing. Please refer to “Connected Transactions” for further details. It is the view of our Directors that each of the related party transactions set out in Note 33 to the Accountants’ Report in Appendix I to this prospectus were conducted on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance. After our Listing, the non-trade balance of amounts due from and to our related parties, including a loan from Shougang Finance, will continue. Please refer to “Connected Transactions — Non-exempt Continuing Connected Transactions — B. Shougang Finance Financial Services Framework Agreement” and “Relationship with Our Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” for further details of the loan. Save as disclosed above, there were no other related party loans, advances, guarantees and/or pledges of securities to/from us as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	As of December 31,		
	2022	2023	2024
Current ratio ⁽¹⁾ (Times)	0.9	0.4	0.3
Asset-to-liability ratio ⁽²⁾ (Times)	1.8	1.8	1.6
Gearing ratio ⁽³⁾ (%)	76.8	74.2	102.0
Debt to equity ratio ⁽⁴⁾ (%)	36.7	58.6	90.1

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities as of the dates indicated.
- (2) Asset-to-liability ratio equals total assets divided by total liabilities as of the dates indicated.
- (3) Gearing ratio equals total indebtedness (being interest-bearing bank and other borrowings and lease liabilities) divided by total equity as of the dates indicated.
- (4) Debt to equity ratio equals net debts divided by total equity as of the dates indicated. Net debts equal total indebtedness (being interest-bearing bank and other borrowings and lease liabilities) minus cash and cash equivalents.

FINANCIAL INFORMATION

Current Ratio

Our current ratio decreased from 0.9 as of December 31, 2022 to 0.4 as of December 31, 2023, primarily due to a decrease in cash and cash equivalents and an increase in interest-bearing bank and other borrowings. Our current ratio decreased to 0.3 as of December 31, 2024, primarily due to a decrease in cash and cash equivalents and increases in trade and bills payables and interest-bearing bank and other borrowings.

Asset-to-Liability Ratio

Our asset-to-liability ratio remained stable at 1.8 as of December 31, 2022 and 2023. Our asset-to-liability ratio then decreased to 1.6 as of December 31, 2024, primarily due to a decrease in cash and cash equivalents and increases in trade and bills payables and interest-bearing bank and other borrowings.

Gearing Ratio

Our gearing ratios were 76.8%, 74.2% and 102.0% as of December 31, 2022, 2023 and 2024, which were in line with the fluctuations in our interest-bearing bank and other borrowings.

Debt to Equity Ratio

Our debt to equity ratios were 36.7%, 58.6% and 90.1% as of December 31, 2022, 2023 and 2024, respectively. The increases in our debt to equity ratio primarily reflect increases in our net debts.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business. The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We set forth a summary of our approach to managing these types of risks. See Note 36 to the Accountants' Report in Appendix I to this prospectus for further details.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our policy is to manage the interest cost using a mix of fixed and variable rate debts. If the interest rate of bank and other borrowings had increased/decreased by 5% and all other variables were held constant, our loss before tax, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB462 thousand and RMB1.3 million and RMB1.3 million for the years ended December 31, 2022, 2023 and 2024, respectively.

FINANCIAL INFORMATION

Credit Risk

We only trade with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures.

Detailed information on the credit quality and the maximum exposure to credit risk based on our credit policy, which is mainly based on past due information unless other information is available without undue cost or effect and year-end staging classification, has been prepared and included in Note 36 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents that we deemed adequate to finance the operations and mitigate the effects of fluctuations of cash flows. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities. See Note 36 to the Accountants' Report in Appendix I to this prospectus for further details.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend was declared or paid by our Company. We do not have any pre-determined dividend payout ratio. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval in our Shareholders' meeting. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. We cannot exclude the possibility that no dividend may be declared or distributed in any year after the Listing.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to "Appendix II — Unaudited Pro Forma Financial Information — A. Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" for further details on our unaudited pro forma adjusted consolidated net tangible assets.

No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to our equity shareholders to reflect any trading results or other transactions entered into subsequent to December 31, 2024.

FINANCIAL INFORMATION

LISTING EXPENSES

The estimated total listing expenses, which are non-recurring in nature, are RMB47.5 million (assuming an Offer Price of HK\$16.69 per Offer Share (being the mid-point of the indicative Offer Price range)), representing approximately 15.5% of the estimated gross proceeds from the Global Offering assuming that the Over-allotment Option is not exercised. The expenses consist of (i) underwriting-related expenses, including underwriting commissions and fees, of approximately RMB14.3 million, (ii) non-underwriting-related expenses of approximately RMB33.2 million, comprising (a) fees paid and payable to legal advisors and Reporting Accountants of RMB22.0 million and (b) other fees and expenses of RMB11.2 million. Among the estimated aggregate amount of our listing expenses, (i) RMB13.5 million had been recognized as our profit or loss for the year ended December 31, 2024, (ii) RMB18.3 million is expected to be recognized as our profit or loss for the year ending December 31, 2025 and (iii) RMB15.7 million is directly attributable to the issuance of new Shares and is expected to be accounted for as a deduction from equity upon the Listing.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Please refer to “Summary — Recent Development and No Material Adverse Change” for details of our financial and operating performance for the four months ended April 30, 2025.

After due and careful consideration, our Directors confirm that, save as disclosed in “Summary — Recent Development and No Material Adverse Change”, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since December 31, 2024, and there is no event since December 31, 2024 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer.

Certain of our banking facilities include conditions that, among others, certain of our Controlling Shareholders shall maintain their control of our Group, which will constitute a specific performance by certain of our Controlling Shareholders under a loan agreement entered into by our Group under Rule 13.18 of the Listing Rules.

Our Directors have confirmed that, save as disclosed above, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to “Business — Our Strategies” for details on description on our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering that we will receive after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering (assuming that the Over-allotment Option is not exercised) will be:

- approximately HK\$242.2 million, assuming an Offer Price of HK\$14.50 per Share (being the minimum Offer Price);
- approximately HK\$284.4 million (equivalent to approximately RMB259.8 million), assuming an Offer Price of HK\$16.69 per Share (being the mid-point of the Offer Price range); or
- approximately HK\$326.7 million, assuming an Offer Price of HK\$18.88 per Share (being the Maximum Offer Price).

We intend to use the net proceeds of HK\$284.4 million (equivalent to approximately RMB259.8 million), assuming an Offer Price of HK\$16.69 (being the mid-point of the Offer Price range) we will receive from this offering for the following purposes:

- (a) Approximately 37.9% of net proceeds, or approximately HK\$107.9 million (equivalent to approximately RMB98.6 million), is expected to be used to fund the construction and development of our SAF production facility in Baotou, Inner Mongolia (“**SAF Facility**”) over the next three years. Please refer to “Business — Our Products — Our Low Carbon Integrated Solutions” for the details of the construction and development of SAF Facility. We believe the construction of our SAF Facility will enable us to capture the tremendous market opportunities in SAF in the next few years. As a major source of carbon emissions in the transportation sector, the aviation industry is trending toward a green transformation, with the adoption of SAF being the primary path for carbon reduction. SAF consumption is expected to increase steadily, driving market growth. On the other hand, rising demand will also push prices higher, leading to a rapid expansion of the SAF consumption market in terms of consumption value. According Frost & Sullivan, the global SAF consumption market size grew from RMB559.2 million in 2020 to RMB18.7 billion in 2024, with a CAGR of 140.4%. Driven by global policies, such as the ReFuelEU initiative, global SAF consumption market size will continue to grow in the future, reaching RMB301.7 billion by 2029, with a CAGR of 74.4%. The China’s SAF consumption market size grew from RMB4.7 million in 2022 to RMB187.7 million in 2024. Driven by government policies, such as the 14th Five Year Plan for Green Development of Civil Aviation, China’s SAF consumption market size is also expected to continue to grow and reach RMB12.1 billion by

FUTURE PLANS AND USE OF PROCEEDS

2029, with a CAGR of 130.2%. Please refer to “Industry Overview — Industrial Examples of Applying Synthetic Biotechnology in the CCUS Industry — Ethanol Derivatives — Sustainable Aviation Fuel” for further details.

We plan to take advantage of the market growth of the SAF market and leverage our competitive advantages in raw material availability and cost efficiency to actively expand into both domestic and international SAF markets, explore collaboration opportunities with key players in the aviation industry to jointly promote SAF products, and secure long-term supply agreements. For further details, please refer to “Business — Our Strategies — Vigorously Expanding into SAF production”. We have been negotiating with four potential domestic and international SAF technology providers on the specific terms of potential licensing agreements. As the ATJ technology is a relatively new SAF production method, we are currently carefully evaluating the characteristics of each technology to select a more mature and reliable technology that aligns with our production processes. We aim to finalize the selection of the SAF technology provider and enter into an agreement in the third quarter of 2025.

Our SAF Facility is expected to commence construction before the end of 2025 and is projected to be operational before the end of 2026, with an annual production capacity of approximately 50,000 tons. Set forth below are our intended allocation of net proceeds in connection with the construction of our SAF Facility:

- Approximately 3.4% of net proceeds, or approximately HK\$9.7 million (equivalent to approximately RMB8.8 million), is expected to be used to fund the preparation of land and the construction of factory buildings;
- Approximately 27.7% of net proceeds, or approximately HK\$78.9 million (equivalent to approximately RMB72.0 million), is expected to be used to purchase the equipment and machinery used in our SAF Facility such as ethanol dehydration tower, polymerization tower, distillation tower, raw material and SAF storage tanks. The following table sets forth the major equipment and machinery we intend to acquire for our SAF Facility;

<u>Equipment and Machinery</u>	<u>Function</u>	<u>Unit</u>	<u>Total estimate purchase costs</u> <i>(RMB' million)</i>
Main production			326.4
equipment			
Main equipment module ¹ . .	Main reaction equipment	1 set	300.0
Supporting compressor . . .	Gas compression	1 set	18.0

FUTURE PLANS AND USE OF PROCEEDS

Equipment and Machinery	Function	Unit	Total estimate purchase costs <i>(RMB' million)</i>
Finished product and raw material tanks	Product and raw material storage	1 set	8.4
Auxiliary production and shared engineering equipment			22.8
Power distribution and substation room	Power distribution	1 set	10.8
Gas boiler	Heating supply	1 set	12.0
Others	Other auxiliary facilities	/	15.8
Total			365.0

Note:

1. The main equipment module refers to ATJ unit. The main functions of the ATJ unit are ethanol dehydration, ethylene polymerization, hydrogenation, and product fractionation.
- Approximately 6.8% of net proceeds, or approximately HK\$19.3 million (equivalent to approximately RMB17.7 million), is expected to be used for the construction of the facilities and installation of the equipment;

Our SAF facility construction project has completed the project approval in March 2025, with the related preparatory work such as environmental impact assessment, safety evaluation, and energy-saving assessment expected to be completed before the end of 2025. Construction is scheduled to commence by the end of 2025. The project is targeted to be completed by the end of 2026.

	2025 <i>(RMB' million)</i>	2026 <i>(RMB' million)</i>	2027 <i>(RMB' million)</i>
Preparation of land and the construction of factory buildings	36.0	9.0	–
Purchase of equipment and machinery	182.5	109.5	73.0
Construction of the facilities and installation of the equipment . . .	31.5	31.5	27.0
Total	250.0	150.0	100.0

FUTURE PLANS AND USE OF PROCEEDS

The total capital expenditure for our SAF facility is approximately HK\$540.3 million (equivalent to approximately RMB500.0 million), and we currently plan to fund the construction and development of our SAF production facility by our IPO proceeds. To the extent additional funding is needed, we plan to use our cash and available bank facilities to fund the additional funding requirements.

- (b) Approximately 21.2% of net proceeds, or approximately HK\$60.4 million (equivalent to approximately RMB55.2 million), is expected to be used for our Hebei Shoulang Phase II production facility over the next two years. Once completed, Hebei Shoulang Phase II production facility will be the world's first industrial-scale flagship project capable of producing anhydrous ethanol and microbial protein from CO₂-containing industrial off-gases generated from a steel mill. We have started the Hebei Shoulang Phase II Project in November 2024, Hebei Shoulang Phase II production facility is scheduled to complete the main construction of the project by the end of 2025. It will be put into production in the first half of 2026. The project is designed to achieve an annual ethanol production capacity of 15,000 tons and a protein production capacity of 750 tons. Please refer to “Business — Production — Future Facility” for further details.
- Approximately 3.0% of net proceeds, or approximately HK\$8.5 million (equivalent to approximately RMB7.8 million), is expected to be used to fund the preparation of land and construction of factory buildings at the production facility;
 - Approximately 13.3% of net proceeds, or approximately HK\$37.9 million (equivalent to approximately RMB34.5 million), is expected to be used to purchase the equipment, facilities and machinery used in our Shoulang Phase II facility, such as gas compressors, gas purification towers, fermentation tanks, distillation towers and sewage treatment facilities used in our production. The following table sets forth the major equipment and machinery we intend to acquire for our Hebei Shoulang Phase II project.

<u>Equipment and Machinery</u>	<u>Function</u>	<u>Unit</u>	<u>Total estimate purchase costs</u> <i>(RMB' million)</i>
Automation control and electrical system	Supply and installation of DCS, instrument and on-line monitoring device	1 set	37.2
Distillation dehydration device	Ethanol separation and dehydration	1 set	29.7
Wastewater treatment device	Wastewater purification	1 set	19.8

FUTURE PLANS AND USE OF PROCEEDS

Equipment and Machinery	Function	Unit	Total estimate purchase costs <i>(RMB' million)</i>
Gas pre-treatment purification device	Raw gas purification equipment	1 set	19.5
Separation equipment	Fermentation broth filtration, raw gas distribution equipment	1 set	17.2
Tank body	Fermentation tank, material buffer tank body materials and installation	1 set	13.4
Screw compressor	Raw gas compression equipment	1 set	12.9
Pumps	Medium pressurization and transportation	1 set	3.8
Heat exchange equipment . .	Medium heating or cooling	1 set	2.6
Other equipment	Fire-fighting, monitoring, etc.	1 set	18.9
Total			175.0

- Approximately 4.9% of net proceeds, or approximately HK\$13.9 million (equivalent to approximately RMB12.7 million), is expected to be used for the construction of the facilities and installation of the equipment;

The following table sets forth a breakdown of our capital expenditure plan for the construction of Hebei Shoulang Phase II production facility from 2025 to 2026, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	2025 <i>(RMB in million)</i>	2026 <i>(RMB in million)</i>
Purchase of equipment and machinery	95.8	79.2
Installation works	35.7	29.0
Public auxiliary facilities	28.5	11.5
Total	160.0	120.0

FUTURE PLANS AND USE OF PROCEEDS

The total capital expenditure for our Hebei Shoulang Phase II production facility is approximately HK\$302.6 million (equivalent to approximately RMB280.0 million), and we currently plan to fund the construction of our Hebei Shoulang Phase II production facility by our IPO proceeds. To the extent additional funding is needed, we plan to use our cash on hand and available bank facilities to fund the additional funding requirements.

- (c) Approximately 11.4% of net proceeds, or approximately HK\$32.4 million (equivalent to approximately RMB29.6 million), is expected to be used for research and development of our bacteria strains, production equipment and process as well as our intelligent production management systems to improve our production efficiency over the next three years. We will continue the research on strains, aiming to cultivate strains that can enhance ethanol and protein yields in the next three years. We will further conduct pilot-scale testing and industrialization verification to achieve the goal of increasing ethanol or protein product output. The development of new strains and processes will enable us to improve fermentation stability and production strength, as well as enhance off-gas utilization, which in turn will boost our production efficiency.
- Approximately 3.6% of net proceeds, or approximately HK\$10.2 million (equivalent to approximately RMB9.4 million), is expected to be used to purchase utilities and raw materials used in our research and development activities, including industrial off-gases, electricity, water, chemicals and other consumables. For instance, industrial off-gas is the main raw material we use for fermentation process, water serves as a medium in fermentation and enzymatic hydrolysis processes, while electricity is critical to ensure the operation of experimental equipment. The R&D process involves various experiments and tests, and water, electricity and chemicals are essential during the experiments.
 - Approximately 3.0% of net proceeds, or approximately HK\$8.5 million (equivalent to approximately RMB7.8 million), is expected to be used to invest in the fixed assets used in our research and development activities such as equipment and production facilities used in our pilot-scale experiment of carbon dioxide utilization technology and biomass gasification technology.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth the major fixed assets we intend to acquire in connection with our research development activities.

Fixed assets	Function	Unit	Estimated purchase costs by use of proceeds
			<i>(RMB' million)</i>
Fermentation equipment	Product fermentation equipment and its auxiliary equipment	1 set	11.5
New bacterial strains R&D equipment	Equipments used for the research and development of mutagenesis and anaerobic operation of new bacterial strains	1 set	10.0
Gas pretreatment equipment . .	Raw gas purification	1 set	7.0
Distillation equipment	Purification of fermentation products by distillation	1 set	6.0
Testing equipment	Testing of fermentation metabolites	1 set	4.5
Total			39.0

- Approximately 2.3% of net proceeds, or approximately HK\$6.5 million (equivalent to approximately RMB6.0 million), is expected to be used to develop our intelligent management systems including (i) our big data platform to facilitate the research and development of our biosynthetic technologies and (ii) intelligent fermentation model which can facilitate the real-time adjustment of fermentation parameters during the production process. The development of the big data platform and intelligent fermentation model can enable autonomous decision-making, self-regulation, real-time control, and intelligent control of fermentation parameters, thereby reducing labor costs and improving production efficiency.
- Approximately 1.7% of net proceeds, or approximately HK\$4.8 million (equivalent to approximately RMB4.4 million), is expected to be used to continue to retain and incentivize our research talents to support the research and development to advance our technological capabilities, thereby further strengthening our research and development. It is planned that the net proceeds will be used for the payment of certain wages and benefits for 30 months after the Listing. Our R&D efforts will be focused on the development of new strains and processes. We currently have 70 full-time research staff and plan to recruit nine additional researchers with a master's degree or above over the next three years. We intend to hire talent with academic backgrounds in

FUTURE PLANS AND USE OF PROCEEDS

molecular biology, biotechnology, microbiology, bioengineering, and related fields to join our low carbon research center, synthetic biotechnology research center, and the technology R&D departments at our four production bases.

- Approximately 0.8% of net proceeds, or approximately HK\$2.3 million (equivalent to approximately RMB2.1 million), is expected to be used to further deepen our collaborations with well-known universities and research institutions such as Tsinghua University, Nangjing Industrial University and Tianjin Institute of Industrial Biotechnology, Chinese Academy of Sciences to upgrade our technologies including the research on new bacteria strains and production process and equipment which will improve our production efficiency.
- (d) Approximately 14.1% of net proceeds, or approximately HK\$40.2 million (equivalent to approximately RMB36.7 million), is expected to be used for the technological upgrade of our four production facilities, including upgrades in fermentation, pre-treatment and the sewage treatment segments of the production process. For example, we plan to upgrade our sewage treatment process to further increase the proportion of waste water to be recycled. These upgrade projects will enable us to meet the increasingly higher environmental and safety standards to be adopted by local governments going forward. After the technological upgrades are completed, our four production facilities are expected to increase capacity of ethanol by 9,500 tons and protein by 1,045 tons.

We intend to use the net proceeds to fund the upgrade of these production facilities, including:

- Approximately 1.4% of net proceeds, or approximately HK\$4.0 million (equivalent to approximately RMB3.6 million), is expected to be used to fund the preparation of land and construction of factory buildings at the production facilities;
- Approximately 10.5% of net proceeds, or approximately HK\$30.0 million (equivalent to approximately RMB27.4 million), is expected to be used to purchase equipment and machinery such as IC reaction machines, to be used in the production facilities; and
- Approximately 2.2% of net proceeds, or approximately HK\$6.3 million (equivalent to approximately RMB5.7 million), is expected to be used to be used for the installation of the equipment and machinery.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth a breakdown of our implementation plan for technological upgrade of our four production facilities from 2025 to 2027, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

Construction entity	2025		2026		2027	
	Renovation section	Estimated total investment	Renovation section	Estimated total investment	Renovation section	Estimated total investment
		(RMB million)		(RMB million)		(RMB million)
Hebei Shoulang . .	gas component purification and regulation	9.5	gas component purification and regulation	4.5	gas component purification and regulation	1.5
	protein separation and drying	4.0	continuous fermentation	7.5	continuous fermentation	9.0
	sewage treatment	40.0		4.0	distillation and dehydration	3.8
Shoulang Jiyuan . .	gas component purification and regulation	5.0	distillation and dehydration continuous fermentation	6.0	sewage treatment distillation and dehydration	9.7
Ningxia Binze . . .	protein separation and drying	3.5	distillation and dehydration gas component purification and regulation	12.0	gas component purification and regulation distillation and dehydration	4.5
			gas component purification and regulation	3.0	distillation and dehydration	6.0
Guizhou Jinze . . .	gas component purification and regulation	2.0	sewage treatment gas component purification and regulation continuous fermentation	9.7	gas component purification and regulation continuous fermentation	3.0
			continuous fermentation	1.5		7.5
				3.8		4.0
Total		64.0		61.0		61.2

The total capital expenditure for our technological upgrade projects is approximately HK\$201.2 million (equivalent to approximately RMB186.2 million), and we currently plan to fund the technological upgrade of our four production facilities by our IPO proceeds. To the extent additional funding is needed, we plan to use our cash and available bank facilities to fund the additional funding requirements.

FUTURE PLANS AND USE OF PROCEEDS

According to the relevant PRC laws and regulations, the upgrade of our four production facilities must comply with the following regulations or obtain the following regulatory approvals, such as (i) the “Supervision and Administration Measures for the ‘Three Simultaneities’ of Safety Facilities in Construction Projects” issued by the State Administration of Work Safety; (ii) the “Interim Measures for the Supervision and Administration of Occupational Health ‘Three Simultaneities’ in Construction Projects” issued by the State Administration of Work Safety; and (iii) the Environmental Impact Assessment for construction projects (for projects involving environmental impact assessment).

- (e) Approximately 5.3% of net proceeds, or approximately HK\$15.1 million (equivalent to approximately RMB13.8 million), is expected to be used for the development of new products over the next three years. We will mainly focus on: (i) the research and development of new downstream products including proteolytic products and ethanol derivatives such as polyethylene packaging materials, which can be used as bio-based materials for clothing, chemical fibers or cosmetics packaging materials, etc.; and (ii) exploring new bacterial strains to develop new C3 and C4 products, including isopropanol and butanediol. For more details of our plan to development of new products, please refer to “Business — Our Strategies — Maintaining our position in gas fermentation position and expending our downstream products portfolio through continuous R&D”.
- Approximately 1.4% of net proceeds, or approximately HK\$4.0 million (equivalent to approximately RMB3.6 million), is expected to be used to purchase raw materials used in our research and development activities on our downstream products, including procurement of raw materials, enzyme preparations, ethanol, catalyst and other related raw and auxiliary materials;
 - Approximately 2.6% of net proceeds, or approximately HK\$7.4 million (equivalent to approximately RMB6.8 million), is expected to be used to invest in the fixed assets used in our research and development activities on our downstream products such as equipment and production facilities used in our pilot-scale experiment. The following table sets forth the major fixed assets we intend to acquire in connection with our research development activities.

Fixed assets	Function	Unit	Total estimate purchase costs (RMB' million)
New product purification equipment	Separation and purification of new products	1 set	11.0
Complete equipment for ethanol dehydration	Equipment for ethanol dehydration to generate ethylene	1 set	5.0

FUTURE PLANS AND USE OF PROCEEDS

Fixed assets	Function	Unit	Total estimate purchase costs (RMB' million)
Complete equipment for polyethylene polymerization	Equipment for polymerize ethylene to polyethylene	1 set	5.0
High-efficiency energy-saving concentration equipment . .	Concentration of Clostridium ethanoligenes protein hydrolysate	1 set	3.7
Complete equipment for ethylene purification	Equipment for ethylene purification	1 set	3.5
Stainless steel enzymatic hydrolysis tank equipment .	Clostridium ethanoligenes protein hydrolysis	1 set	2.9
Drying and packaging equipment	Drying and packaging of Clostridium ethanoligenes protein hydrolysate	1 set	2.9
Total			34.0

- Approximately 0.7% of net proceeds, or approximately HK\$2.0 million (equivalent to approximately RMB1.8 million), is expected to be used to retain and incentivize our research talents to support the research and development to advance our technological capabilities.

We currently have five research staff and plan to recruit six additional researchers with a master's degree or above over the next three years. We intend to hire talent with academic backgrounds in chemical engineering and technology, biochemical engineering, food quality and safety, zoology, and animal nutrition and feed science to work at our low-carbon gas-based protein research center, synthetic biotechnology research center, and the technology R&D departments at our four production bases.

- Approximately 0.6% of net proceeds, or approximately HK\$1.7 million (equivalent to approximately RMB1.6 million), is expected to be used to further deepen our collaborations with well-known universities and research institutions to advance our research and development of new products.

- (f) Approximately 10.0% of net proceeds, or approximately HK\$28.4 million (equivalent to approximately RMB26.0 million), is expected to be used for general corporate purposes and working capital needs.

To the extent the proceeds allocated to each of the above purposes is insufficient to cover the fund or capital expenditure required for the respective purposes, such shortfall will be funded by (i) bank borrowings, (ii) the internal capital resources of the Group, and/or (iii) further refinancing arrangements of the Group after the Listing. If we make an upward or

FUTURE PLANS AND USE OF PROCEEDS

downward offer price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price range, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis. In the event that our net proceeds are either more or less than expected, we will increase or decrease the allocation of the net proceeds to fit the above purposes on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$54.7 million (assuming an Offer Price of HK\$18.88 per Share, being the maximum Offer Price), (ii) HK\$48.3 million (assuming an Offer Price of HK\$16.69 per Share, being the mid-point of the Offer Price range) and (iii) HK\$42.0 million (assuming an Offer Price of HK\$14.50 per Share, being the minimum Offer Price), in each case after deduction of underwriting fees and commissions and estimated expenses payable by us.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
CLSA Limited
Fosun International Securities Limited
Maxa Capital Limited
BOCI Asia Limited
CCB International Capital Limited
DBS Asia Capital Limited
CMBC Securities Company Limited
Zheshang International Financial Holdings Co., Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. 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 subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 2,016,000 Hong Kong Offer Shares and the International Offering of initially 18,143,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main

UNDERWRITING

Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, 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 Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into force:
 - (a) any new law or regulation or any change or development involving a prospective change or any change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent governmental authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, or other jurisdictions relevant to our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change or development involving a prospective change, in any national or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, United States dollar or Renminbi 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 Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting investments in the Offer Shares generally; or

UNDERWRITING

- (c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions, or without limiting the foregoing, any national or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or
- (e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (f) other than with the prior written consent of the Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (g) the commencement by any governmental authority or other regulatory or political body or organization of any public action or investigation against a Group company or a director, supervisor or senior management member of any Group company in his/her capacity as such or announcing an intention to take any such action; or
- (h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group company or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

UNDERWRITING

- (i) any valid demand by creditors for repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (j) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), any letters, filings, correspondences, communications, documents, responses, undertakings and submissions in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Global Offering pursuant to the CSRC filing rules and other applicable rules and requirements of the CSRC (including, without limitation, the CSRC filing report) (“**CSRC Filings**”) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any Controlling Shareholder or any Director, Supervisor or senior management members as named in this prospectus; or
- (l) any contravention by our Company or any Director or Supervisor of the Listing Rules or applicable laws; or
- (m) any materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (i) has or will or could reasonably be expected to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or our Group as a whole; or
- (ii) has or will or could reasonably be expected to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
- (iii) makes or will make or could reasonably be expected to make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global

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Offering to be performed or implemented as envisaged 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; or

- (iv) has or will or could reasonably be expected to 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
- (2) there has come to the notice of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:
- (a) any statement contained in any of the offering documents, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate or misleading in any material respect; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or
 - (c) any material breach of, or any event or circumstance rendering untrue or incorrect or misleading in any material respect, any of the warranties given by our Company or NZ Tang Ming and Ms. Dong (the “**Warranting Shareholders**”) in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
 - (d) any event, act or omission which gives rise or is would reasonably give rise to any liability of any of the indemnifying parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
 - (e) any material breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
 - (f) there is any change or development constituting or having a material adverse effect; or

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- (g) that the Chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
- (h) any Director, any Supervisor or any member of senior management of our Company named in this prospectus is being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship or supervisorship of a company; or
- (i) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) 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
- (k) any person (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters 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
- (l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (m) any person (other than the Sole Sponsor and the Overall Coordinator) has withdrawn or sought to withdraw its consent to being named in any of the offering documents or to the issue of any of the offering documents; or
- (n) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or a material part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (o) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinator, the issue or requirement to issue by

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our Company of a supplement or amendment to the CSRC filings pursuant to the CSRC rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC filings with the CSRC rules or any other applicable laws; or

- (p) that a material portion of the orders placed or confirmed in the bookbuilding process has been withdrawn, terminated or cancelled, as a result of the payment of the relevant investment amount not being received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an 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 (a) pursuant to the Global Offering (including the Over-allotment Option); or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Global Offering (including the Over-allotment Option), he/she/it will not and will procure that the relevant registered holder(s) will 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 his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”); and
- (b) in the period of six months from the expiry of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company.

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (i) when he/she/it pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company and the Warranting Shareholders in respect of our Company

Our Company has undertaken to each of the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, 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 over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or

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exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, 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 (legal or beneficial) of the H Shares or any other securities of our Company, 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
- (c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or
- (d) offer to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), we will notify the Sole Sponsor and the Overall Coordinator in advance and take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Each of the Warranting Shareholders has undertaken to each of the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it/she shall use its/her best endeavours to procure our Company to comply with the above undertakings.

Our Company has agreed and undertaken to each of the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it will, and each of the Warranting Shareholders undertakes to procure that the Company will, comply with the minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange (the “**Minimum Public Float Requirement**”), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock

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Exchange prior to the expiration of the First Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

Undertakings by the Warranting Shareholders in respect of themselves

Each of the Controlling Shareholders hereby undertakes to each of our Company, the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/she will not, and will use its/her best endeavours to procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/her and the companies controlled by it/her will not, at any time during the First Six Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or 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, or otherwise transfer or dispose of or create an encumbrance 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 securities of our Company or any interest therein (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 any such other securities, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of our Company or any interest therein (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 any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

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- (b) it/she will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) 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 will cease to be a Controlling Shareholder of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Warranting Shareholders cease to be “controlling shareholders” of our Company as defined in the Listing Rules; and
- (c) until the expiry of the Second Six Month Period, in the event that it/she enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify, among the others, the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters’ Interests in our Company

Except for their obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or 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 H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

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 Controlling Shareholders, the Overall Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant

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to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinator at its sole and absolute discretion (for itself and on behalf of the International Underwriters), the Over-Allotment Option, which will be exercisable from the Listing Date 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 an aggregate of 3,023,800 H Shares, representing approximately 15.00% of the initial Offer Shares, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Capital Market Intermediaries will receive an underwriting commission of 3.00% of the aggregate gross proceeds from the Global Offering (including any proceeds arising from exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. In addition, our Company may, at our sole and absolute discretion, pay any one or more of Capital Market Intermediaries an incentive fee of an aggregate of up to 1.25% of the gross proceeds from the Global Offering (including any proceeds arising from exercise of the Over-allotment Option).

Assuming the incentive fee is paid in full, the fixed fees and discretionary fees payable to the Capital Market Intermediaries represent 70.59% and 29.41% of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering. 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.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Stock Exchange trading fee and transaction levies, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK\$52.0 million in total (based on the Offer Price of HK\$16.69 per Offer Share, being the mid-point of the indicative Offer Price range and assuming full payment of discretionary fees and the Over-allotment Option is not exercised), and are payable by our Company.

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ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (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 the Group’s loans and other debt.

In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity 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 H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H 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 H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the 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 H 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 H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- 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
- 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 provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

SOLE SPONSOR' INDEPENDENCE

The Sole Sponsor satisfied the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

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:

- (1) the Hong Kong Public Offering of initially 2,016,000 H Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “— The Hong Kong Public Offering” below; and
- (2) the International Offering of initially 18,143,800 H Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the paragraph headed “— The International Offering” below.

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 5.30% 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 6.05% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in “— The International Offering — Over-allotment Option” below.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in “— The Hong Kong Public Offering — Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 2,016,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.53% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

STRUCTURE OF 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. Professional investors generally include brokers, dealers, and 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 forth in “— Conditions of the Global Offering” below.

Allocation

Allocation of the 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 the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (with odd lots being allocated to Pool A): Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 1,008,000 and 1,008,000, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee 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 and up to the total value of pool B (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this subsection only, the “price” for the Hong Kong Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Offer Shares from either Pool A or Pool B but not from both pools.

STRUCTURE OF THE GLOBAL OFFERING

Multiple or suspected multiple applications and any application for more than 1,008,000 Hong Kong Offer Shares (being 50% of the 2,016,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of the Offer Shares offered under the Global Offering if the International Offering is fully subscribed or oversubscribed and certain prescribed total demand levels are reached under the Hong Kong Public Offering as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 6,048,000 Offer Shares, representing approximately 30.0% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 8,064,000 Offer Shares, representing approximately 40.0% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 10,080,000 Offer Shares, representing approximately 50.0% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinator in its sole discretion considers appropriate.

The Overall Coordinator may in its sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinator has the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that in accordance with Chapter 4.14 of the Guide, the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 2,016,000 Shares, representing the number of the Offer Shares initially available under the Hong Kong Public Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 4,032,000 Shares, representing twice the number of the Offer Shares initially available under the Hong Kong Public Offering and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK\$14.50 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Overall Coordinator deems appropriate.

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 that he/she and any person(s) for whose benefit he/she 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 it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum price of HK\$18.88 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “— Pricing and Allocation” below, is less than the maximum price of HK\$18.88 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the

STRUCTURE OF THE GLOBAL OFFERING

surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 18,143,800 Offer Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and approximately 4.77% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised. The International Offering will be offered by us outside of the United States in reliance on Regulation S.

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 “— Pricing and Allocation” 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 the Shareholders as a whole.

The Overall Coordinator (for itself 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 Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

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Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinator at its sole and absolute discretion (for itself and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 3,023,800 Offer Shares, representing approximately 15.00% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.79% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If 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 newly issued 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. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date, to the extent permitted by applicable laws of Hong Kong or elsewhere. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

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Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) 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 reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Sunday, August 3, 2025, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 3,023,800 H Shares (representing approximately 15.00% of the initial Offer Shares), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and

STRUCTURE OF THE GLOBAL OFFERING

the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-Allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-Allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Overall Coordinator, its affiliates or any person acting for it may cover such over-allocation by using H Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of H Shares which can be over-allocated will not exceed the number of the H Shares which may be allotted and/or issued pursuant to the exercise in full of the Over-allotment Option, being 3,023,800 H Shares, representing approximately 15.00% of the Offer Shares initially available under the Global Offering.

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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Overall Coordinator on the Price Determination Date, which is expected to be on Monday, July 7, 2025 and in any event no later than 12:00 noon on Monday, July 7, 2025.

The Offer Price will not be more than HK\$18.88 per Offer Share and is expected to be not less than HK\$14.50 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 channel), the maximum Offer Price of HK\$18.88 per Offer

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Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015%, and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$3,814.08 for one board lot of 200 H Shares.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Overall Coordinator (for itself and on behalf of the Hong Kong 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 our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as 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 last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at www.bjsplt.com and www.hkexnews.hk, respectively, an announcement, cancel the offer and relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)), and complete the requisite associated settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus.

In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinator (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in 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 available under the Global Offering. Subject to the foregoing paragraph, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters).

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — B. Publication of Results” in this prospectus.

UNDERWRITING

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.

We expect that we will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (1) the Listing Committee granting the approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including the Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any H Shares to be converted from Unlisted Shares as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (2) the Offer Price having been duly determined between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters);
- (3) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (4) 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 Underwriting Agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

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If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinator by 12:00 noon on Monday, July 7, 2025, 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. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (www.bjsplt.com) and the website of the Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

H Share certificates issued in respect of the Hong Kong Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any H Shares to be converted from Unlisted Shares as mentioned herein.

Save as disclosed in the prospectus, no part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and 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 on 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 the HKSCC Operational Procedures in effect from time to time.

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All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING 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, July 9, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 9, 2025.

The H Shares will be traded on the Main Board of the Stock Exchange in board lots of 200 H Shares each. The stock code of the H Shares will be 2553.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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.bjsplt.com.

To apply for the Hong Kong Offer Shares, you may: (1) apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or (2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to submit electronic application instruction(s) on your behalf through HKSCC’s FINI system in accordance with your instructions.

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.

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:

- are 18 years of age or older; and
- have a Hong Kong address (for the **HK eIPO White Form** service only).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or a Supervisor or chief executive officer of the Company and/or any of its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- are a close associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 30, 2025 and end at 12:00 noon on Friday, July 4, 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.	<u>www.hkeipo.hk</u>	Applicants 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 Monday, June 30, 2025, to 11:30 a.m. on Friday, July 4, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 4, 2025 Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would <u>not</u> 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 application 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
<ul style="list-style-type: none"> • Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: <ul style="list-style-type: none"> i. Hong Kong identity card ("HKID"); or ii. National identification document; or iii. Passport; and • Identity document number 	<ul style="list-style-type: none"> • Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: <ul style="list-style-type: none"> i. Legal entity identifier ("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 Hong Kong Offer Shares. 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. The maximum number of joint applicants 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:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- 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 Coordinator, as our agent, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 200 H Shares

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 maximum Offer Price is HK\$18.88 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.

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 Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
200	3,814.08	4,000	76,281.62	60,000	1,144,224.29	400,000	7,628,161.92
400	7,628.16	5,000	95,352.02	70,000	1,334,928.33	500,000	9,535,202.40
600	11,442.25	6,000	114,422.43	80,000	1,525,632.39	600,000	11,442,242.88
800	15,256.32	7,000	133,492.84	90,000	1,716,336.43	700,000	13,349,283.35
1,000	19,070.41	8,000	152,563.24	100,000	1,907,040.48	800,000	15,256,323.85
1,200	22,884.48	9,000	171,633.64	120,000	2,288,448.58	900,000	17,163,364.32
1,400	26,698.56	10,000	190,704.05	140,000	2,669,856.67	1,008,000 ⁽¹⁾	19,222,968.04
1,600	30,512.66	20,000	381,408.10	160,000	3,051,264.77		
1,800	34,326.73	30,000	572,112.14	180,000	3,432,672.87		
2,000	38,140.81	40,000	762,816.19	200,000	3,814,080.95		
3,000	57,211.21	50,000	953,520.25	300,000	5,721,121.45		

- (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) 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.

HOW TO APPLY FOR HONG KONG 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):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinator, as our agent, 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;
- (ii) 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;
- (iii) (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;
- (iv) confirm that you are aware of the restrictions on offers and sales of 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;
- (v) 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their 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;
- (vii) 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;
- (viii) 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;
- (ix) 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;
- (x) 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;
- (xi) 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;
- (xii) 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xiii) 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 H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinator 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;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) 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;
- (xviii) (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 or by any one as your agent or by any other person; and
- (xix) (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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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, July 8, 2025 to 12:00 midnight on Monday, July 14, 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.bjsglt.com which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, July 8, 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, July 9, 2025 to Monday, July 14, 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 Monday, July 7, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the results of the final 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 Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.bjsplt.com by no later than 11:00 p.m. on Tuesday, July 8, 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 Coordinator, 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:

- within three weeks from the closing date of the application lists; or
- 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:

- 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;
- your application instruction is incomplete;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinator 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 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 Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

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 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 International 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. DESPATCH/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 Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Wednesday, July 9, 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 Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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:

	<u>HK eIPO White Form service</u>	<u>HKSCC EIPO channel</u>
Despatch/collection of H Share certificate¹		
For application of over 1,000,000 Hong Kong Offer Shares or more . . .	<p>Collection in person from the H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.</p> <p>Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, July 9, 2025 (Hong Kong time)</p> <p>If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.</p>	<p>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.</p>

¹ Except in the event of a Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Tuesday, July 8, 2025 rendering it impossible for the relevant H Share certificates to be dispatched 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. Severe Weather Arrangements*” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

HK eIPO White Form service

HKSCC EIPO channel

Both individuals and authorized 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.

For application of less than 1,000,000 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, July 8, 2025

Refund mechanism for surplus application monies paid by you

Date. Wednesday, July 9, 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 Refund** 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, July 4, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 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 Severe 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.bjsglt.com of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, July 8, 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, July 9, 2025.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a **Severe** Weather Signal is hoisted on Tuesday, July 8, 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 **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, July 8, 2025 or on Wednesday, July 9, 2025).

If a **Severe** Weather Signal is hoisted on Wednesday, July 9, 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 **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, July 9, 2025 or on Thursday, July 10, 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 the 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 bank 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 agreed to all of the terms of the Personal Information Collection Statement below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 despatch 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:

- 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;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Offer Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Offer Shares and identifying any duplicate applications for the Offer Shares;
- facilitating Hong Kong Offer Shares balloting;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- establishing benefit entitlements of holders of the Offer Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Offer Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- 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 Offer Shares and/or regulators and/or any other purposes to which applicants and holders of the Offer 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:

- the Company's appointed agents such as financial advisors and receiving bank;
- 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);
- 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;
- 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
- 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 fulfill 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.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING SHOUGANG LANZATECH TECHNOLOGY CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Beijing Shougang LanzaTech Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-78, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 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-78 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2025 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

30 June 2025

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	389,512	592,551	563,611
Cost of sales		(335,459)	(574,839)	(656,956)
Cost of sales of goods and services .		(328,895)	(504,687)	(594,296)
Maintenance and cultivation costs . .		(6,564)	(70,152)	(62,660)
Gross profit/(loss)		<u>54,053</u>	<u>17,712</u>	<u>(93,345)</u>
Finance income		6,925	5,801	2,259
Other income and gains	5	6,248	15,504	11,647
Selling and marketing expenses		(261)	(692)	(546)
Administrative expenses		(45,697)	(82,709)	(86,945)
Research and development expenses . .		(29,501)	(35,948)	(42,025)
Impairment losses on financial assets, net		(114)	(167)	(1,740)
Other expenses		(5,699)	(2,047)	(143)
Finance costs	7	(9,589)	(26,847)	(34,227)
LOSS BEFORE TAX	6	<u>(23,635)</u>	<u>(109,393)</u>	<u>(245,065)</u>
Income tax expense	10	(220)	(754)	(503)
LOSS FOR THE YEAR		<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
Loss attributable to:				
Owners of the parent		(20,455)	(66,447)	(137,408)
Non-controlling interests		(3,400)	(43,700)	(108,160)
		<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
LOSS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF				
THE PARENT				
Basic and diluted (RMB)	12	<u>(0.07)</u>	<u>(0.18)</u>	<u>(0.38)</u>
TOTAL COMPREHENSIVE				
INCOME FOR THE YEAR		<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>
Attributable to:				
Owners of the parent		(20,455)	(66,447)	(137,408)
Non-controlling interests		(3,400)	(43,700)	(108,160)
		<u>(23,855)</u>	<u>(110,147)</u>	<u>(245,568)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	2,051,474	2,194,552	2,140,963
Right-of-use assets	14	64,758	111,496	102,004
Intangible assets	15	23,317	28,849	29,223
Prepayments, other receivables and other assets	20	18,864	15,338	3,792
Total non-current assets		2,518,413	2,350,235	2,275,982
CURRENT ASSETS				
Inventories	18	33,967	64,649	64,867
Trade and bills receivables	19	4,595	2,946	41,535
Prepayments, other receivables and other assets	20	39,405	29,089	31,161
Due from related companies	33	8,597	10,246	2,324
Income tax recoverable		228	2,508	2,375
Pledged deposits	21,33	43,754	37,469	31,051
Restricted cash	21	3,000	—	86
Cash and cash equivalents	21,33	503,928	183,371	111,191
Total current assets		637,474	330,278	284,590
CURRENT LIABILITIES				
Trade and bills payables	22	37,854	90,559	207,746
Other payables and accruals	23	327,260	317,909	242,949
Contract liabilities	24	12,622	8,172	3,237
Due to related companies	33	163,732	172,551	166,232
Interest-bearing bank and other borrowings	25,33	125,169	161,995	269,954
Lease liabilities	14,33	2,997	3,669	2,691
Income tax payable		62	—	—
Deferred income	26	4,848	8,130	2,892
Total current liabilities		674,544	762,985	895,701
NET CURRENT LIABILITIES		(37,070)	(432,707)	(611,111)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		2,121,343	1,917,528	1,664,871

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25,33	828,789	705,270	677,513
Lease liabilities	14,33	6,622	3,920	1,794
Deferred income	26	31,850	29,195	52,020
Deferred tax liabilities	17	73	43	12
Total non-current liabilities		867,334	738,428	731,339
Net assets		1,254,009	1,179,100	933,532
EQUITY				
Equity attributable to owners of the parent				
Share capital	27	360,000	360,000	360,000
Reserves	29	641,955	579,243	441,972
		1,001,955	939,243	801,972
Non-controlling interests		252,054	239,857	131,560
Total equity		1,254,009	1,179,100	933,532

Year ended 31 December 2022

	Attributable to owners of the parent								
	Share capital	Share premium and other reserve*	Awarded share reserve*	Statutory surplus reserve*	Special reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 Note 27	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	257,755	618,497	210	–	43	(154,127)	722,378	163,543	885,921
Loss for the year	–	–	–	–	–	(20,455)	(20,455)	(3,400)	(23,855)

Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Awarded share reserve*	Statutory surplus reserve*	Special reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 Note 27	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the year	-	-	-	-	-	(20,455)	(20,455)	(3,400)	(23,855)
Equity-settled share-based payment expense (<i>note 28</i>)	-	-	603	-	-	-	603	-	603
Shareholders' capital injection ...	19,331	280,669	-	-	-	-	300,000	-	300,000
Capital injection from non-controlling shareholders ...	-	-	-	-	-	-	-	91,340	91,340
Appropriation to statutory surplus reserve	-	-	-	3,883	-	(3,883)	-	-	-
Transfer from share premium (<i>note 27</i>)	82,914	(82,914)	-	-	-	-	-	-	-
Appropriation and utilisation of special reserve	-	-	-	-	1,142	(1,713)	(571)	571	-
As at 31 December 2022	360,000	816,252	813	3,883	1,185	(180,178)	1,001,955	252,054	1,254,009

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Share premium and other reserve*	Awarded share reserve*	Statutory surplus reserve*	Special reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 Note 27	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 29	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	360,000	816,252	813	3,883	1,185	(180,178)	1,001,955	252,054	1,254,009
Loss for the year	—	—	—	—	—	(66,447)	(66,447)	(43,700)	(110,147)
Total comprehensive income for the year	—	—	—	—	—	(66,447)	(66,447)	(43,700)	(110,147)
Equity-settled share-based payment expense (note 28)	—	—	3,981	—	—	—	3,981	—	3,981
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	31,257	31,257
Appropriation to statutory surplus reserve	—	—	—	2,313	—	(2,313)	—	—	—
Appropriation and utilisation of special reserve	—	—	—	—	(169)	(77)	(246)	246	—
As at 31 December 2023	360,000	816,252	4,794	6,196	1,016	(249,015)	939,243	239,857	1,179,100

Year ended 31 December 2024

Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Awarded share reserve*	Statutory surplus reserve*	Special reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 27	Note 29	Note 29	Note 29	Note 29				
As at 1 January 2024	360,000	816,252	4,794	6,196	1,016	(249,015)	939,243	239,857	1,179,100
Loss for the year	—	—	—	—	—	(137,408)	(137,408)	(108,160)	(245,568)
Total comprehensive income for the year	—	—	—	—	—	(137,408)	(137,408)	(108,160)	(245,568)
Appropriation and utilisation of special reserve	—	—	—	—	332	(195)	137	(137)	—
As at 31 December 2024	360,000	816,252	4,794	6,196	1,348	(386,618)	801,972	131,560	933,532

* These reserve accounts represent the total consolidated reserves of RMB641,955,000, RMB579,243,000 and RMB441,972,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Loss before tax		(23,635)	(109,393)	(245,065)
Adjustments for:				
Depreciation of property, plant and equipment	6,13	48,869	97,116	119,499
Depreciation of right-of-use assets. . . .	6,14	4,929	9,061	9,639
Amortisation of intangible assets.	6,15	1,779	2,383	2,985
Impairment losses on financial assets, net		114	167	1,740
Impairment losses on property, plant and equipment	6,13	5,336	—	—
Write-down of inventories to net realisable value	6,18	—	8,035	16,086
Finance costs.	7	9,589	26,847	34,227
Interest income		(6,925)	(5,801)	(2,259)
Employee share-based compensation benefits	6,28	603	3,981	—
(Gain)/loss on a lease term termination.		(42)	—	4
(Gain)/loss on disposal of items of property, plant and equipment	5	—	(1,592)	4
		<u>40,617</u>	<u>30,804</u>	<u>(63,140)</u>
Increase in inventories.		(11,077)	(38,717)	(16,304)
(Increase)/decrease in trade and bills receivables		(793)	1,582	(40,134)
Decrease in prepayments, other receivables and other assets		33,992	10,338	2,373
(Increase)/decrease in amounts due from related companies		(1,547)	(1,756)	8,038
Decrease/(increase) in pledged deposits		989	(1,680)	(9,050)
(Increase)/decrease in restricted cash. .		(3,000)	3,000	(86)
Increase in trade and bills payables . . .		15,898	52,705	117,187
Increase/(decrease) in other payables and accruals.		7,046	(59,085)	(2,869)
Increase/(decrease) in contract liabilities		1,885	(4,450)	(4,935)

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase/(decrease) in amounts due to related companies		3,751	(6,515)	8,779
Increase in deferred income		<u>8,722</u>	<u>627</u>	<u>17,587</u>
Cash generated from/(used in) operations		<u>96,483</u>	<u>(13,147)</u>	<u>17,446</u>
Interest received		6,925	5,787	2,263
Income tax refunded/(paid)		<u>1,225</u>	<u>(3,126)</u>	<u>(401)</u>
Net cash flows from/(used in) operating activities		<u>104,633</u>	<u>(10,486)</u>	<u>19,308</u>
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchases of items of property, plant, equipment and leasehold land		(805,840)	(212,536)	(141,557)
Purchase of intangible assets		<u>(8,121)</u>	<u>(7,915)</u>	<u>(3,359)</u>
Net cash flows used in investing activities		<u>(813,961)</u>	<u>(220,451)</u>	<u>(144,916)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Capital injection from non-controlling shareholders		91,340	31,257	–
Capital injection from the Company's shareholders		300,000	–	–
Lease payments		(4,321)	(8,493)	(3,585)
Proceeds from interest-bearing bank and other borrowings		809,028	35,000	277,742
Repayment of interest-bearing bank and other borrowings		(95,500)	(121,519)	(197,519)
Interest paid		(23,606)	(33,830)	(33,918)
Payments of listing expenditure		–	–	(4,760)
(Increase)/decrease in pledged deposits		<u>(30,433)</u>	<u>7,965</u>	<u>15,468</u>
Net cash flows from/(used in) financing activities		<u>1,046,508</u>	<u>(89,620)</u>	<u>53,428</u>

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		337,180	(320,557)	(72,180)
Cash and cash equivalents at end of year		166,748	503,928	183,371
		503,928	183,371	111,191
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	21	550,682	220,840	142,328
Less: Restricted cash	21	(3,000)	—	(86)
Pledged deposits	21	(43,754)	(37,469)	(31,051)
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		503,928	183,371	111,191

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	25,320	26,495	31,273
Right-of-use assets	14	8,720	6,332	3,549
Intangible assets	15	21,269	22,667	20,424
Investment in subsidiaries	16	535,200	537,404	544,404
Prepayments, other receivables and other assets	20	2,699	953	1,222
Due from subsidiaries	33	230,000	200,000	230,000
Total non-current assets		823,208	793,851	830,872
CURRENT ASSETS				
Inventories	18	811	571	296
Trade and bills receivables	19	—	—	24,225
Due from subsidiaries	33	326,242	550,643	653,765
Due from related companies	33	2,640	3,732	—
Prepayments, other receivables and other assets	20	1,185	1,993	6,466
Income tax recoverable		—	789	1,688
Cash and cash equivalents	21	319,298	134,788	71,158
Total current assets		650,176	692,516	757,598
CURRENT LIABILITIES				
Trade payables	22	143	143	515
Other payables and accruals	23	7,630	8,285	12,258
Due to related companies	33	6,292	9,246	9,903
Due to subsidiaries	33	6,866	6	7,329
Interest-bearing bank and other borrowings	25	254	30,209	130,289
Lease liabilities	14	2,566	2,987	1,993
Deferred income	26	1,846	4,068	—
Total current liabilities		25,597	54,944	162,287
NET CURRENT ASSETS		624,579	637,572	795,311
TOTAL ASSETS LESS CURRENT LIABILITIES		1,447,787	1,431,423	1,426,183
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25	230,000	200,000	230,000
Lease liabilities	14	5,739	3,084	1,532
Deferred income	26	4,491	—	785
Deferred tax liabilities	17	62	39	3
Total non-current liabilities		240,292	203,123	232,320
Net assets		1,207,495	1,228,300	1,193,863
EQUITY				
Share capital	27	360,000	360,000	360,000
Reserves	29	847,495	868,300	833,863
Total equity		1,207,495	1,228,300	1,193,863

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Beijing Shougang LanzaTech Technology Co., Ltd. (the “Company”), was incorporated as a limited liability company in the People’s Republic of China (“PRC”) on 11 November 2011. The registered office of the Company is located at Room 1601-6, 16th Floor, Building 1, No. 1 Courtyard, Tian Shunzhuang North Road, Shijingshan District, Beijing, PRC. On 12 November 2021, the Company was converted into a joint stock company with limited liability.

The Company is an investment holding company. The Company’s ultimate holding company is Shougang Group Co., Ltd.. During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- research and development, production and sale of ethanol and protein
- provision of low-carbon integrated solutions

As at 31 December 2024, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Note	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital (‘000)	Percentage of equity attributable to the Company Direct %	Principal activities
Hebei Shoulang New Energy Technology Co., Ltd. (“Hebei Shoulang”) 河北首朗新能源科技有限公司	(1)	PRC/Mainland China/ 30 January 2015	RMB200,000	100	Research and development (“R&D”), manufacturing and sales of ethanol and protein
Beijing Shoulang Biotechnology Co., Ltd. (“Shoulang Biotech”) 北京首朗生物科技有限公司 . . .	(2)	PRC/Mainland China/ 27 October 2016	RMB50,000	100	R&D and sales of protein
Ningxia Shoulang Jiyuan New Energy Technology Co., Ltd. (“Ningxia Jiyuan”) 寧夏首朗吉元新能源科技有限公司.	(2)	PRC/Mainland China/ 16 May 2019	RMB200,000	58	R&D, manufacturing and sales of ethanol and protein
Guizhou Jinze New Energy Technology Co., Ltd. (“Guizhou Jinze”) 貴州金澤新能源科技有限公司	(2)	PRC/Mainland China/ 28 September 2020	RMB200,000	51	R&D, manufacturing and sales of ethanol and protein
Ningxia Binze New Energy Technology Co., Ltd. (“Ningxia Binze”) 寧夏濱澤新能源科技有限公司	(2)	PRC/Mainland China/ 11 November 2020	RMB220,000	51	R&D, manufacturing and sales of ethanol and protein

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

- (1) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 prepared in accordance with PRC Generally Accepted Accounting Principles and regulations (“PRC GAAP”) were audited by Beijing Aisiji Accounting Firm Co., Ltd. (北京愛思濟會計師事務所有限責任公司). The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with PRC GAAP were audited by Beijing Tianzhenghua Certified Public Accountants (北京天正華會計師事務所(普通合夥)).
- (2) The statutory financial statements of these entities for the years ended 31 December 2022, 2023 prepared in accordance with PRC Generally Accepted Accounting Principles and regulations were audited by Beijing Aisiji Accounting Firm Co., Ltd. (北京愛思濟會計師事務所有限責任公司). No statutory financial statements of these entities for the year ended 31 December 2024 have been prepared.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

Going concern consideration

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2024, the Group recorded net current liabilities amounting to RMB611,111,000. The directors of the Company have given consideration to the future liquidity and financial resources available to the Group, which mainly include the net cash flows generated from the Group's operating activities and financial facilities, in assessing whether the Group will have sufficient financial resources to continue as a going concern and will not have any going concern issue as a result of the shortage of working capital. Considering that the Group has sufficient unutilised financial facilities of RMB1,651,000,000 as of 30 April 2025 and together with the cashflow forecast which covers a period of not less than twelve months from 31 December 2024 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group has already commenced an assessment of the impact of the new and revised IFRSs, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when the new and revised IFRSs become effective.

2.3 MATERIAL ACCOUNTING POLICIES**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

- (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and constructions	2% to 6%
Vehicles	19%
Machinery.	3% to 32%
Electronic devices	10% to 32%
Other equipments	10% to 32%
Leasehold improvement	20% to 60%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognises is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognises in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5-6 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years, which are mainly determined by reference to the period during which such assets are expected to bring economic benefits to the Group.

Research and development costs

The Group classifies the expenses for in-house research and development as research costs and development costs. All research costs are charged to profit or loss as incurred. Development costs are capitalised and deferred only when all the following conditions are met: the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete and its ability to use or sell the asset; how the asset will generate economic benefits; the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recorded in profit or loss when incurred.

Where the conditions stated above are satisfied, the work of the research stage is completed, and it is certain that the intangible assets arising from the development of the project cater to market demands and the technical solutions are developed, to generate economic benefits, the Group may advance the corresponding project to the development stage after assessment, capitalise the expenses of the development stage when the capitalisation conditions are satisfied, and transfer the capitalised expenses to intangible assets when the project passes the completion acceptance to become ready for the intended use.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 to 50 years
Plant and properties	2 to 20 years
Transportation equipment	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, other current liabilities, amounts due to related companies, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, amounts due to related companies, and interest-bearing bank and other borrowings)

After initial recognition, trade and other payables, amounts due to related companies, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the Group receives government loans granted with no interest for the industrial support, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(b) Provision of low-carbon integrated solutions

Revenue from the provision of low-carbon integrated solutions primarily consists of revenue from patent royalties and provision of technical services.

The Group generates revenue from licensing patents to its customers for certain periods. Revenue from patent royalties is recognised at a point in time when the customer obtains the right to use the licensed patents, as the Group does not perform any activities that significantly affect the patents to which the customer has rights.

For contracts entered into with customers on provision of technical services, the relevant services are based on customer's specifications with no alternative use but the Group does not have an enforceable right to payment prior to the completion of relevant services to customers. Revenue from the provision of technical services is recognised at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of technical services are recognised as contract fulfilment costs, which is recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Maintenance and cultivation costs

The Group has routine and non-routine maintenance every year. During the maintenance period and the subsequent fermentation strains breeding and cultivation period, there is no ethanol produced. The costs incurred during these periods, including depreciation of property, plant and equipment and utilities etc., are summarised and presented as maintenance and cultivation costs under cost of sales.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Incentive schemes, which include a share award scheme (the “Share Award Scheme”) and a share option scheme (the “Share Option Scheme”), are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. For the Share Award Scheme, the fair value is based on a recent transaction price. And for the Share Option Scheme, the fair value is calculated using the Black-Scholes option pricing model as at the date of grant of the options, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits***Pension schemes***

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB173,545,000, RMB284,173,000 and RMB583,073,000, respectively, carried forward at the end of each of the Relevant Periods. These losses related to the company and subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Further details on deferred taxes are disclosed in note 17 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Group includes the renewal period as part of the lease term for leases of plant and properties and leasehold land due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Judgement in determine the likelihood of vesting conditions

Under the Share Option Scheme, the exercise of share option is conditional upon the satisfaction of specified vesting conditions, further details of which are given in note 28(b) to the Historical Financial Information. Judgement is required to take into account the vesting conditions to determine the number of the share options to be included in the measurement of equity-settled share-based payment expenses.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Group's employees, which include the Share Award Scheme and the Share Option Scheme. For the Share Award Scheme, the grant date fair value is based on a recent transaction price. And for Share Option Scheme, the grant date fair value is calculated using the Black-Scholes option pricing model as at the date of grant of the options, further details of which are given in note 28 to the Historical Financial Information.

Provision for expected credit losses on trade and bills receivables, other receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables and other receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on credit risk of various customer segments with similar loss patterns (i.e., by customer rating and ageing) and collectively assessed for impairment allowance.

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on ageing of receivables for groups of various customer segments that have similar credit rating.

The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on ageing of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Group will calibrate the matrix to adjust the credit loss with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the expected credit loss are adjusted. At the end of each of the Relevant Periods, the expected credit loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 19 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2022, 2023 and 2024, we recorded net losses of RMB23,855,000, RMB110,147,000 and RMB245,568,000, respectively. Given our prolonged period of overall losses, there are indications of impairment.

In accordance with IAS 36, we performed impairment tests at each period-end on non-current assets that show indications of impairment and estimate the recoverable amount of the non-current asset. The recoverable amount is determined for the cash-generating unit to which the asset belongs.

The non-current assets other than financial assets mainly include property, plant and equipment, right-of-use assets and intangible assets at the end of each of Relevant Periods and represents RMB2,139,549,000, RMB2,334,897,000 and RMB2,272,190,000, respectively. Each entity that holds these assets can generate independent cash inflows and operated as a distinct economic entity. Therefore, non-current assets, other than financial assets for each factory is defined as a cash-generating unit ("CGU") for impairment testing.

The recoverable amount of a CGU is determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins are estimated based on historical information achieved and the expected market development.

The cash flow projections are discounted using an after-tax discount rates of 10.18%, 10.07% and 11.28% for years ended 31 December 2022, 2023 and 2024, which are corresponding to a pre-tax rate range 10.18%-11.02%, 10.07%-11.08% and 11.49%-12.90% for different factories for years ended 31 December 2022, 2023 and 2024. The discount rates used reflect specific risks relating to our subsidiaries. Impairment of RMB5,336,000 was made according to the impairment test results for the year ended 31 December 2022, and no further impairment was needed for the years ended 31 December 2023 and 2024.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

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 for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no reportable segment information is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in the Mainland China. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in the Mainland China during the Relevant Periods.

Information about major customers

External customers that contributed over 10% of total revenue of the Group for the years ended 31 December 2022, 2023 and 2024 are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer Group A	146,033	275,431	148,252
Customer B	49,198	85,931	108,304
Customer C	53,640	81,834	95,787
Customer D	53,710	*	*

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers.	389,512	592,551	563,611

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from sales of products			
Ethanol	328,825	499,730	440,415
Microbial protein	53,549	86,533	90,823
Other products	7,138	6,288	6,242
	389,512	592,551	537,480
Revenue from low-carbon integrated solutions .	–	–	26,131
Total revenue from contracts with customers . . .	389,512	592,551	563,611
Geographical markets			
Mainland China	373,362	576,421	556,069
Overseas.	16,150	16,130	7,542
Total	389,512	592,551	563,611

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
Goods or services transferred at a point in time .	389,512	592,551	563,611

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	10,737	12,622	8,172

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022, 2023 and 2024 are RMB12,780,000, RMB15,782,000 and RMB62,237,000, respectively, which are expected to be recognised as revenue within one year.

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied when control of the asset is transferred to the customer, generally upon delivery of the goods. Payment is generally made before goods delivery, except for certain customers where payment is due within 60 days from goods delivery.

Provision of low-carbon integrated solutions

The performance obligation is satisfied when patents and services are rendered and acknowledged for receipt by the customers with payments structured around specific milestones.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants and subsidies	5,499	12,739	11,231
Gain on disposal of scraps	167	948	64
Others	549	72	290
Other Gains			
Foreign exchange differences, net	33	153	62
Gain on disposal of property, plant and equipment	—	1,592	—
Total	<u>6,248</u>	<u>15,504</u>	<u>11,647</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of sales of goods or services		328,895	504,687	594,296
Maintenance and cultivation costs		6,564	70,152	62,660
Depreciation of property, plant and equipment*	13	48,869	97,116	119,499
Depreciation of right-of-use assets*	14	4,929	9,061	9,639
Amortisation of intangible assets*	15	1,779	2,383	2,985
Research and development expenses		29,501	35,948	42,025
Lease payments not included in the measurement of lease liabilities		87	238	464
Employee benefit expense (including directors' and chief executive's remuneration (note 8)**:				
Wages and salaries		39,410	57,107	66,875
Share-based payment	28	603	3,981	—
Pension scheme contributions and social welfare		14,265	23,249	26,410

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Impairment losses on property, plant and equipment, net.	13	5,336	–	–
Write-down of inventories to net realisable value	18	–	8,035	16,086
Listing expenses		–	–	13,534

* The depreciation of property, plant and equipment, right-of-use assets and the amortisation of other intangible assets for the Relevant Periods are included in “Cost of sales”, “Research and development costs” and “Administrative expenses” in profit or loss.

** The labour cost for the Relevant Periods is included in “Cost of sales”, “Selling and marketing expenses”, “Research and development expenses” and “Administrative expenses” in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	24,463	33,656	33,897
Interest on lease liabilities	369	473	330
Total interest expense on financial liabilities measured at amortised cost	24,832	34,129	34,227
Less: Interest capitalised	(15,243)	(7,282)	–
Total	9,589	26,847	34,227

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	205	200	210
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	1,403	1,461	1,534
Performance related bonuses*	490	406	669
Pension scheme contributions and social welfare	82	96	126
Subtotal	1,975	1,963	2,329
Total	2,180	2,163	2,539

* Certain directors of the Company are entitled to bonus payments which are determined by key performance indicators.

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows:

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mr. Li, Jiming (i)	11	50	46
Ms. Chen, Xin (ii).	–	50	52
Mr. Feng, Yingang (iii).	–	34	52
Mr. Hu, Shanying (iv)	–	7	52
Mr. Hu, Shanzhong (v)	42	–	–
Ms. Jin, Jinping (vi)	52	–	–
Ms. Xue, Min (vii)	50	17	–
Mr. Jin, Yong (viii)	50	42	–
Mr. Hoong Cheong Thard (ix)	–	–	8
Total	<u>205</u>	<u>200</u>	<u>210</u>

- (i) On 12 October 2022, Mr. Li, Jiming was appointed as an independent non-executive director of the Company and resigned on 5 December 2024.
- (ii) On 30 December 2022, Ms. Chen, Xin was appointed as an independent non-executive director of the Company.
- (iii) On 28 April 2023, Mr. Feng, Yingang was appointed as an independent non-executive director of the Company.
- (iv) On 14 November 2023, Mr. Hu, Shanying was appointed as an independent non-executive director of the Company.
- (v) On 5 November 2021, Mr. Hu, Shanzhong was appointed as an independent non-executive director of the Company and resigned on 12 October 2022.
- (vi) On 5 November 2021, Ms. Jin, Jinping was appointed as an independent non-executive director of the Company and resigned on 30 December 2022.
- (vii) On 5 November 2021, Ms. Xue, Min was appointed as an independent non-executive director of the Company and resigned on 28 April 2023.
- (viii) On 5 November 2021, Mr. Jin, Yong was appointed as an independent non-executive director of the Company and resigned on 14 November 2023.
- (ix) On 5 December 2024, Mr. Hoong, Cheong Thard was appointed as an independent non-executive director of the Company.

There were no other emoluments paid/payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
2022				
Executive director:				
Ms. Dong, Yan (ii)	1,150	480	—	1,630
Non-executive directors				
Mr. Wang, Guiyang (i)	—	—	—	—
Ms. Jennifer Holmgren (ii)	—	—	—	—
Mr. Lin, Siyu (iii)	—	—	—	—
Mr. Wu, Bin (vii)	—	—	—	—
Mr. Gao, Chongguang (iii)	—	—	—	—
Mr. Jiang, Wei (iv)	—	—	—	—
Mr. Zhang, Jianxun (iv)	—	—	—	—
Subtotal	—	—	—	—
Supervisors:				
Mr. Zhao, Yucheng (v)	—	—	—	—
Ms. Xing, Fei (vi)	93	5	30	128
Mr. Victor Su (vi)	160	5	52	217
Subtotal	253	10	82	345
Total	1,403	490	82	1,975

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
2023				
Executive director:				
Ms. Dong, Yan (ii)	1,174	396	—	1,570
Non-executive directors				
Mr. Wang, Guiyang (i)	—	—	—	—
Ms. Jennifer Holmgren (ii)	—	—	—	—
Mr. Lin, Siyu (iii)	—	—	—	—
Ms. Yuan, Jinrui (viii)	—	—	—	—
Mr. Wu, Bin (vii)	—	—	—	—
Mr. Gao, Chongguang (iii)	—	—	—	—
Mr. Zhang, Jianxun (iv)	—	—	—	—
Subtotal	—	—	—	—
Supervisors:				
Mr. Zhao, Yucheng (v)	—	—	—	—
Ms. Xing, Fei (vi)	107	5	36	148
Mr. Victor Su (vi)	180	5	60	245
Subtotal	287	10	96	393
Total	1,461	406	96	1,963

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
2024				
Executive director:				
Ms. Dong, Yan (ii)	1,205	648	—	1,853
Non-executive directors				
Mr. Wang, Guiyang (i)	—	—	—	—
Ms. Jennifer Holmgren (ii)	—	—	—	—
Mr. Lin, Siyu (iii)	—	—	—	—
Ms. Yuan, Jinrui (viii)	—	—	—	—
Mr. Wu, Bin (vii)	—	—	—	—
Mr. Gao, Chongguang (iii)	—	—	—	—
Mr. Ma, Lishen (x)	—	—	—	—
Mr. Zhang, Dan (xi)	—	—	—	—
Ms. Wang, Yan (xi)	—	—	—	—
Subtotal	—	—	—	—
Supervisors:				
Mr. Zhao, Yucheng (v)	—	—	—	—
Ms. Xing, Fei (vi)	115	7	40	162
Mr. Victor Su (vi)	61	—	21	82
Ms. Zhang, Ling (ix)	153	14	65	232
Subtotal	329	21	126	476
Total	1,534	669	126	2,329

- (i) On 5 November 2021, Mr. Wang, Guiyang was appointed as the chairman of the board of directors of the Company and resigned on 5 December 2024.
- (ii) On 11 November 2011, Ms. Jennifer Holmgren was appointed as the chairlady of the board of directors of the Group and Ms. Dong, Yan was appointed as a director of the Company and was re-designated as an executive director on 22 December 2024.
- (iii) On 2 February 2021, Mr. Lin, Siyu was appointed as a non-executive director of the Company and was re-designated as an executive director on 27 May 2025, and on 5 November 2021, Mr. Gao, Chongguang was appointed as a non-executive director of the Company and resigned on 5 December 2024, respectively.
- (iv) On 22 June 2021, Mr. Jiang, Wei was appointed as a non-executive director of the Company and resigned on 8 April 2022.
- On 16 December 2020, Mr. Zhang, Jianxun was appointed as a non-executive director of the Company and resigned on 14 November 2023.
- (v) On 9 March 2020, Mr. Zhao, Yucheng was appointed as the chairman of Board of supervisors of the Company.
- (vi) On 5 November 2021, Ms. Xing, Fei and Mr. Victor Su were appointed as supervisors of the Company, Mr. Victor Su resigned as a supervisor of the Company on 19 April 2024.
- (vii) On 8 April 2022, Mr. Wu, Bin was appointed as a non-executive director of the Company.
- (viii) On 14 November 2023, Ms. Yuan, Jinrui was appointed as a non-executive director of the Company and resigned on 5 December 2024.

- (ix) On 5 November 2021, Ms. Zhang, Ling resigned as a supervisor of the Company and on 9 May 2024, she was reappointed as a supervisor of the Company.
- (x) On 5 December 2024, Mr. Ma, Lishen was appointed as the chairman and a non-executive director of the Company.
- (xi) On 5 December 2024, Mr. Zhang, Dan and Ms. Wang, Yan were appointed as non-executive directors of the Company.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included one director, details of whose remuneration are set out in note 8 above. Details of the remuneration of each of the remaining four highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,185	1,919	2,080
Performance related bonuses	454	599	930
Equity-settled share based payment expense	121	171	–
Pension scheme contributions	558	611	642
Total	<u>3,318</u>	<u>3,300</u>	<u>3,652</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
Nil to HK\$1,000,000	3	4	2
HK\$1,000,000 to HK\$2,000,000	1	–	2
Total	<u>4</u>	<u>4</u>	<u>4</u>

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

The subsidiaries incorporated in Mainland China are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for those subject to preferential tax set out below:

Beijing Shougang LanzaTech Technology Co., Ltd. and Hebei Shoulang New Energy Technology Co., Ltd. were granted the qualification of High and New Technology Enterprises (“HNTE”) with a preferential corporate income tax rate of 15% during the Relevant Periods. Ningxia Binze New Energy Technology Co., Ltd. qualified for China’s Western Development corporate income tax policy for 2023 and 2024 with a preferential corporate income tax rate of 15%. Beijing Shoulang Biotechnology Co., Ltd. applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation with a preferential tax rate of 20% on 25% of the taxable profit for the years ended 31 December 2022, and it was granted with the qualification

of HNTE since 2023 with a preferential corporate income tax rate of 15%. Ningxia Shoulang Jiyuan New Energy Technology Co., Ltd and Ningxia Binze New Energy Technology Co., Ltd. were granted with the qualification of HNTE in 2024 separately with a preferential corporate income tax rate of 15%.

Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current income tax	189	784	534
Deferred tax charge/(credit) (note 17)	31	(30)	(31)
Total tax expense for the year	<u>220</u>	<u>754</u>	<u>503</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before tax	(23,635)	(109,393)	(245,065)
Tax at the statutory tax rate	(5,909)	(27,348)	(61,266)
Effect of preferential tax rates	1,651	2,045	15,130
Adjustments in respect of current tax of previous periods	–	68	534
Expenses not deductible for tax	469	447	82
Super-deduction on research and development expenses (a)	(5,457)	(6,921)	(8,156)
Deductible temporary differences unrecognized	13,802	8,903	6,509
Deductible temporary differences used	(401)	(789)	(6,788)
Tax losses not recognised	3,587	26,194	54,458
Tax losses utilised from previous years	(7,522)	(1,845)	–
Tax expense at the Group's effective tax rate	<u>220</u>	<u>754</u>	<u>503</u>

- (a) Super deduction allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs incurred as tax-deductible expenses when determining their assessable profits for nine months ended 30 September 2022. According to the relevant laws and regulations from 1 October 2022, the aforementioned deduction rate increased to 200%.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 312,854,392, 360,000,000, and 360,000,000 during the Relevant Periods in issue, as adjusted to reflect the rights issue during the Relevant Periods.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss			
Loss attributable to ordinary equity holders of the parent	(20,455)	(66,447)	(137,408)
Shares			
Weighted average number of ordinary shares outstanding during the year	312,854,392	360,000,000	360,000,000
Loss per share			
Basic and diluted (RMB)	(0.07)	(0.18)	(0.38)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and constructions	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022								
At 1 January 2022:								
Cost	188,165	299,794	2,381	1,725	3,889	2,476	658,939	1,157,369
Accumulated depreciation and impairment	(21,339)	(74,685)	(795)	(1,024)	(2,116)	(1,194)	–	(101,153)
Net carrying amount	166,826	225,109	1,586	701	1,773	1,282	658,939	1,056,216
At 1 January 2022, net of accumulated depreciation and impairment	166,826	225,109	1,586	701	1,773	1,282	658,939	1,056,216
Additions	–	6,889	420	2,309	2,190	1,225	1,036,430	1,049,463
Transfers	245,237	876,975	–	–	1,308	–	(1,123,520)	–
Depreciation provided during the year	(10,923)	(35,290)	(451)	(870)	(913)	(422)	–	(48,869)
Impairment	(3,400)	(1,936)	–	–	–	–	–	(5,336)
At 31 December 2022, net of accumulated depreciation and impairment	397,740	1,071,747	1,555	2,140	4,358	2,085	571,849	2,051,474
At 31 December 2022:								
Cost	433,402	1,183,658	2,801	4,034	7,387	3,701	571,849	2,206,832
Accumulated depreciation and impairment	(35,662)	(111,911)	(1,246)	(1,894)	(3,029)	(1,616)	–	(155,358)
Net carrying amount	397,740	1,071,747	1,555	2,140	4,358	2,085	571,849	2,051,474

APPENDIX I

ACCOUNTANTS' REPORT

	Buildings and constructions	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	433,402	1,183,658	2,801	4,034	7,387	3,701	571,849	2,206,832
Accumulated depreciation and impairment	(35,662)	(111,911)	(1,246)	(1,894)	(3,029)	(1,616)	–	(155,358)
Net carrying amount	<u>397,740</u>	<u>1,071,747</u>	<u>1,555</u>	<u>2,140</u>	<u>4,358</u>	<u>2,085</u>	<u>571,849</u>	<u>2,051,474</u>
At 1 January 2023, net of accumulated depreciation and impairment	397,740	1,071,747	1,555	2,140	4,358	2,085	571,849	2,051,474
Additions	535	597	–	2,539	1,742	4,234	278,739	288,386
Transfers	221,341	575,762	–	48,045	287	–	(845,435)	–
Disposals	(48,192)	–	–	–	–	–	–	(48,192)
Depreciation provided during the year	<u>(15,660)</u>	<u>(74,883)</u>	<u>(499)</u>	<u>(3,401)</u>	<u>(1,314)</u>	<u>(1,359)</u>	<u>–</u>	<u>(97,116)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>555,764</u>	<u>1,573,223</u>	<u>1,056</u>	<u>49,323</u>	<u>5,073</u>	<u>4,960</u>	<u>5,153</u>	<u>2,194,552</u>
At 31 December 2023:								
Cost	602,092	1,760,017	2,801	54,618	9,416	7,935	5,153	2,442,032
Accumulated depreciation and impairment	(46,328)	(186,794)	(1,745)	(5,295)	(4,343)	(2,975)	–	(247,480)
Net carrying amount	<u>555,764</u>	<u>1,573,223</u>	<u>1,056</u>	<u>49,323</u>	<u>5,073</u>	<u>4,960</u>	<u>5,153</u>	<u>2,194,552</u>

	Buildings and constructions	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost	602,092	1,760,017	2,801	54,618	9,416	7,935	5,153	2,442,032
Accumulated depreciation and impairment	(46,328)	(186,794)	(1,745)	(5,295)	(4,343)	(2,975)	–	(247,480)
Net carrying amount	<u>555,764</u>	<u>1,573,223</u>	<u>1,056</u>	<u>49,323</u>	<u>5,073</u>	<u>4,960</u>	<u>5,153</u>	<u>2,194,552</u>
At 1 January 2024, net of accumulated depreciation and impairment	555,764	1,573,223	1,056	49,323	5,073	4,960	5,153	2,194,552
Additions	91	12,328	–	510	2,777	3,331	46,877	65,914
Transfers	5,702	19,073	–	–	–	–	(24,775)	–
Disposals	–	–	–	(1)	(3)	–	–	(4)
Depreciation provided during the year	<u>(18,952)</u>	<u>(90,071)</u>	<u>(422)</u>	<u>(5,974)</u>	<u>(1,482)</u>	<u>(2,598)</u>	<u>–</u>	<u>(119,499)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>542,605</u>	<u>1,514,553</u>	<u>634</u>	<u>43,858</u>	<u>6,365</u>	<u>5,693</u>	<u>27,255</u>	<u>2,140,963</u>

	Buildings and constructions	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024:								
Cost	607,885	1,791,418	2,801	55,113	12,143	11,266	27,255	2,507,881
Accumulated depreciation and impairment	(65,280)	(276,865)	(2,167)	(11,255)	(5,778)	(5,573)	–	(366,918)
Net carrying amount	<u>542,605</u>	<u>1,514,553</u>	<u>634</u>	<u>43,858</u>	<u>6,365</u>	<u>5,693</u>	<u>27,255</u>	<u>2,140,963</u>

Certificates of ownership in respect of certain buildings of the Group in the PRC with aggregate net book values of RMB115,400,000, RMB93,374,000 and RMB45,081,000 at 31 December 2022, 2023 and 2024, respectively, had not been issued by the relevant PRC authorities.

Certain properties of the Group with an aggregate carrying amounts of approximately RMB1,355,293,000, RMB1,537,806,000 and RMB1,459,366,000 at 31 December 2022, 2023 and 2024 have been pledged to secure bank and other borrowings granted to the Group (note 25).

The Company

	Buildings and constructions	Machinery	Electronic devices	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022						
At 1 January 2022:						
Cost	21,773	47,781	672	800	1,933	72,959
Accumulated depreciation	(5,429)	(32,812)	(455)	(660)	(652)	(40,008)
Net carrying amount	<u>16,344</u>	<u>14,969</u>	<u>217</u>	<u>140</u>	<u>1,281</u>	<u>32,951</u>
At 1 January 2022, net of accumulated depreciation	16,344	14,969	217	140	1,281	32,951
Additions	–	941	492	–	223	1,656
Depreciation provided during the year	(1,033)	(2,349)	(160)	(20)	(389)	(3,951)
Impairment	(3,400)	(1,936)	–	–	–	(5,336)
At 31 December 2022, net of accumulated depreciation	<u>11,911</u>	<u>11,625</u>	<u>549</u>	<u>120</u>	<u>1,115</u>	<u>25,320</u>
At 31 December 2022:						
Cost	21,773	48,722	1,164	800	2,156	74,615
Accumulated depreciation	(9,862)	(37,097)	(615)	(680)	(1,041)	(49,295)
Net carrying amount	<u>11,911</u>	<u>11,625</u>	<u>549</u>	<u>120</u>	<u>1,115</u>	<u>25,320</u>

	Buildings and constructions	Machinery	Electronic devices	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	21,773	48,722	1,164	800	2,156	74,615
Accumulated depreciation	(9,862)	(37,097)	(615)	(680)	(1,041)	(49,295)
Net carrying amount . .	<u>11,911</u>	<u>11,625</u>	<u>549</u>	<u>120</u>	<u>1,115</u>	<u>25,320</u>
At 1 January 2023, net of accumulated depreciation	11,911	11,625	549	120	1,115	25,320
Additions	–	1,286	494	1,193	2,395	5,368
Depreciation provided during the year	<u>(792)</u>	<u>(2,058)</u>	<u>(309)</u>	<u>(222)</u>	<u>(812)</u>	<u>(4,193)</u>
At 31 December 2023, net of accumulated depreciation	<u>11,119</u>	<u>10,853</u>	<u>734</u>	<u>1,091</u>	<u>2,698</u>	<u>26,495</u>
At 31 December 2023:						
Cost	21,773	50,008	1,658	1,993	4,551	79,983
Accumulated depreciation	(10,654)	(39,155)	(924)	(902)	(1,853)	(53,488)
Net carrying amount . .	<u>11,119</u>	<u>10,853</u>	<u>734</u>	<u>1,091</u>	<u>2,698</u>	<u>26,495</u>

	Buildings and constructions	Machinery	Electronic devices	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	21,773	50,008	1,658	1,993	4,551	–	79,983
Accumulated depreciation	(10,654)	(39,155)	(924)	(902)	(1,853)	–	(53,488)
Net carrying amount . .	<u>11,119</u>	<u>10,853</u>	<u>734</u>	<u>1,091</u>	<u>2,698</u>	<u>–</u>	<u>26,495</u>
At 1 January 2024, net of accumulated depreciation	11,119	10,853	734	1,091	2,698	–	26,495
Additions	–	2,819	–	378	724	6,022	9,943
Depreciation provided during the year	<u>(792)</u>	<u>(2,341)</u>	<u>(338)</u>	<u>(314)</u>	<u>(1,380)</u>	<u>–</u>	<u>(5,165)</u>
At 31 December 2024, net of accumulated depreciation	<u>10,327</u>	<u>11,331</u>	<u>396</u>	<u>1,155</u>	<u>2,042</u>	<u>6,022</u>	<u>31,273</u>
At 31 December 2024:							
Cost	21,773	52,827	1,658	2,371	5,275	6,022	89,926
Accumulated depreciation	(11,446)	(41,496)	(1,262)	(1,216)	(3,233)	–	(58,653)
Net carrying amount . .	<u>10,327</u>	<u>11,331</u>	<u>396</u>	<u>1,155</u>	<u>2,042</u>	<u>6,022</u>	<u>31,273</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties and leasehold land used in its operations. Leases of plant and properties and transportation equipment generally have lease terms between 2 and 20 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Plant and properties	Leasehold land	Transportation equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2022.	5,357	59,154	550	65,061
Additions	5,384	62	317	5,763
Depreciation charge.	(1,763)	(2,938)	(228)	(4,929)
Decrease arising from lease term termination.	(1,084)	—	(53)	(1,137)
As at 31 December 2022 and 1 January 2023	7,894	56,278	586	64,758
Additions	35,085	20,714	—	55,799
Depreciation charge.	(5,311)	(3,454)	(296)	(9,061)
As at 31 December 2023 and 1 January 2024	37,668	73,538	290	111,496
Additions	—	—	342	342
Depreciation charge.	(6,053)	(3,454)	(132)	(9,639)
Decrease arising from lease term termination.	—	—	(195)	(195)
As at 31 December 2024.	31,615	70,084	305	102,004

As at 31 December 2022, 2023 and 2024, the Group's leasehold land with aggregate carrying amounts of approximately RMB54,672,000, RMB53,047,000 and RMB51,423,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 25).

The Company

	Plant and properties	Leasehold land	Transportation equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2022.	5,328	1,720	279	7,327
Additions	4,249	—	—	4,249
Depreciation charge.	(1,493)	(115)	(111)	(1,719)
Decrease arising from lease term termination.	(1,084)	—	(53)	(1,137)
As at 31 December 2022 and 1 January 2023	7,000	1,605	115	8,720
Additions	475	—	—	475
Depreciation charge.	(2,633)	(115)	(115)	(2,863)
As at 31 December 2023 and 1 January 2024	4,842	1,490	—	6,332
Depreciation charge.	(2,668)	(115)	—	(2,783)
As at 31 December 2024.	2,174	1,375	—	3,549

(b) Lease liabilities

The carrying amount of lease liabilities (not included under interest-bearing bank and other borrowings) and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	8,987	9,619	7,589
New leases	5,763	55,799	342
Accretion of interest recognised during the year	369	473	330
Decrease arising from lease term termination . . .	(1,179)	–	(191)
Payments	(4,321)	(8,493)	(3,585)
Offset by sale of a property	–	(49,809)	–
Carrying amount at 31 December	<u>9,619</u>	<u>7,589</u>	<u>4,485</u>
Analysed into:			
Current portion	2,997	3,669	2,691
Non-current portion	<u>6,622</u>	<u>3,920</u>	<u>1,794</u>

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	7,048	8,305	6,071
New leases	4,249	475	–
Accretion of interest recognised during the year	269	390	261
Decrease arising from lease term termination . . .	(1,179)	–	–
Payments	(2,082)	(3,099)	(2,807)
Carrying amount at 31 December	<u>8,305</u>	<u>6,071</u>	<u>3,525</u>
Analysed into:			
Current portion	2,566	2,987	1,993
Non-current portion	<u>5,739</u>	<u>3,084</u>	<u>1,532</u>

The maturity analysis of lease liabilities is disclosed in note 36.

(c) The amounts recognised in profit or loss in relation to leases are as follows:**The Group**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	369	473	330
Depreciation charge of right-of-use assets	4,929	9,061	9,639
Expenses relating to short-term leases and leases of low-value assets	87	238	464
Total amount recognised in profit or loss	<u>5,385</u>	<u>9,772</u>	<u>10,433</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	269	390	261
Depreciation charge of right-of-use assets	1,719	2,863	2,783
Expenses relating to short-term leases and leases of low-value assets	40	33	73
Total amount recognised in profit or loss	2,028	3,286	3,117

15. INTANGIBLE ASSETS

The Group

	Patents and licences	Software	Development expenditure	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022				
Cost at 1 January 2022, net of accumulated amortisation	16,770	205	–	16,975
Additions	8,101	20	–	8,121
Amortisation provided during the year	(1,668)	(111)	–	(1,779)
At 31 December 2022	23,203	114	–	23,317
At 31 December 2022 and at 1 January 2023:				
Cost	33,901	624	–	34,525
Accumulated amortisation	(10,698)	(510)	–	(11,208)
Net carrying amount	23,203	114	–	23,317
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	23,203	114	–	23,317
Additions	4,231	308	3,376	7,915
Amortisation provided during the year	(2,304)	(79)	–	(2,383)
At 31 December 2023	25,130	343	3,376	28,849
At 31 December 2023 and at 1 January 2024:				
Cost	38,132	932	3,376	42,440
Accumulated amortisation	(13,002)	(589)	–	(13,591)
Net carrying amount	25,130	343	3,376	28,849
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	25,130	343	3,376	28,849
Additions	–	577	2,782	3,359
Transfer to intangible asset	1,905	–	(1,905)	–
Amortisation provided during the year	(2,652)	(333)	–	(2,985)
At 31 December 2024	24,383	587	4,253	29,223
Cost	40,037	1,509	4,253	45,799
Accumulated amortisation and impairment	(15,654)	(922)	–	(16,576)
Net carrying amount	24,383	587	4,253	29,223

The Company

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022			
Cost at 1 January 2022, net of accumulated amortisation	16,770	136	16,906
Additions	6,000	–	6,000
Amortisation provided during the year	(1,545)	(92)	(1,637)
At 31 December 2022	<u>21,225</u>	<u>44</u>	<u>21,269</u>
At 31 December 2022 and at 1 January 2023:			
Cost	31,800	515	32,315
Accumulated amortisation	(10,575)	(471)	(11,046)
Net carrying amount	<u>21,225</u>	<u>44</u>	<u>21,269</u>
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	21,225	44	21,269
Additions	3,490	16	3,506
Amortisation provided during the year	(2,065)	(43)	(2,108)
At 31 December 2023	<u>22,650</u>	<u>17</u>	<u>22,667</u>
At 31 December 2023 and at 1 January 2024:			
Cost	35,290	531	35,821
Accumulated amortisation	(12,640)	(514)	(13,154)
Net carrying amount	<u>22,650</u>	<u>17</u>	<u>22,667</u>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	22,650	17	22,667
Amortisation provided during the year	(2,239)	(4)	(2,243)
At 31 December 2024	<u>20,411</u>	<u>13</u>	<u>20,424</u>
Cost	35,290	531	35,821
Accumulated amortisation and impairment	(14,879)	(518)	(15,397)
Net carrying amount	<u>20,411</u>	<u>13</u>	<u>20,424</u>

16. INVESTMENTS IN SUBSIDIARIES**The Company**

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments, at cost	535,200	535,200	542,200
Share-based payments to employees of subsidiaries	–	2,204	2,204
Carrying amount at the end of year	<u>535,200</u>	<u>537,404</u>	<u>544,404</u>

The Company's outstanding balances with the subsidiaries are disclosed in note 33.

17. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	<u>Lease liabilities</u>
	<i>RMB'000</i>
At 1 January 2022.	1,285
Deferred tax credited to profit or loss during the year.	274
Gross deferred tax assets at 31 December 2022.	1,559
Deferred tax charged to profit or loss during the year.	(421)
Gross deferred tax assets at 31 December 2023.	1,138
Deferred tax charged to profit or loss during the year.	(465)
Gross deferred tax assets at 31 December 2024.	673

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	<u>Right-of-use assets</u>
	<i>RMB'000</i>
At 1 January 2022.	1,327
Deferred tax charged to profit or loss during the year.	305
Gross deferred tax liabilities at 31 December 2022.	1,632
Deferred tax credited to profit or loss during the year.	(451)
Gross deferred tax liabilities at 31 December 2023.	1,181
Deferred tax credited to profit or loss during the year.	(496)
Gross deferred tax liabilities at 31 December 2024.	685

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<u>As at 31 December</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position. . .	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position. . .	(73)	(43)	(12)

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Tax losses	173,545	284,173	583,073
Deductible temporary differences	133,310	184,948	177,128
Total	306,855	469,121	760,201

The Group has tax losses arising in Mainland China of RMB173,545,000, RMB284,173,000 and RMB583,073,000 as at 31 December 2022, 2023 and 2024, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2022.	1,057
Deferred tax credited to profit or loss during the year.	189
Gross deferred tax assets at 31 December 2022.	1,246
Deferred tax charged to profit or loss during the year.	(335)
Gross deferred tax assets at 31 December 2023.	911
Deferred tax charged to profit or loss during the year.	(381)
Gross deferred tax assets at 31 December 2024.	530

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2022.	1,099
Deferred tax charged to profit or loss during the year.	209
Gross deferred tax liabilities at 31 December 2022.	1,308
Deferred tax credited to profit or loss during the year.	(358)
Gross deferred tax liabilities at 31 December 2023.	950
Deferred tax credited to profit or loss during the year.	(417)
Gross deferred tax liabilities at 31 December 2024.	533

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position. . .	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position. . .	62	39	3
	<u> </u>	<u> </u>	<u> </u>

The Company has tax losses arising in Mainland China of RMB59,123,000 and RMB39,567,000 and RMB94,044,000 as at 31 December 2022, 2023 and 2024, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

18. INVENTORIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	13,791	22,031	25,295
Finished goods	19,854	50,453	54,348
Goods in transit	322	200	1,310
	<u>33,967</u>	<u>72,684</u>	<u>80,953</u>
Less: provision for impairment losses on inventories	–	(8,035)	(16,086)
Net carrying amount	<u>33,967</u>	<u>64,649</u>	<u>64,867</u>

As at 31 December 2022, 2023 and 2024, inventories were stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	14	–	8,035
Impairment losses recognised (note 6)	–	8,035	16,086
Amounts written off	(14)	–	(8,035)
Carrying amount at the end of year	<u> </u>	<u>8,035</u>	<u>16,086</u>

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	811	405	296
Finished goods	—	166	—
	811	571	296
Less: provision for impairment losses on inventories	—	—	—
Net carrying amount	811	571	296

The movements in provision

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	4	—	—
Impairment losses recognised	—	—	—
Amounts written off	(4)	—	—
Carrying amount at the end of the year	—	—	—

19. TRADE AND BILLS RECEIVABLES**The Group**

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Trade receivables	4,600	3,018	42,236
Impairment allowance	(5)	(72)	(1,617)
Trade receivables, net	4,595	2,946	40,619
Bank acceptance notes	—	—	916
Net carrying amount	4,595	2,946	41,535

The Group's trading terms with its customers are mainly payment in advance. The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationship. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables, based on invoice date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Within 1 year.	4,595	2,946	41,535

The movements in the impairment losses on trade and bills receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	23	5	72
Impairment losses recognised	–	67	1,545
Impairment losses reversed	(18)	–	–
At end of year	5	72	1,617

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables and acceptance bills receivables are grouped and collectively assessed for impairment allowance. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of receivables for groups of various customer segments that have similar credit rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group's bills receivable aged within one year were neither past due nor impaired. The accepting banks are reputable financial institution, the management of the Company assessed that the credit loss to be minimal.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Within 1 year
As at 31 December 2022		
<i>On a collective basis:</i>		
Expected credit loss rate		0.11%
Gross carrying amount (RMB'000)		4,600
Expected credit losses (RMB'000)		5
		Within 1 year
As at 31 December 2023		
<i>On collective basis:</i>		
Expected credit loss rate		2.39%
Gross carrying amount (RMB'000)		3,018
Expected credit losses (RMB'000)		72
		Within 1 year
As at 31 December 2024		
<i>On collective basis:</i>		
Expected credit loss rate		3.83%
Gross carrying amount (RMB'000)		42,236
Expected credit losses (RMB'000)		1,617

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	25,500
Less: Impairment losses	—	—	(1,275)
Net carrying amount	—	—	24,225
	=	=	=

An ageing analysis of the Company's trade receivables, based on the invoice date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	—	—	24,225
	=	=	=

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	—	—	—
Impairment losses recognised	—	—	1,275
At end of year	—	—	1,275
	=	=	=

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Within 1 year
As at 31 December 2024	
On a collective basis:	
Expected credit loss rate	5.00%
Gross carrying amount (RMB'000)	25,500
Expected credit losses (RMB'000)	1,275

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**The Group**

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Other tax recoverable	31,072	24,868	22,029
Deferred listing expenditures	—	—	4,760
Deposits	841	1,051	2,453
Prepayments to suppliers.	6,539	1,822	2,000
Prepaid expenses	1,013	1,307	309
Advances to employees	28	32	16
Others	25	114	10
	=	=	=

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment allowance	39,518 (113)	29,194 (105)	31,577 (416)
	39,405	29,089	31,161
Non-current:			
Prepayments for long-term assets	18,864	15,338	3,792
Total	58,269	44,427	34,953

An impairment analysis is performed at the end of each of the Relevant Periods. As at 31 December 2022, 2023 and 2024, the ECLs were RMB113,000, RMB105,000 and RMB416,000. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Prepaid listing expenditures	–	–	4,760
Other tax recoverable	48	556	1,106
Deposits	627	641	672
Prepayments to suppliers	420	669	127
Prepaid expenses	163	160	88
Advances to employees	10	–	–
	1,268	2,026	6,753
Impairment allowance	(83)	(33)	(287)
	1,185	1,993	6,466
Non-current:			
Prepayments for long-term assets	2,699	953	1,222
Total	3,884	2,946	7,688

21. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	503,928	183,371	111,191
Pledged deposits	43,754	37,469	31,051
Restricted cash	3,000	–	86
Cash and bank balances	550,682	220,840	142,328

As at 31 December 2022, 2023 and 2024, the Group's restricted cash amounted to an aggregate carrying amount of approximately RMB3,000,000, nil and RMB86,000, which were frozen by the court.

The Group's bank and bank balances are dominated in RMB.

As at 31 December 2022, 2023 and 2024, bank deposits of RMB43,754,000, RMB37,469,000 and RMB31,051,000 were pledged to banks as collateral for the issuance of bank acceptance notes and bank loans.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	319,298	134,788	71,158

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2022, 2023 and 2024, the Group and the Company have assessed the credit risk of cash and cash equivalents, pledged deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

22. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	37,640	88,646	192,892
1 to 2 years.	208	1,892	14,565
2 to 3 years.	—	20	276
Over 3 years	6	1	13
Total	37,854	90,559	207,746

The trade and bills payables are non-interest-bearing, unsecured and repayable within one year.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	75	85	515
1 to 2 years.	68	57	—
2 to 3 years.	—	1	—
Over 3 years	—	—	—
Total	143	143	515

23. OTHER PAYABLES AND ACCRUALS**The Group**

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payable for purchase of constructions and equipments and service	269,524	286,629	214,538
Deposits	42,328	14,442	6,862
Payroll and welfare payable	9,997	11,454	13,048
Other tax payables	3,635	1,605	4,394
Others	1,776	3,779	4,107
Total	<u>327,260</u>	<u>317,909</u>	<u>242,949</u>

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	4,012	4,922	5,467
Payable for purchase of constructions, equipments and service	599	2,392	5,808
Deposit	85	85	85
Other tax payables	2,827	156	173
Others	107	730	725
Total	<u>7,630</u>	<u>8,285</u>	<u>12,258</u>

Other payables are non-interest-bearing and unsecured. Except for payable for purchase of constructions, equipments and service is repayable within 12 months, all the other payables are repayable on demand.

24. CONTRACT LIABILITIES**The Group**

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Ethanol	12,622	8,172	2,772
Microbial protein	—	—	465
Total	<u>12,622</u>	<u>8,172</u>	<u>3,237</u>

Contract liabilities represented advances received to deliver products.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	2022		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	3.9	2023	45,049
Current portion of long term bank loans – secured	4.1-4.9	2023	79,865
Current portion of long term other borrowings – unsecured	3.08-3.7	2023	255
Total – current			125,169
Non-current			
Bank loans – secured	4.1-4.9	2025-2032	598,789
Other borrowings – unsecured	3.08-3.7	2024-2025	230,000
Total – non-current			828,789
Total			953,958

	2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	3.6-3.7	2024	35,039
Current portion of long term bank loans – secured	3.7-4.1	2024	96,747
Current portion of long term other borrowings – unsecured	3.08-3.7	2024	30,209
Total – current			161,995
Non-current			
Bank loans – secured	3.7-4.1	2025-2032	505,270
Other borrowings – unsecured	3.7	2025	200,000
Total – non-current			705,270
Total			867,265

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.3-3.4	2025	110,082
Other borrowings – unsecured	3.1	2025	50,030
Current portion of long term bank loans – secured	3.4-3.75	2025	109,634
Current portion of long term other borrowings – unsecured	2.96	2025	208
Total – current			269,954
Non-current			
Bank loans – secured	3.4-3.75	2029-2032	447,513
Other borrowings – unsecured	2.48-2.96	2027-2028	230,000
Total – non-current			677,513
Total			947,467

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year	124,914	131,786	219,716
In the second year	–	49,999	–
In the third to fifth years, inclusive	106,228	–	–
Beyond five years	492,561	455,271	447,513
Subtotal	723,703	637,056	667,229
Other borrowings repayable:			
Within one year	255	30,209	50,238
In the second year	30,000	200,000	–
In the third to fifth years, inclusive	200,000	–	230,000
Subtotal	230,255	230,209	280,238
Total	953,958	867,265	947,467

As at 31 December 2022 and 2023 and 2024, the Group's property, plant and equipment with aggregate carrying amounts of approximately RMB1,355,293,000, RMB1,537,806,000 and RMB1,459,366,000, respectively, along with leasehold land of, RMB54,672,000, RMB53,047,000 and RMB51,423,000, were pledged to secure interest-bearing bank and other borrowings granted to the Group (notes 13 and 14).

As at 31 December 2022, 2023 and 2024, bank deposits of RMB30,433,000, RMB22,468,000 and RMB7,000,000 were pledged to banks as collateral for bank loans (note 21).

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year	–	–	80,051
Other borrowings repayable:			
Within one year	254	30,209	50,238
In the second year	30,000	200,000	–
In the third to fifth years, inclusive	200,000	–	230,000
Subtotal	230,254	230,209	280,238
Total	230,254	230,209	360,289

26. DEFERRED INCOME

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
Government grants			
Asset-related grants (a)	27,359	29,195	51,235
Reimbursement of future expenses (b)	4,491	—	785
Subtotal	31,850	29,195	52,020
Current:			
Government grants			
Asset-related grants (a)	2,502	2,890	2,892
Reimbursement of future expenses (b)	2,346	5,240	—
Subtotal	4,848	8,130	2,892
Total	36,698	37,325	54,912

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
Government grants			
Reimbursement of future expenses (b)	4,491	—	785
Current:			
Reimbursement of future expenses (b)	1,846	4,068	—
Total	6,337	4,068	785

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment and research and development, the deferred income is released to profit or loss over the expected useful life of the relevant asset on straight-line basis.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group's future research and development activities. The deferred income is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed.

27. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Share capital	360,000	360,000	360,000

Pursuant to the shareholders' resolution dated 24 September 2021, the shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB257,754,800 (257,754,800 shares with a nominal value of RMB1.00 each). Upon completion of the registration with the Shijingshan District Market Supervision Administration of Beijing Municipality on 12 November 2021, the Company was renamed as Beijing Shougang LanzaTech Technology Co., Ltd.

On 12 May 2022, the Company completed the capital increase registration, with the share capital increased to RMB277,086,400.

On 27 June 2022, the Company completed registration for the share premium conversion to share capital. 82,913,600 shares in total were converted from share premium. After this share conversion, the Company's total share capital is RMB360,000,000.

A summary of movements in the Company's share capital is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	257,755	360,000	360,000
Shareholders' capital injection	19,331	—	—
Transfer from share premium	82,914	—	—
At end of year	360,000	360,000	360,000

28. SHARE-BASED PAYMENTS

(a) Share Award Scheme

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Company established an employee shareholding platform for the Company to operate Employee Incentive Scheme i.e. the Share Award Scheme. Eligible participants of the Share Award Scheme, including directors, senior management, mid-level managers and other employees of the Group, can participate the Share Award Scheme voluntarily, and the list of participants should be approved by the Company through a board resolution. The board secretary of the Company acts as the general partner of the platforms. The resigned eligible participants should transfer their shares to other eligible participants within 12 months after their resignation, at subscription prices agreed by trading parties, which should be approved by the Company. When no eligible participants purchase the shares from resigned eligible participants within 12 months, the platform would transfer the shares to Tangming Group (Wellington) Investment Limited Liability Company, a shareholder of the Company, who holds 34,137,886 shares of the Company.

On 26 March 2020, 2,734,700 shares of the Company were granted to eligible participants through the employee shareholding platform of the Share Award Scheme at a subscription price of RMB8.5933 per share. The grant date fair values of the shares of the Scheme, which were determined based on investors' recent capital injection price, equals to the subscription price.

The shares held by the employee shareholding platform of the Share Award Scheme will be vested 36 months later from the completion date of industrial and commercial registration for employee shareholding platform investment in the Company. Therefore, service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period.

(b) Share Option Scheme

The Share Option Scheme was approved by the Company through board resolutions on 20 June 2023 for the purpose of providing incentives and rewards to eligible participants who contribute to the Group's operations, granting a total of 10,620,000 stock options to 73 eligible participants, including senior management, mid-level managers and other employees of the Group. The exercise price of a share option to subscribe for shares is RMB12.02. As the Company is contemplating an A Share initial public offering at that time, the Share Option Scheme stipulates that the share options are exercisable upon the regulatory approval on issuance of A shares from the China Securities Regulatory Commission by 31 December 2024.

The directors have estimated the values of the share options granted, calculated using the Black-Scholes option pricing model as at the date of grant of the options.

On 31 December 2023, the directors take the view that the vesting conditions will not be met due to change in the circumstances, no share options are likely to vest.

Movements in the number of equity interest shares granted and the respective weighted average grant date fair value are as follows:

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares
	<i>RMB per share</i>		<i>RMB per share</i>		<i>RMB per share</i>	
At beginning of year . .	8.5933	2,734,700	7.2778	3,553,015	12.0200	3,553,015
Granted during the year	—	—	12.0200	10,620,000	—	—
Transfer from share premium	—	818,315	—	—	—	—
Forfeited during the year	—	—	12.0200	(10,620,000)	—	—
At end of year	<u>7.2778</u>	<u>3,553,015</u>	<u>12.0200</u>	<u>3,553,015</u>	<u>12.0200</u>	<u>3,553,015</u>

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Administrative expenses	603	3,463	—
Research and development expenses	—	289	—
Selling and marketing expenses	—	—	—
Cost of sales	—	229	—
Total	<u>603</u>	<u>3,981</u>	<u>—</u>

29. RESERVES**The Group**

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium and other reserve

The share premium of the Group represents the difference between the par value of the shares issued.

Based on the net asset as of 31 May 2021, the Company converted into a joint stock company, with the share capital remaining unchanged, net of accumulated losses and share premium by RMB82,273,000.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Awarded share reserve

The awarded share reserve represents the excess of the fair value of the awarded shares over the subscription price (including related transaction costs) of the awarded shares awarded and vested to the selected employees at the date of award.

(iv) Special reserve

According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

The Company

	Share capital	Share premium and other reserve	Awarded share reserve	Surplus reserve	Retained profits/ (accumulated losses)	Total
As at 1 January 2022	257,755	613,610	210	–	(7,463)	864,112
Total comprehensive income for the year	–	–	–	–	42,780	42,780
Equity-settled share-based payment expense (note 28)	–	–	603	–	–	603
Shareholders' capital injection	19,331	280,669	–	–	–	300,000
Appropriations to statutory surplus reserve	–	–	–	3,883	(3,883)	–
Transfer from share premium	82,914	(82,914)	–	–	–	–
As at 31 December 2022 and 1 January 2023	360,000	811,365	813	3,883	31,434	1,207,495
Total comprehensive income for the year	–	–	–	–	16,824	16,824

	Share capital	Share premium and other reserve	Awarded share reserve	Surplus reserve	Retained profits/(accumulated losses)	Total
As at 1 January 2022	257,755	613,610	210	–	(7,463)	864,112
Equity-settled share-based payment expense (note 28)	–	–	3,981	–	–	3,981
Appropriations to statutory surplus reserve	–	–	–	2,313	(2,313)	–
As at 31 December 2023 and 1 January 2024 . . .	360,000	811,365	4,794	6,196	45,945	1,228,300
Total comprehensive income for the year . . .	–	–	–	–	(34,437)	(34,437)
As at 31 December 2024. .	<u>360,000</u>	<u>811,365</u>	<u>4,794</u>	<u>6,196</u>	<u>11,508</u>	<u>1,193,863</u>

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2022

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000
Ningxia Shoulang Jiyuan New Energy Technology Co., Ltd. (“Ningxia Jiyuan”)	42	(3,792)	77,298
Guizhou Jinze New Energy Technology Co., Ltd. (“Guizhou Jinze”)	49	6	66,558
Ningxia Binze New Energy Technology Co., Ltd. (“Ningxia Binze”)	49	386	108,198

As at 31 December 2023

	Percentage of equity interest held by non-controlling interests	(Loss)/gain for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000
Ningxia Jiyuan	42	(27,245)	50,114
Guizhou Jinze	49	(11,732)	86,412
Ningxia Binze	49	(4,723)	103,331

As at 31 December 2024

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000
Ningxia Jiyuan	42	(24,605)	25,440
Guizhou Jinze	49	(45,943)	40,117
Ningxia Binze	49	(37,614)	66,003

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Ningxia Ji Yuan

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	129,917	98,447	117,718
Total cost and expenses	(138,944)	(163,317)	(176,300)
Total comprehensive income for the year.	(9,027)	(64,870)	(58,582)
Current assets	56,254	50,794	29,235
Non-current assets.	532,460	521,302	476,330
Current liabilities	(271,700)	(369,694)	(412,123)
Non-current liabilities	(132,989)	(82,779)	(32,570)
Net assets	184,025	119,623	60,872
Net cash flows (used in)/from operating activities	31,514	(10,687)	(27,080)
Net cash flows used in investing activities.	(64,032)	(21,968)	(15,245)
Net cash flows from financing activities	4,203	28,866	18,278
Net decrease in cash and cash equivalents	(28,315)	(3,789)	(24,047)

Guizhou Jinze

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	—	92,275	98,525
Total cost and expenses	128	(116,160)	(192,285)
Income tax expense	(116)	(57)	—
Total comprehensive income for the year.	12	(23,942)	(93,760)
Current assets	20,533	20,001	26,524
Non-current assets.	604,180	842,132	818,651
Current liabilities	(102,757)	(330,398)	(323,339)
Non-current liabilities	(353,592)	(354,917)	(439,449)
Net assets	168,364	176,818	82,387
Net cash flows from operating activities	52,827	72,900	34,413
Net cash flows used in investing activities.	(390,432)	(151,817)	(64,061)
Net cash flows from financing activities	342,409	64,108	29,261
Net increase/(decrease) in cash and cash equivalents.	4,804	(14,809)	(387)

Ningxia Binze

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	41,316	192,076	134,189
Total cost and expenses	(40,529)	(201,715)	(210,951)
Total comprehensive income for the year	787	(9,639)	(76,762)
Current assets	145,979	51,624	40,044
Non-current assets	688,525	687,442	657,399
Current liabilities	(264,523)	(217,799)	(296,321)
Non-current liabilities	(349,169)	(309,849)	(265,882)
Net assets	220,812	211,418	135,240
Net cash flows from operating activities	74,581	43,963	35,431
Net cash flows used in investing activities	(416,195)	(103,680)	(45,582)
Net cash flows from/(used in) financing activities	429,051	(32,426)	3,818
Net increase/(decrease) in cash and cash equivalents	87,437	(92,143)	(6,333)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,763,000, RMB55,799,000 and RMB342,000, respectively, in respect of lease arrangements for plant, equipment and land.

During the year ended 31 December 2023, the Group sold a property with a carrying value of RMB49,809,000 to a related party, and leased it back, recognising a right-of-use asset of RMB54,428,000. The Group agreed with the related party to offset the rent payable of RMB49,809,000 against receivables from sale of the property.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	239,573	8,987	248,560
Changes from financing cash flows	689,922	(4,321)	685,601
New leases	–	5,763	5,763
Interest expense	24,463	369	24,832
Lease term termination	–	(1,179)	(1,179)
At 31 December 2022	953,958	9,619	963,577
Changes from financing cash flows	(120,349)	(8,493)	(128,842)
Offset by sale of a property	–	(49,809)	(49,809)
New leases	–	55,799	55,799
Interest expense	33,656	473	34,129
At 31 December 2023	867,265	7,589	874,854
Changes from financing cash flows	46,305	(3,585)	42,720
New leases	–	342	342
Lease term termination	–	(191)	(191)
Interest expense	33,897	330	34,227
At 31 December 2024	947,467	4,485	951,952

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities	87	238	464
Within financing activities	4,321	8,493	3,585
Total	<u>4,408</u>	<u>8,731</u>	<u>4,049</u>

32. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Properties, plant and equipment	<u>193,560</u>	<u>25,305</u>	<u>12,705</u>

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related parties	Relationship with the Group
北京首鋼機電有限公司 Beijing Shougang Machinery Electric Co., Ltd.	A company controlled by the ultimate controlling shareholders
北京首鋼氣體有限公司 Beijing Shougang Gas Company Limited	A company controlled by the ultimate controlling shareholders
北京首建設備維修有限公司 Beijing Shoujian Equipment Maintenance Co., Ltd.	A company controlled by the ultimate controlling shareholders
北京首鋼建設集團有限公司 Beijing Shougang Construction Group Co., Ltd.	A company controlled by the ultimate controlling shareholders
北京首鋼富通電梯有限責任公司 Beijing Shougang Futong Elevator Co., Ltd.	A company controlled by the ultimate controlling shareholders
北京首鋼自動化信息技術有限公司 Beijing Shougang Automation Information Technology Co., Ltd.	A company controlled by the ultimate controlling shareholders
首鋼環境產業有限公司 Shougang Environmental Industry Co., Ltd.	A company controlled by the ultimate controlling shareholders
首鋼集團財務有限公司 Shougang Group Finance Company Limited	A company controlled by the ultimate controlling shareholders
首鋼京唐鋼鐵聯合有限責任公司 Shougang Jingtang United Iron Steel Co., Ltd.	A company controlled by the ultimate controlling shareholders
唐山曹妃甸首實實業有限公司 Tangshan Caofeidian Shoushi Industrial Co., Ltd.	A company controlled by the ultimate controlling shareholders
中國首鋼國際貿易工程有限公司 China Shougang International Trade Engineering Corporation	A company controlled by the ultimate controlling shareholders

Name of related parties	Relationship with the Group
秦皇島首鋼機械有限公司 Qinhuangdao Capital Steelwork Machinery Plant	A company controlled by the ultimate controlling shareholders
首鋼工學院 Shougang Institute of Technology	A company controlled by the ultimate controlling shareholders
陳琪 Qi Chen	Close member of key management
江蘇久吾高科技股份有限公司 Jiangsu Jiuwu Hi-tech Co., Ltd.	A company controlled by a substantial shareholder
朗澤科技香港有限公司 LanzaTech Hong Kong Limited.	A substantial shareholder
LanzaTech, Inc.	A company under the same controller as a substantial shareholder
上海朗澤清潔技術有限公司 Lanzatech China Limited.	A company controlled by a substantial shareholder
LanzaTech NZ, Inc.	A company controlled by a substantial shareholder
LanzaTech, EU B.V.	A company controlled by a substantial shareholder

(b) Transactions with related parties:

The Group had the following transactions with related parties during the Relevant Periods:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of goods or services			
Lanzatech China Limited	9	—	30,012
LanzaTech, EU B.V.	—	—	5,840
Shougang Jingtang United Iron Steel Co., Ltd. . .	6,650	5,609	5,787
LanzaTech, Inc.	16,150	16,130	1,702
Total	<u>22,809</u>	<u>21,739</u>	<u>43,341</u>
Interest income			
Shougang Group Finance Company Limited	<u>6,738</u>	<u>5,408</u>	<u>1,978</u>
Purchase of goods or services			
Shougang Jingtang United Iron Steel Co., Ltd. . .	124,331	117,138	110,887
Beijing Shougang Gas Company Limited.	—	—	358
Qi Chen	479	492	662
Tangshan Caofeidian Shoushi Industrial Co., Ltd.	407	340	371
Beijing Shougang Construction Group Co., Ltd. .	226	45	—
Lanzatech China Limited	507	41	15
Qinhuangdao Capital Steelwork Machinery Plant	15	12	—
Beijing Shougang Futong Elevator Co., Ltd. . . .	9	10	9
Beijing Shougang Machinery Electric Co., Ltd. . .	257	—	—
Beijing Shougang Automation Information Technology Co., Ltd.	4,837	3,393	4,000
LanzaTech NZ, Inc.	—	—	8
Shougang Institute of Technology	—	—	3
LanzaTech Hong Kong Limited	—	—	2,550
Shougang Group Finance Company Limited	<u>28</u>	<u>55</u>	<u>118</u>
Total	<u>131,096</u>	<u>121,526</u>	<u>118,981</u>

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Purchase of property, plant and equipment and intangible assets			
Jiangsu Jiuwu Hi-tech Co., Ltd.	90,086	24,818	98
Beijing Shougang Automation Information Technology Co., Ltd.	5,703	2,923	1,405
LanzaTech Hong Kong Limited.	8,100	4,192	–
Beijing Shougang Gas Company Limited.	–	128	–
LanzaTech, Inc.	319	–	–
Total	<u>104,208</u>	<u>32,061</u>	<u>1,503</u>
Disposal of property, plant and equipment			
Shougang Jingtang United Iron Steel Co., Ltd. . .	–	49,809	–
Borrowings from:			
Shougang Group Finance Company Limited . . .	<u>200,000</u>	<u>–</u>	<u>80,000</u>
Repayment borrowings:			
Shougang Group Finance Company Limited . . .	<u>–</u>	<u>–</u>	<u>30,000</u>
Interest expense			
Shougang Group Finance Company Limited . . .	<u>4,452</u>	<u>7,991</u>	<u>6,968</u>
Interest expense on lease liabilities			
Shougang Jingtang United Iron Steel Co., Ltd. . .	<u>134</u>	<u>79</u>	<u>75</u>

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

According to the financial service agreement signed between the Group and Shougang Group Finance Company Limited, Shougang Group Finance Company Limited provides the Group with comprehensive credit services with a maximum daily credit limit of RMB50,000,000. The Group issued bills which are guaranteed by Shougang Group Finance Company Limited of RMB94,400,000, RMB94,350,000, RMB93,830,000 for the years ended 31 December 2022, 2023 and 2024. Balances for those bills are RMB44,400,000, RMB50,000,000 and RMB50,000,000 as at 31 December 2022 and 2023 and 2024.

(c) Outstanding balances with related parties:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due from related companies			
Trade-related			
Trade and bills receivables			
LanzaTech, Inc.	83	3,175	872
Shougang Jingtang United Iron Steel Co., Ltd. .	<u>5,330</u>	<u>3,532</u>	<u>1,574</u>
Subtotal.	<u>5,413</u>	<u>6,707</u>	<u>2,446</u>
Less: Impairment allowance	<u>(131)</u>	<u>(238)</u>	<u>(122)</u>
Net carrying amount	<u>5,282</u>	<u>6,469</u>	<u>2,324</u>
Prepayments, other receivables and other assets			
Jiangsu Jiuwu Hi-tech Co., Ltd.	<u>6</u>	<u>–</u>	<u>–</u>
Non-trade-related			
Prepayments, other receivables and other assets			
Shougang Group Finance Company Limited . .	<u>3,309</u>	<u>3,777</u>	<u>–</u>
Total	<u>8,597</u>	<u>10,246</u>	<u>2,324</u>

The Group places deposits in Shougang Group Finance Company Limited, and bears interest rate of 1.9% without fixed term. The management assesses that the credit risk to be minimal.

As at 31 December 2022, 2023 and 2024, balances due from related parties are non-interest-bearing and unsecured, and except for trade and bills receivables from related companies are within one year, the remaining balances due from related parties are payable on demand.

Ageing of trade and bills receivables in due from related companies, based on invoice date and net of loss allowance, is with one year as at the end of each of the Relevant Periods. The Group performs impairment assessment under the ECL model on amounts due from related companies, which are subject to impairment assessment under IFRS 9. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The movements in the impairment losses on trade and bills receivables in due from related companies are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	49	131	238
Impairment losses recognised	82	107	—
Impairment losses reversed	—	—	(116)
At end of year	<u>131</u>	<u>238</u>	<u>122</u>

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables in due from related companies using a provision matrix:

	As at 31 December		
	2022	2023	2024
<i>On a collective basis:</i>			
Expected credit loss rate	2.30%	3.5%	5%
Gross carrying amount (RMB'000)	5,413	6,707	2,446
Expected credit losses (RMB'000)	131	238	122

Deposits balances made by the Group in Shougang Group Finance Company Limited:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-trade-related			
Pledged deposits	13,320	15,000	15,000
Cash and cash equivalents	<u>431,886</u>	<u>170,045</u>	<u>80,049</u>

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due to related companies			
Trade-related			
Trade and bills payables			
Shougang Jingtang United Iron Steel Co., Ltd. .	82,434	75,431	80,734
Tangshan Caofeidian Shoushi Industrial Co., Ltd.	138	110	177
Beijing Shougang Gas Company Limited	—	—	330
Beijing Shougang Automation Information Technology Co., Ltd	—	—	2,147
Jiangsu Jiuwu Hi-tech Co., Ltd.	—	—	792
Beijing Shougang Machinery Electric Co., Ltd.	4	4	—
Subtotal.	<u>82,576</u>	<u>75,545</u>	<u>84,180</u>
Other payables and accruals			
Jiangsu Jiuwu Hi-tech Co., Ltd.	66,828	81,434	68,399
LanzaTech Hong Kong Limited	8,100	8,761	8,639
Beijing Shougang Automation Information Technology Co., Ltd	5,790	6,514	4,578
Lanzatech China Limited	287	287	304
Beijing Shougang Construction Group Co., Ltd.	144	—	—
Beijing Shougang Machinery Electric Co., Ltd.	3	3	—
Beijing Shougang Gas Company Limited	—	4	—
Beijing Shoujian Equipment Maintenance Co., Ltd.	3	3	—
China Shougang International Trade Engineering Corporation	1	—	—
Subtotal.	<u>81,156</u>	<u>97,006</u>	<u>81,920</u>
Contract liabilities			
Lanzatech China Limited	—	—	132
Total	<u>163,732</u>	<u>172,551</u>	<u>166,232</u>
Interest-bearing bank and other borrowings			
Non-trade-related			
Current			
Shougang Group Finance Company Limited . .	<u>254</u>	<u>30,209</u>	<u>50,238</u>
Non-current			
Shougang Group Finance Company Limited . .	<u>230,000</u>	<u>200,000</u>	<u>230,000</u>
Total	<u>230,254</u>	<u>230,209</u>	<u>280,238</u>
Lease liabilities			
Trade-related			
Shougang Jingtang United Iron Steel Co., Ltd. . .	<u>1,663</u>	<u>1,577</u>	<u>1,486</u>

The non-trade-related balance with Shougang Group Finance Company Limited will continue after the listing.

As at 31 December 2022, 2023 and 2024, except for interest-bearing bank and other borrowings and lease liabilities, all the remaining balances due to related companies are non-interest-bearing, unsecured and repayable within 60 days.

Ageing of the trade and bills payables in due to related companies based on the invoice date is within one year as at the end of each of the Relevant Periods.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due from related parties:			
Trade-related:			
Prepayments, other receivables and other assets			
Shougang Group Finance Company Limited . .	2,640	3,732	–
Due from subsidiaries:			
Current:			
Trade-related:			
Trade receivables	69,296	109,388	102,417
Less: Impairment allowance	(3,465)	(5,469)	(5,121)
Net carrying amount	65,831	103,919	97,296
Non-trade-related:			
Loans to subsidiaries.	237,000	417,000	519,000
Prepayments, other receivables and other assets	23,411	29,724	37,469
Subtotal.	260,411	446,724	556,469
Total	326,242	550,643	653,765
Due from subsidiaries:			
Non-current:			
Non-trade-related:			
Loans to subsidiaries.	230,000	200,000	230,000
Due to related companies:			
Trade-related:			
Other payables			
Lanzatech China Limited	287	287	304
Beijing Shougang Automation Information Technology Co., Ltd	–	–	960
Jiangsu Jiuwu Hi-tech Co., Ltd.	–	194	–
LanzaTech Hong Kong Limited	6,000	8,761	8,639
Beijing Shougang Machinery Electric Co., Ltd.	4	4	–
China Shougang International Trade Engineering Corporation	1	–	–
Total	6,292	9,246	9,903
Due to subsidiaries:			
Trade-related:			
Trade payables	6,866	6	7,329

As at 31 December 2022, 2023 and 2024, except for loans to subsidiaries that bore interest of 3.1%-3.45%, all the remaining balances due from related parties and subsidiaries were non-interest-bearing, unsecured and payable on demand. The management assesses that the credit risk to be minimal.

As at 31 December 2022, 2023 and 2024, except for interest-bearing bank and other borrowings from Shougang Group Finance Company Limited that bore interest at a rate range of 2.48-2.96% per annum, all the remaining balances due to related companies and subsidiaries were non-interest-bearing, unsecured and repayable on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	205	200	210
Salaries, bonuses, allowances and benefits in kind	1,403	1,461	1,534
Performance related bonuses	490	406	669
Pension scheme contributions	82	96	126
Total compensation paid to key management personnel	<u>2,180</u>	<u>2,163</u>	<u>2,539</u>

Further details of the directors', chief executive's and supervisors' emoluments are included in note 8 to the Historical Financial Information.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

Financial assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost			
Trade and bills receivables	4,595	2,946	41,535
Financial assets included in prepayments, other receivables and other assets	866	1,165	2,463
Due from related companies	8,728	10,484	2,446
Pledged deposits	43,754	37,469	31,051
Restricted cash	3,000	–	86
Cash and cash equivalents	<u>503,928</u>	<u>183,371</u>	<u>111,191</u>
Total	<u>564,871</u>	<u>235,435</u>	<u>188,772</u>

Financial liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost			
Lease liabilities	9,619	7,589	4,485
Trade and bills payables	37,854	90,559	207,746
Financial liabilities included in other payables and accruals	313,628	304,850	225,507
Due to related companies	163,732	172,551	166,232
Interest-bearing bank and other borrowings	<u>953,958</u>	<u>867,265</u>	<u>947,467</u>
Total	<u>1,478,791</u>	<u>1,442,814</u>	<u>1,551,437</u>

The Company

Financial assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost			
Trade and bills receivables	–	–	24,225
Financial assets included in prepayments, other receivables and other assets	627	641	672
Due from subsidiaries	559,706	756,112	888,886
Due from related parties	2,640	3,732	–
Cash and cash equivalents	319,298	134,788	71,158
Total	<u>882,271</u>	<u>895,273</u>	<u>984,941</u>

Financial liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost			
Trade payables	143	143	515
Financial liabilities included in other payables and accruals	791	3,207	6,618
Due to related companies	6,292	9,246	9,903
Due to subsidiaries	6,866	6	7,329
Interest-bearing bank and other borrowings	230,254	230,209	360,289
Total	<u>244,346</u>	<u>242,811</u>	<u>384,654</u>

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank and other borrowings with floating rate approximate to their carrying amounts. The fair values of the non-current portion of interest-bearing bank and other borrowings on fixed rate have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities and are within level 2 of the fair value hierarchy. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of the reporting period were assessed to be insignificant.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts			Fair values		
	31 December			31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank and other borrowings with fixed rate	230,000	200,000	230,000	226,612	199,970	240,504

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 5% and all other variables were held constant, the loss before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB462,000, RMB1,319,000 and RMB1,316,000 for the years ended 31 December 2022, 2023 and 2024, respectively.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

As at the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 81.1%, 53.5%, and 44.0% of the Group's trade and bills receivables were due from the Group's largest debtor, respectively.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	4,600	4,600
Financial assets included in prepayments, other receivables and other assets					
– Normal**	862	—	—	—	862
– Doubtful**	—	—	4	—	4
Due from related companies					
– Normal**	3,315	—	—	5,413	8,728
Pledged deposits					
– Not yet past due	43,754	—	—	—	43,754
Restricted cash					
– Not yet past due	3,000	—	—	—	3,000
Cash and cash equivalents					
– Not yet past due	503,928	—	—	—	503,928
Total	554,859	—	4	10,013	564,876

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	3,018	3,018
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,165	—	—	—	1,165
Due from related companies					
– Normal**	3,777	—	—	6,707	10,484
Pledged deposits					
– Not yet past due	37,469	—	—	—	37,469
Cash and cash equivalents					
– Not yet past due	183,371	—	—	—	183,371
Total	225,782	—	—	9,725	235,507

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	43,152	43,152
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,463	—	—	—	2,463
Due from related companies					
– Normal**	2,446	—	—	—	2,446
Pledged deposits					
– Not yet past due	31,051	—	—	—	31,051
Restricted cash					
– Not yet past due	86	—	—	—	86
Cash and cash equivalents					
– Not yet past due	111,191	—	—	—	111,191
Total	<u>147,237</u>	<u>—</u>	<u>—</u>	<u>43,152</u>	<u>190,389</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022						
Lease liabilities	3,342	3,352	2,188	552	1,485	10,919
Trade payables	37,854	—	—	—	—	37,854
Financial liabilities included in other payables and accruals	313,628	—	—	—	—	313,628
Due to related companies	163,732	—	—	—	—	163,732
Interest-bearing bank and other borrowings	163,787	63,751	335,242	42,000	560,308	1,165,088
Total	<u>682,343</u>	<u>67,103</u>	<u>337,430</u>	<u>42,552</u>	<u>561,793</u>	<u>1,691,221</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023						
Lease liabilities . . .	3,903	2,607	347	330	1,320	8,507
Trade payables . . .	90,559	–	–	–	–	90,559
Financial liabilities included in other payables and accruals	304,850	–	–	–	–	304,850
Due to related companies	172,551	–	–	–	–	172,551
Interest-bearing bank and other borrowings	196,390	274,639	18,418	36,836	498,380	1,024,663
Total	<u>768,253</u>	<u>277,246</u>	<u>18,765</u>	<u>37,166</u>	<u>499,700</u>	<u>1,601,130</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024						
Lease liabilities . . .	2,871	552	165	331	1,157	5,076
Trade and bills payables	207,746	–	–	–	–	207,746
Financial liabilities included in other payables and accruals	225,507	–	–	–	–	225,507
Due to related companies	166,232	–	–	–	–	166,232
Interest-bearing bank and other borrowings	298,478	23,058	52,989	235,967	473,083	1,083,575
Total	<u>900,834</u>	<u>23,610</u>	<u>53,154</u>	<u>236,298</u>	<u>474,240</u>	<u>1,688,136</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade and bills payables	37,854	90,559	207,746
Other payables and accruals	327,260	317,909	242,949
Due to related companies	163,732	172,551	166,232
Interest-bearing bank and other borrowings	953,958	867,265	947,467
Lease liabilities	9,619	7,589	4,485
Less: Cash and cash equivalents	(503,928)	(183,371)	(111,191)
Net debt	988,495	1,272,502	1,457,688
Equity attributable to owners of the parent.	1,001,955	939,243	801,972
Capital and net debt	1,990,450	2,211,745	2,259,660
Gearing ratio	50%	58%	65%

37. SUBSEQUENT EVENTS

The Company obtained new banking facilities of RMB1,680,000,000 subsequent to 31 December 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2024 or any future dates following the Global Offering.

	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company per share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on an Offer Price of HK\$14.50 per share. . . .	772,749	234,706	1,007,455	2.65	2.90
Based on an Offer Price of HK\$16.69 per share. . . .	772,749	273,311	1,046,060	2.75	3.01
Based on an Offer Price of HK\$18.88 per share. . . .	772,749	311,916	1,084,665	2.85	3.12

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at 31 December 2024 is arrived at after deducing intangible assets of RMB29 million from the consolidated net assets attributable to owners of the parent of RMB802 million as at 31 December 2024, as shown in Accountants' Report set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$14.50 per share or HK\$16.69 per share or HK\$18.88 per share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and does not take into account of any shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.9133.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per share is calculated based on total 380,159,800 shares in issue assuming the Global Offering had been completed on 31 December 2024, representing 360,000,000 shares in issue as at 31 December 2024, 20,159,800 H shares issued to be issued pursuant to the Global Offering.
- (4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9133. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Beijing Shougang LanzaTech Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Shougang LanzaTech Technology Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as 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 consolidated net tangible assets as at 31 December 2024, and related notes as set out on pages II-1 and II-2 of the prospectus dated 30 June 2025 issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2024, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited 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 (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “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 Unaudited 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 Unaudited 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 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 Unaudited 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 purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited 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 transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma 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:

- (a) the Unaudited 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants
Hong Kong

30 June 2025

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 comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investors into account. 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 Latest Practicable Date, which is 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, appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

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》) (the “**IIT Law**”), which was last amended on August 31, 2018 and its Implementation Regulation, the individual incomes including interest, dividend and bonus are subject to individual income tax at the applicable rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the place where the payment is made is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》), which was promulgated on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the EIT Law and its Implementation Regulation, all resident enterprises in the PRC (including foreign-invested enterprises) are subject to EIT at a flat rate of 25%. A non-resident enterprise is generally subject to a 10% EIT on its PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or

premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is considered as the withholding agent and is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was promulgated by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold and pay EIT at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response of the SAT Concerning Questions on Levying Enterprise Income Tax over Dividend of B-Shares and Other Shares Received by Nonresident Enterprises (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and pay EIT at a rate of 10% on dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland 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》), which was signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of 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 issued by the State Administration of Taxation (《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), which came into effect on December 6, 2019, adds the entitlement to benefits under the Arrangement. Notwithstanding the other provisions of this Arrangement, a benefit under this Arrangement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to relevant facts and circumstances, that obtaining that benefit was the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Arrangement. The application of the dividend clause of tax agreements is subject to the statutory provisions of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom, the United States, etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer***Individual Investors***

According to the IIT Law and its Implementation Regulation, 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 of the MOF and the SAT on Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局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 MOF and the SAT on March 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Notice on Relevant Issues Concerning the Levy of the Individual Income Tax on Individual Income from Transfer of Restricted Shares 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通知》), which states that individual income from the transfer of the shares listed 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 Relevant Issues Concerning the Levy of the Individual Income Tax on Individual Income from Transfer of Restricted Shares 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 by the such three departments on November 10, 2010).

Enterprise Investors

In accordance with the EIT Law and its Implementation Regulation, a non-resident enterprise is generally subject to EIT at the rate of a 10% on its 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. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the

payer of the income is considered as the withholding agent and is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading in the PRC, and the entities and individuals outside of the PRC that conclude taxable vouchers that are used in the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the purchase and sale of H Shares outside of the PRC by non-PRC investors.

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied in the PRC.

Principal Taxations of Our Company in the PRC***Enterprise Income Tax***

Pursuant to the EIT Law, which was promulgated on March 16, 2007 and amended from time to time, and its Implementation Regulation, enterprises consist of resident enterprises and non-resident enterprises. An enterprise which is established in the PRC or established in accordance with any laws of foreign countries but its “actual management entity” is within the PRC shall be regarded as a “resident enterprise”. A resident enterprise shall be subject to an EIT of 25% on any income generated globally. A non-resident enterprise (i) that have an establishment or premise in the PRC shall pay EIT at the rate of 25% on the income derived from its establishment or premise and the income that occurs outside the PRC but such income has real connection with such establishment or premise; and (ii) pay EIT at the rate of 10% on its PRC-sourced but its PRC-sourced income has no connection with such establishment or premise in the PRC. Any non-resident enterprise that has no establishment or premise in the PRC are required to pay an EIT at the rate of 10% on its PRC-sourced income.

Value-Added Tax

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993, and most recently amended on November 19, 2017, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, the sale of services, intangible or immovable assets and import of goods within the territory of the PRC shall pay the VAT. According to the Notice of the MOF and the SAT on Adjusting VAT Rates (《財政部、稅務總

局關於調整增值稅稅率的通知》), which came into effect on May 1, 2018, with respect to VAT taxable sales of any taxpayer, the originally applicable VAT rate of 17% and 11% shall be adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on April 1, 2019, with respect to VAT taxable sales or imported goods of any VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%, and the originally applicable VAT rate of 10% shall be adjusted to 9%.

PRC Laws and Regulations Relating to Foreign Exchange

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

According to the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was promulgated on June 9, 2016 (as amended by the Circular of the SAFE on Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated on December 4, 2023), the settlement of foreign exchange receipts under the capital account (including repatriation of funds from overseas listing, etc.) may convert from foreign currency into RMB on a discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

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

On December 26, 2014, the SAFE issued 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》). Pursuant to the notice, a domestic company shall, within 15 business days from the date of the completion of its overseas listing issuance, register the overseas listing with the administration of foreign exchange 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. A domestic company (except for bank financial institutions) shall present its registration certificate of overseas listing to open a “special foreign exchange account for overseas listing of domestic company” at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (the "**Constitution**"), which was amended and came into effect on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules and regulations of the State Council and local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (the "**Legislation Law**"), which was amended and came into effect on March 15, 2015 and then was amended in 2023, the National People's Congress (the "NPC") and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters.

The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and supplements and amends parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Otherwise, if the law provides for the formulation of such local regulations, those provisions of the law shall prevail. Such local regulations 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.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of

the provinces or autonomous regions, a decision should be made to resolve the issue. The 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 ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws, and the administrative regulations, decisions and orders of the State Council. Provisions of departmental rules and regulations should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules and regulations which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

THE 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-level 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 body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”) was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, the latest version of which came into effect on January 1, 2024. The Civil Procedure Law 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 located at 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, and that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign citizen 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 comply with 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 the other 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. However, if 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, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people’s court shall, upon examination, not to recognize or enforce such judgment or ruling.

THE COMPANY LAW, THE OVERSEAS LISTING TRIAL MEASURES AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company which is incorporated in the PRC and listed on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC: Pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”) which was last amended on December 29, 2023 and came into effect on July 1, 2024, a limited liability company and a joint stock company limited may be set up within the territory of the

PRC. For a limited liability company, a shareholder shall be liable for the company to the extent of the capital contributions it has paid. For a joint stock limited company, a shareholder shall be liable for the company to the extent of the shares it has subscribed to.

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and relevant five guidelines, which came into force on March 31, 2023. The Overseas Listing Trial Measures are enacted in accordance with the Securities Law and other laws and are applicable to domestic enterprises that issue securities overseas or list their securities for trading. According to the Guidelines for the Applications of Regulatory Rules – Overseas Issuance and Listing Category No. 1 promulgated by the CSRC on February 17, 2023, direct overseas issuance and listing by domestic companies shall abide by the relevant provisions of the Overseas Listing Trial Measures and refer to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and other relevant provisions of the CSRC on corporate governance to formulate their articles of association and standardize corporate governance.

Below sets out a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies (2025 Revision) (《上市公司章程指引(2025修正)》) (the “**Guidelines for the Articles of Association of Listed Companies**”):

GENERAL

A joint stock limited company refers to a corporate legal person established in the PRC under the Company Law of the People’s Republic of China with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the company’s articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

INCORPORATION

A joint stock limited company may be incorporated by promotion or floatation. A joint stock limited company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Joint stock limited companies incorporated by promotion are companies of which the entire registered

capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering prospectus, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

SHARE CAPITAL

Shareholders may make capital contributions in cash, or non-monetary assets such as in kind, intellectual property rights and land use rights which can be appraised with monetary value and transferred lawfully, except for assets prohibited from capital contribution by laws and administrative regulations. For capital contributions made in non-monetary assets, a valuation of the assets contributed must be carried out for verification without any overvaluation or under-valuation.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. For shares subscribed by any organization or individual, the same price shall be paid for each share. The share offering price may be equal

to or greater than the nominal value of the share, but not less than the nominal value. A company that seeks to offer and list securities in overseas markets, is required to fulfill the filing procedure with the CSRC and report relevant information.

Under the Company Law, a joint stock limited company shall maintain a register of members, stating the following matters: (i) the name and domicile of each shareholder; (ii) type and number of subscribed shares for each shareholder; (iii) for stocks issued in paper form, the stock serial numbers; (iv) the date on which each shareholder acquired the shares.

INCREASE IN SHARE CAPITAL

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions being passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the Company Law of the People's Republic of China, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on (ii) or (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at the shareholders' general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

REDUCTION OF SHARE CAPITAL

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) the company shall prepare a balance sheet and an inventory of assets; (2) the reduction of registered capital must be approved by shareholders at the shareholders' general meeting; (3) the company shall notify its creditors of the reduction in share capital within 10 days and publish the relevant announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days of the resolution approving the reduction being passed; (4) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and (5) the company must apply to the company registration authorities for registration of such change.

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 under an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) to use its shares for conversion of convertible corporate bonds issued by a listed company; and (vi) it is necessary for a listed company to maintain its company value and protect its shareholders' interest.

The purchase of shares by the company on the grounds set out in (i) and (ii) above shall be subject to a resolution passed by the shareholders' general meeting. For the purchase of shares by the company on the grounds set out in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by two-thirds of directors attending the board meeting according to the provisions of the company's articles of association or as authorized by the shareholders' general meeting. Following the purchase of shares in accordance with the circumstance stipulated in (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 purchase of shares is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after the purchase of shares under any of the circumstances stipulated in (iii), (v) or (vi) above shall not exceed 10% of the company's total issued shares, and shall be assigned or deregistered within three years. Listed companies making the purchase shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the purchase of shares is made under any of the circumstances stipulated in (iii), (v) or (vi) above, 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, a shareholder should effect a transfer of shares held on a stock exchange established in accordance with laws or by any other means as required by the State Council. No changes of registration in the register for such transfer of shares shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions. However, where there are provisions by law, administrative regulations or by the security regulatory authority under the State Council on changes of registration in the register of members of listed companies, those provisions shall prevail.

Pursuant to the Company Law, shares of a joint stock limited company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office determined at the time of appointment, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commence trading on a stock exchange, nor within half a year after they leave their positions in the company.

SHAREHOLDERS

Under the Company Law and Guidelines for the Articles of Association of Listed Companies, the rights of shareholders of a joint stock limited company include:

(i) to attend or appoint a proxy to attend and vote at shareholders' general meetings; (ii) to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association; (iii) to inspect and copy the articles of association, register of members, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations; (iv) to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board meetings where the above resolutions violate the articles of association or the procedure for convening the shareholders' general meeting or board meetings or the voting method used at the meeting violates laws, administrative regulations or the articles of association; (v) to receive dividends and other types of interest distributed in proportion to the number of shares held; (vi) to participate in the distribution of residual properties of the company in proportion to the number of shares held upon the termination or liquidation of the company; and (vii) any other rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The responsibilities of shareholders include the responsibility to abide by the company's articles of association, to pay the subscription capital 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 shares subscribed for and any other shareholder responsibilities specified in the company's articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company to the extent of the shares they have subscribed to, not to abuse their shareholders' rights to harm the interests of the company or other shareholders, not to abuse the independent status of the legal person of the company and the limited liability of shareholders to harm the interest of any creditor and any other shareholder obligations 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 functions and powers in accordance with the Company Law. Under the Company Law, the shareholders' general meeting exercises the following principal powers: (i) to elect and remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to consider and approve reports of the board of directors; (iii) to consider and approve reports of the board of supervisors; (iv) to consider and approve the company's proposals for profit distribution plans and loss recovery plans; (v) to decide on any increase or reduction of the company's registered capital; (vi) to decide on the issue of bonds by the company; (vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form; (viii) to amend the company's articles of association; and (ix) to exercise other functions and powers as provided for in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association; (ii) the total outstanding losses of the company amount to one-third of the company's total paid-in share capital; (iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened; (iv) the board of directors deems necessary; (v) the board of supervisors so proposes; (vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting 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 cannot or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman cannot or does not perform his/her duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors cannot or does not perform its duties to convene the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 consecutive days or more may unilaterally convene and preside over such meeting.

The notice of annual shareholders' general meeting shall state the time, venue 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.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting. Under the Company Law, shareholders attending a shareholders' general meeting shall have one voting right for each share they hold, except for shareholders of non-ordinary shares. The company's own shares held by the company do not carry voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the cumulative voting system, each share shall carry the number of voting rights 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, 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) the amendments to the articles of association; (ii) the increase or reduction of registered capital; (iii) the merger, division, dissolution, liquidation or change in the corporate form; and (iv) 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 OF DIRECTORS

A company shall have a board of directors, which shall consist of 3 or more members and may include employee representatives among them. In the case of a company with three hundred or more employees, except when a board of supervisors has been established including employee representatives among its members as required by law, the company's board of directors shall include employee representatives among its members. An employee representative on the board of directors shall be elected by the company's employees through the employee representative assembly, employee assembly, or other forms of democratic elections. A joint stock limited company with a smaller scale or fewer shareholders may appoint one director without establishing a board of directors to exercise the functions and powers prescribed for the board of directors by the Company Law. This director may serve concurrently as the company manager. 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/her duties in accordance with the laws, administrative regulations and the articles of association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of the director results in the number of directors being less than the quorum. Resignation of a director shall be notified to the company in writing, and the resignation shall become effective on the date the company receives the notice, except in the circumstances as mentioned above, where the director shall continue to perform duties.

Under the Company Law, the board of directors exercises the following functions and powers: (i) to convene the shareholders' general meeting and report on its work to the shareholders' general meeting; (ii) to implement the resolutions of the shareholders' general meeting; (iii) to decide on the company's business plans and investment proposals; (iv) to formulate the company's proposals for profit distribution plans and loss recovery plans; (v) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds; (vi) to prepare plans for the merger, division, dissolution or change in the corporate form; (vii) to determine the establishment of the company's internal management bodies; (viii) to determine the appointment or removal of the company manager and the manager's remuneration, and based on nominations by the manager, to determine the appointment or removal of any deputy manager and the head of finance and their remuneration; (ix) to formulate the company's basic management system; and (x) any other functions or powers specified in the articles of association or granted by the shareholders' general meeting. Any restrictions on the functions and powers of the board of directors in the articles of association shall not be enforceable against bona fide third parties.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over the meeting within ten days of receiving such proposal. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half 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 a resolution to be approved by the board of directors. The board of directors shall make minutes of the meeting in respect of decisions on matters discussed at the meeting, and the directors attending the meeting shall sign to endorse the minutes. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the shareholders' general meeting, 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 voting, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the Company Law, the following person may not serve as a director in a company: (i) a person with no capacity or restricted capacity to undertake any civil liabilities; (ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his/her political rights due to his/her crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have elapsed since

the expiration of the probation period; (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (iv) a person who has been a legal representative of a company or an enterprise that has had its business licence revoked or has been ordered to close down due to violations of the law and was personally liable for it, where less than three years have elapsed since the date of such revocation or the order to close down; (v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts. Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the circumstances set out in the preceding provision applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors.

The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

MANAGER AND SENIOR MANAGEMENT

According to relevant requirements of the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be accountable to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors. Senior management shall mean the manager, deputy manager(s), head of finance, board secretary (in case of a listed company) and other personnel as stipulated in the articles of association.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Under the Company Law, directors, supervisors and senior management shall comply with relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence. Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property. In addition, directors and senior management shall not: (i) misappropriate the company's property and funds; (ii) deposit company funds into accounts under their own names or the names of other individuals; (iii) abuse their authority in accepting bribes or other unlawful income; (iv) accept and possess commissions paid by third party for transactions with the company; (v) disclose the confidential information of the

company without its authority; and (vi) engage in other acts in violation of their duty of loyalty to the company. Income generated by directors or senior management in violation of the aforementioned shall be returned to the company. A director, supervisor or senior management who contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer inquiries from shareholders. Directors and senior management shall furnish relevant situations and information to the board of supervisors in a truthful manner, without impeding the discharge of duties by the board of supervisors or supervisors.

Where a director or senior management contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate at least 1% of the company's shares for at least 180 consecutive days may request in writing that the board of supervisors institutes litigation at a people's court. Where the supervisor violates laws or administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court. If the board of supervisors or the board of directors refuses to institute litigation after receiving the written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in the event of an emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in his/her/their own name for the company's benefit. For other parties who infringe on the legitimate interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the provisions of the preceding two provisions. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement on shareholders' interests, a shareholder may institute litigation at a people's court. The Overseas Listing Trial Measures stipulate that the filing materials for overseas offering and listing of domestic enterprises shall be true, accurate and complete, and shall not contain false records, misleading statements or material omissions. Domestic enterprises and their controlling shareholders, de facto controllers, directors, supervisors and senior management shall fulfill their obligations of information disclosure in accordance with the law, be honest, trustworthy, diligent and responsible and ensure that the filing materials are true, accurate and complete.

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. The company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of a shareholders' annual general meeting. A company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

If the company breaches the provisions of the articles of association and distributes profits to shareholders, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders and responsible directors, supervisors, and senior management who cause losses to the company shall be liable for compensation.

The premium received through issuance of shares at prices above par value, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items required by the relevant government department 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. When using a company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the conversion of statutory common reserve fund into an increase in registered 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, board of directors, or board of supervisors 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 vouchers, accounting books, financial and accounting reports and other accounting information to the accounting firm appointed without any refusal, withholding and misrepresentation. The Guidelines for the Articles of Association of Listed Companies stipulate that companies guarantee to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the accounting firms appointed without any refusal, withholding and misrepresentation. The audit fees of the accounting firm shall be determined by the shareholders' general meeting.

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

Pursuant to the Company Law, 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. Where the change of registered items of a company involves the amendment of its articles of association, it shall be registered with the relevant authorities in accordance with the applicable laws.

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 have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved according to law; 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) and (ii) above, provided that the company has not yet distributed its assets to shareholders, it may continue 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, it should be liquidated, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation team shall be composed of directors, unless otherwise stipulated in the company's articles of association or appointed by a resolution of the shareholders' general meeting. If the liquidators fail to fulfill their liquidation obligations in a timely manner, resulting in losses to the company or its creditors, they shall be liable for compensation. If a liquidation group is not established within the prescribed period or fails to proceed with liquidation after forming a liquidation group, any stakeholders may apply to the people's court to designate relevant individuals to form a liquidation group for the liquidation. The people's court shall accept the application and promptly organize a liquidation group to conduct the liquidation.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to handle the company's assets and to prepare a balance sheet and an inventory of the assets; (ii) to notify creditors through notice or public announcement; (iii) to deal with the company's outstanding businesses related to liquidation; (iv) to pay any tax overdue as well as tax amounts arising from the process of liquidation; (v) to claim credits and pay off debts; (vi) to allocate the company's remaining assets after its debts have been paid off; and (vii) 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 or the National Enterprise Credit Information Publicity System 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 bankruptcy liquidation. After the people's court accepts the bankruptcy application, the liquidation group shall hand over liquidation affairs to the administrator designated by 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 cancel the company's registration and to announce the termination of the Company. Members of the liquidation group shall fulfill liquidation responsibilities with a duty of loyalty and diligence. Any member of the liquidation group who neglects their liquidation responsibilities and causes losses to the company shall be liable for compensation; if losses are caused to any creditor due to intent or gross negligence, such member shall be liable for compensation.

In addition, liquidation of a company declaring bankruptcy according to laws shall be processed in accordance with the laws on corporate bankruptcy.

MERGER AND DIVISION

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.

LOSS OF SHARE CERTIFICATES

If a registered share certificate is stolen, lost 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.

OVERSEAS LISTING

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances: (1) the listing and financing fall under specific prohibiting in the laws, administrative regulations, and relevant national provisions; (2) the overseas offering and listing may constitute endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company or its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order; (4) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; (5) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. After the overseas issuance and listing, where the issuer issues securities in the same overseas market, it shall file with the CSRC within three working days after the completion of such issuance. Where an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file according to the provisions of the first paragraph of this article. In addition, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receipt of the filing materials and publish the filing information through the website. Where the filing materials are incomplete or fail to meet the requirements, the CSRC shall notify the issuer to supplement the materials within five working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (1) change in controlling rights; (2) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities; (3) changing the listing status or transferring the listing board; (4) voluntary or compulsory termination of a listing.

On August 10, 2023, the CSRC revised the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境内未上市股份申请“全流通”业务指引》) (CSRC Announcement [2023] No. 50) (the “**Guidelines for the Full Circulation**”), which became effective on the same date. The purpose of the Guidelines is to regulate the listing and circulation of domestic unlisted shares of domestic companies limited by shares listed on the Hong Kong Stock Exchange (the “H-share companies”) (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders) on the Hong Kong Stock Exchange (the “**Full Circulation**”).

Pursuant to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may, under the premise of complying with the relevant laws and regulations and the requirements of the policies on management of state-owned assets, foreign investment, and industry supervision and administration, among others, determine the amount and proportion of shares whose circulation is applied for on their own through consultation, and entrust H-share companies to file with the CSRC in respect of the “Full Circulation”. A domestic unlisted company limited by shares may file with the CSRC for “full circulation” while applying for the overseas initial public offering and listing.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the CSRC, MOF, the National Administration for State Secrets Protection and the National Archives Administration of China on February 24, 2023 and took effect on March 31, 2023, where a domestic enterprise 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 entity, documents and data involving state secrets and working secrets of state organs, it shall obtain the approval of the competent department in accordance with law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises 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 pursuant to the relevant provisions of the State.

SUSPENSION AND TERMINATION OF LISTING

Provisions relating to suspension and termination of listing have been removed from the Company Law. The provisions relating to suspension of listing have also been removed from the Securities Law, which was amended on December 28, 2019. Where there are circumstances that necessitate the delisting as stipulated by a stock exchange, the stock exchange shall terminate the listing and trading of the relevant securities according to business rules.

According to the Overseas Listing Trial Measures, if an issuer voluntarily or compulsorily terminates its listing, it shall report the particulars to the CSRC within three working days from the date of occurrence and announcement of the relevant matters.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (the “**Arbitration Law**”) was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. The Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration committee may, before

the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the Arbitration Law and the Civil Procedure Law. Where the involved parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If one party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. However, the people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal, or the making of an award on matters beyond the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission). Any party seeking to enforce an award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the relevant matters for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the “**New York Convention**”) passed on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the recognition or enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations. An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which went into effect on February 1, 2000, which was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region implemented in November 27, 2020 and the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2021) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2021年)》) implemented in May 19, 2021. The arrangements reflects the spirit of the New York Convention. Under the arrangements, the awards by the Mainland arbitral bodies recognized by Hong Kong may be

enforced in Hong Kong and the awards by the Hong Kong arbitral bodies may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, the awards may not be enforced.

JUDICIAL DECISION AND ENFORCEMENT

According to the Arrangement of the Supreme People's Court 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 promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008, which has been repealed on January 29, 2024, a party with a final court judgment rendered by a Hong Kong SAR court and a Mainland China court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply to the Mainland China court or Hong Kong SAR court for recognition and enforcement of the judgment according to the Arrangement. "A choice of court agreement in writing" is defined as any agreement in writing entered into between parties for the purpose of resolving a dispute that has arisen or is likely to arise in connection with a particular legal relationship, in which a Mainland China court or a Hong Kong SAR court is expressly designated as the court having sole jurisdiction for the dispute. Accordingly, the final court judgment satisfying the aforesaid conditions of the Arrangement may be recognized and enforced by the Mainland China court or Hong Kong SAR court upon the application by the parties concerned.

On January 25, 2024, the Supreme People's Court promulgated 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》), came into effect on January 29, 2024, 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 and the PRC.

A summary of the Articles of Association is set out below, which will take effect on the date of listing of the H Shares on the HKEX. As the primary purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, which may not contain all the information that is material to prospective investors.

ISSUANCE OF SHARES

The shares of the Company shall take the form of share certificates.

The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.

Each share from the same class in the same issuance 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/he/she subscribes for.

All shares issued by the Company shall be denominated in RMB and have a par value of RMB1.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

In light of the Company's operation and development needs, the Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the General Meeting, by any of the following methods:

- (I) a public offering of shares;
- (II) a private placement of shares;
- (III) allotment of bonus shares to existing Shareholders;
- (IV) conversion of capital reserve funds to share capital;
- (V) other methods permitted by laws and regulations and the competent administrative authorities.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

The Company shall not repurchase its shares. However, exceptions are made in any of the following cases:

- (I) reducing the registered capital of the Company;

- (II) merging with another company that holds shares in the Company;
- (III) using shares for employee stock ownership plan or equity incentives;
- (IV) a shareholder who votes against any resolution adopted at the General Meeting on the merger or division of the Company requesting the Company to purchase the shares held by such Shareholder;
- (V) using shares to convert corporate bonds convertible into shares issued by the Company;
- (VI) it is necessary for the listed company to protect its corporate value and the rights and interests of shareholders;
- (VII) other circumstances as permitted by laws, administrative regulations, the Hong Kong Listing Rules and other relevant regulations.

The Company may purchase its own shares through public centralized trading, or through other means recognized by laws, administrative regulations and securities regulatory authorities of the place where the Company's shares are listed.

Any repurchase by the Company of its own shares under the circumstances as mentioned in subparagraphs (III), (V) and (VI) of the first paragraph aforesaid shall be conducted through public centralized trading and fulfil its corresponding information disclosure obligations in accordance with laws, regulations, the relevant requirements of the CSRC, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Any repurchase by the Company of its own shares under the circumstances as mentioned in subparagraphs (I) or (II) of the first paragraph aforesaid shall be subject to approval by a resolution at the General Meeting. Any repurchase by the Company of its own shares under the circumstances as mentioned in subparagraphs (III), (V) or (VI) of the first paragraph aforesaid may be subject to approval by a resolution at a meeting of the Board of Directors passed by not less than two-thirds of all attending directors in accordance with the requirements of the Articles of Association or pursuant to the mandate granted at the General Meeting, and in such case no General Meeting is required to be convened.

After the Company has repurchased its own shares pursuant to the first paragraph aforesaid, under the circumstances in subparagraph (I), such shares shall be canceled within ten days from the date of repurchase; under the circumstances in subparagraphs (II) or (IV), such shares shall be transferred or canceled within six months; under the circumstances in subparagraphs (III), (V) or (VI), the total number of its own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company and shall be transferred or canceled within three years.

The H Shares repurchased by the Company in accordance with the Articles of Association may be canceled immediately or held as treasury shares pursuant to the Listing Rules at the Company's discretion.

TRANSFER OF SHARES

The shares of the Company may be transferred according to laws. All transfer instruments and other documents relating to or may affecting the ownership of H Shares must be registered with the Hong Kong share registrar appointed by the Company.

The Company shall not accept its own shares as the subject of pledge.

Shares already issued by the Company before the public offering shall not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange. A shareholder of the Company who voluntarily agrees to a lock-up on the shares held by such shareholder is prohibited from transferring such shares during the lock-up period. Where the securities regulatory authorities in Hong Kong have established other rules on share transfer restrictions, such rules shall apply.

The Directors and senior management of the Company shall declare, to the Company, the information on their holdings of the shares of the Company and the changes thereto. The shares transferred by them during each year of their term of office shall not exceed 25% of the total shares they hold in the Company. The shares that they hold in the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation.

Where the securities regulatory authorities in Hong Kong have established other rules on share transfer restrictions, such rules shall apply.

Where the Company's directors, senior management or shareholders who hold 5% or more of the Company's shares sell the Company's shares or other equity securities they hold within six months of the relevant purchase, or repurchase any shares they have sold within six months of the relevant sale, the proceeds generated therefrom shall belong to the Company and will be recovered by the Board of Directors of the Company. However, this shall not apply to securities companies that hold 5% or more of the shares as a result of purchasing unsold shares from an underwriting, or to other circumstances specified by relevant laws, regulations, or the CSRC or the securities regulatory authorities of the place where the shares are listed.

The shares or other equity securities held by the Directors, senior management and natural person Shareholders as mentioned in the preceding paragraph include the shares or other equity securities held by their spouses, parents or children, and held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above requirements, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly at the court in their own names for the interest of the Company.

If the Board of Directors fails to comply with the above requirements, the responsible Directors shall bear joint and several liability in accordance with law.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

(1) Shareholders

The Company shall maintain a register of shareholders in accordance with law. The register of shareholders shall be the sufficient evidence for the Shareholders' shareholdings in the Company.

The original copy of the register of H shareholders shall be kept in Hong Kong for inspection by the Shareholders.

The Shareholders shall enjoy rights and assume obligations according to the class and numbers of shares held by them. The Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

(2) Rights and obligations of the Shareholders

The Shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to the number of shares held;
- (II) the right to request, convene, preside over, attend or appoint proxy(ies) to attend the General Meeting, speak at the General Meeting and exercise the corresponding right to vote according to law (except in cases where the Shareholder is required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's shares are listed);
- (III) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;
- (IV) the right to transfer, give as a gift or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;

- (V) the right to inspect or replicate the Articles of Association, register of shareholders (including register of H shareholders), minutes of General Meetings, resolutions of the Board of Directors and financial and accounting reports (in the case of register of H shareholders, the Company may close the register on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong));
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (VII) the Shareholders who object to resolutions of merger or division made by the General Meeting may request the Company to purchase the shares they hold;
- (VIII) other rights provided for by laws, administrative regulations, departmental rules, normative documents, the listing regulatory rules in the place where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed by them and the method of acquiring such shares;
- (III) not to withdraw shares unless prescribed otherwise in laws and regulations;
- (IV) not to abuse the Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;
- (V) to assume other obligations required by laws, administrative regulations, departmental rules, normative documents, the listing rules in the place where the Company's shares are listed and the Articles of Association.

Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and causes severe harms to the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders and the actual controllers of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they violate such provision and caused losses to the Company, they shall be liable for compensation.

The controlling shareholders and the actual controllers of the Company shall have fiduciary duties towards the Company and other Shareholders of the Company. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with laws. The controlling shareholders shall not harm the legitimate rights and interests of the Company and other Shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation and borrowing guarantees, and shall not make use of their controlling status against the interests of the Company and other Shareholders.

GENERAL MEETING

General Provisions of the General Meetings

The General Meeting is the organ of authority of the Company and shall exercise the following functions and powers:

- (I) to elect and replace the Directors, and to decide on the matters relating to the remuneration of the Directors;
- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the reports of the Audit Committee under the Board of Directors;
- (IV) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (V) to make a resolution on the increase or reduction of the registered capital and the issuance of any class of shares, warrants and other similar securities of the Company;
- (VI) to make a resolution on the issuance of corporate bonds;
- (VII) to make a resolution on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VIII) to amend the Articles of Association;
- (IX) to make a resolution on the Company's engagement and dismissal of an accounting firm;
- (X) to consider and approve the guarantees prescribed in Article 43 of the Articles of Association;

- (XI) to consider the purchase or sale of major assets or provision of guarantee by the Company within one year in excess of 30% of the latest audited total assets of the Company;
- (XII) to consider and approve the connected transactions that shall be considered by the General Meeting as required under the Hong Kong Listing Rules;
- (XIII) to consider the equity incentive schemes and Employee Stock Ownership Plan;
- (XIV) to consider and approve changes in the use of proceeds;
- (XV) to consider other matters on which decisions shall be made by the General Meeting as required by laws, administrative regulations, departmental rules, normative documents, the Articles of Association or the Hong Kong Listing Rules.

The following external guarantees of the Company shall be considered and approved by the General Meeting:

- (I) any single guarantee whose amount exceeds 10% of the latest audited net assets of the Company;
- (II) any guarantee provided after the total amount of the external guarantees provided by the Company and its majority-owned subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (III) any guarantee provided to a party whose debt-to-asset ratio exceeds 70%;
- (IV) any guarantee provided after the total amount of external guarantees of the Company reaches or exceeds 30% of the latest audited total assets of the Company;
- (V) any guarantee provided by the Company that will lead to the total amount of guarantees made within one year exceeding 30% of the latest audited total assets of the Company;
- (VI) any guarantee provided to the Shareholders, actual controller and their connected parties;
- (VII) other guarantees as stipulated in the Hong Kong Listing Rules or the Articles of Association.

When the General Meeting is considering a resolution to provide guarantee for any Shareholder, actual controller or their connected parties, the said Shareholder or the Shareholders controlled by the said actual controller shall abstain from voting on the resolution, and the resolution shall be subject to approval by more than half of the voting rights

held by the other Shareholders attending the General Meeting. When the General Meeting considers the guarantee matters under Article 43(IV), it shall be approved by more than two-thirds of the voting rights held by the Shareholders attending the meeting.

The General Meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months from the end of the previous accounting year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (I) when the number of the Directors falls short of the number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total share capital;
- (III) when any Shareholder individually or with other Shareholders jointly holding 10% or more of shares of the Company requests;
- (IV) when deemed necessary by the Board of Directors;
- (V) when requested by the Audit Committee;
- (VI) any other circumstances as stipulated by laws, regulations or the Articles of Association.

If an extraordinary general meeting is convened in conjunction with the requirements of the securities regulatory rules of the place where the Company's shares are listed, the actual date of the extraordinary general meeting may be adjusted in accordance with the progress of the approval of the stock exchange where the Company's shares are listed (if applicable).

Notices of the General Meeting

The convener will inform each Shareholder of the upcoming annual general meeting in writing (including by way of announcement) 21 days before the meeting, and will inform each Shareholder of the upcoming extraordinary general meeting in writing (including by way of announcement) 15 days before the meeting.

In determining the commencement date of the aforementioned "21 days" and "15 days", it does not include the day of the meeting being held and the day of notification. Where laws, administrative regulations, departmental regulations, normative documents or rules of the stock exchange where the Company's shares are listed have other provisions, those provisions shall prevail.

The notice of the General Meeting shall include the following:

- (I) the time, place, duration of the meeting and the format of the meeting (i.e., on-site, online or a combination of on-site and online);
- (II) matters and proposals submitted for consideration at the meeting and an indication of whether each resolution is an ordinary resolution or a special resolution;
- (III) explicitly specifying: all Shareholders are entitled to attend the General Meeting, and may appoint in writing proxy(ies) to attend the meeting and vote on his or her or their behalf and such proxy(ies) need not be the Shareholders of the Company;
- (IV) record date for the Shareholders entitled to attend the General Meeting;
- (V) name and telephone number of the permanent contact person for meeting affairs;
- (VI) the voting time and voting procedures of the meeting for the online voting or other means of voting;
- (VII) other matters stipulated by laws, administrative regulations, normative documents and the Hong Kong Listing Rules.

The interval between the record date and the date of the meeting shall not be more than seven working days or shall comply with the requirements of the relevant regulatory authority of the place where the Company's shares are listed. Once the record date is confirmed, no change can be made thereto.

The notice and supplemental notice of the General Meeting will fully and completely disclose the specific contents of all proposals and all information or explanations necessary for the Shareholders to make reasonable judgments on the matters to be discussed. Where the opinions of the independent non-executive Directors are required for the matters to be discussed, the opinions and reasons of the independent non-executive Directors shall be disclosed at the same time when the notice or supplementary notice of the General Meeting is issued.

Holding of the General Meeting

The Board of Directors and other conveners of the Company shall take necessary measures to ensure the proper order of the General Meeting. For any acts interfering with the General Meeting, provoking trouble or infringing upon the legitimate rights and interests of the Shareholders, measures shall be taken to stop such acts, and such acts shall be promptly reported to the relevant authority for investigation and treatment.

All Shareholders whose names appear on the register of shareholders on the record date or their proxies are entitled to attend the General Meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

The Shareholders may either attend the General Meeting in person or appoint a proxy or proxies to attend and vote at such meeting on his/her/their behalf.

Individual Shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity. If a Shareholder appoints a proxy to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the Shareholder.

A corporate Shareholder or other institutional Shareholder shall attend the meeting by its legal representative (principal)/executive partner or proxy appointed by the legal representative (principal)/executive partner. Where the legal representative (principal)/executive partner attends the meeting, he/she shall produce his/her own identification card, valid certificates evidencing his/her capacity as the legal representative (principal)/executive partner. Where a proxy is appointed to attend the meeting, he/she shall produce his/her own identification card, the written power of attorney issued by the legal representative (principal)/executive partner of the corporate or institutional shareholder according to law.

Any Shareholder entitled to attend and vote at the General Meeting may have the right to appoint one or several persons (who may not be a Shareholder) as his/her proxy(ies) to attend and vote at the General Meeting on his/her behalf. Such proxy so appointed may exercise the following rights pursuant to the authorization from such Shareholder:

- (I) such Shareholder's right to speak at the General Meeting;
- (II) the right to demand a poll individually or jointly with others;
- (III) unless otherwise required by relevant laws, regulations and normative documents as well as the securities regulatory authorities in Hong Kong and the Hong Kong Listing Rules, the rights to vote can be exercised by showing hands or by poll except under the circumstances that if a Shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by way of poll.

The power of attorney issued by the Shareholder to authorize another person to attend the General Meeting shall include the following contents:

- (I) name of the proxy;
- (II) whether the proxy has voting rights;
- (III) instructions to vote in favor of, against or abstain from voting on each resolution contained in the agenda of General Meeting respectively;

- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the appointer. If the appointer is a Shareholder of legal person/other institution, the seal of the institution shall be affixed or the signature of its Directors or duly appointed proxy or person shall be made;
- (VI) other matters specified by the listing regulatory rules of the place where the Company's shares are listed.

The power of attorney shall state that in the absence of instructions from the Shareholder, whether or not the proxy of shareholder may vote as he/she/it thinks fit.

Where a Shareholder is a recognized clearing house (or its nominee) within the meaning of relevant provisions of the Hong Kong Securities and Futures Ordinance or the Hong Kong laws in force from time to time, such Shareholder may authorize one or more persons as he/she/it thinks fit to act as his/her/its proxy(ies) at any General Meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each person is so authorized. A person so authorized may represent the recognized clearing house (or its nominees) (there is no need for such person to produce share certificates or notarized authorization and/or further evidence to prove that he/she has been duly authorized) as if such person was an individual Shareholder of the Company. The authorized person of the recognized clearing house (or its nominee) shall enjoy legal rights equivalent to those of other Shareholders, including the rights to speak and vote.

The attendance record of a meeting shall be prepared by the Company. The attendance record shall contain, among other things, the name (or entity name), identity card number, domicile address, the number of shares carrying voting rights held or represented, and the appointer name (or entity name) of each attendee.

The conveners shall collectively verify the legality of qualification of the Shareholders according to the register of shareholders provided by the securities depository and clearing institution, and register the name of each Shareholder and the number of shares carrying voting rights he/she holds. The meeting registration shall be closed before the meeting chairperson declares the number of the Shareholders and proxies present and the total number of shares carrying voting rights they hold.

In convening a General Meeting, all Directors, and the secretary to the Board of Directors of the Company shall attend the meeting in person while the general managers and other senior management shall attend the meeting as observers.

The General Meeting shall be presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable or fails to perform his duties, the meeting shall be presided over by the vice chairman of the Board of Directors. Where the vice chairman of the Board of Directors is unable or fails to perform his duties, the meeting shall be presided over by a director jointly elected by half or more of the Directors.

A General Meeting convened by the Shareholders shall be presided over by a representative elected by the convener(s).

In the event that the General Meeting cannot proceed due to violation of the rules of procedure by the chairperson of the meeting when a General Meeting is held, the General Meeting may appoint a person as the chairperson of the meeting with the consent of a majority of the Shareholders with voting rights present at the meeting and the meeting shall continue.

The Company shall formulate the rules of procedure for the General Meeting, and specify the convening and voting procedures of the General Meeting, including notice, registration, consideration of proposal, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing thereof, announcement, as well as the principle of authorization of the General Meeting to the Board of Directors. The content of authorization shall be clear and specific. The rules of procedure for the General Meeting shall be annexed to the Articles of Association and shall be prepared by the Board of Directors and approved by the General Meeting.

At the annual general meeting, the Board of Directors shall make a report on their work in the past year to the General Meeting. Each independent non-executive Director shall also make a work report.

The Directors and senior management shall provide explanations and statements relating to the queries and suggestions put forward by the Shareholders at the General Meeting.

The chairperson of the meeting shall declare the number of the Shareholders and proxies present at the meeting in person and the total number of shares carrying voting rights they hold before voting. The number of the Shareholders and proxies present at the meeting in person and the total number of shares carrying voting rights they hold shall be subject to the attendance record of the meeting.

Minutes shall be kept for a General Meeting by the secretary to the Board of Directors. The meeting minutes shall contain:

- (I) the time, venue and agenda of meeting and the convener's name;
- (II) the names of the chairperson of the meeting and the Directors, general manager and other senior management attending the meeting or attending meeting as observers;
- (III) the number of the Shareholders and proxies present at the meeting, the total number of shares carrying voting rights they hold, and the proportion in the total number of the shares of the Company;
- (IV) the consideration process, key points of speech and voting results of each proposal;

- (V) the enquiries or suggestions of the shareholders and the corresponding replies or explanations;
- (VI) the names of the vote counters and scrutineer;
- (VII) other content that shall be included in the meeting minutes according to the Hong Kong Listing Rules or the Articles of Association.

The convener shall guarantee the authenticity, accuracy and integrity of the content of the meeting minutes. The Directors, secretary to the Board of Directors, conveners or their representatives who attended the meeting, and the chairperson of the meeting shall sign the meeting minutes. The meeting minutes shall be kept together with the register of names of the Shareholders present, the power of attorney for attendance, and the documents for the online and other forms of voting for a period of 10 years.

The convener shall warrant that the General Meeting will proceed continuously until the final resolution is made. If the General Meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to restore the General Meeting as soon as possible or directly terminate the General Meeting, and shall make an announcement in a timely manner.

Resolution at the General Meeting

The resolutions of the General Meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by a simple majority of the votes held by the Shareholders (including proxies of shareholders) attending the General Meeting.

A special resolution shall be adopted by a two-thirds or more of the votes held by the Shareholders (including proxies of shareholders) attending the General Meeting.

Matters Resolved at the General Meeting

- (I) The following matters shall be approved by the General Meeting through ordinary resolutions:
 - (1) work report of the Board of Directors;
 - (2) work report of the Audit Committee under the Board of Directors;
 - (3) profit distribution plans and loss recovery schemes prepared by the Board of Directors;

- (4) appointment or dismissal of the members of the Board of Directors, and their remuneration and payment methods;
 - (5) annual report of the Company;
 - (6) appointment and remuneration of accounting firms, and the methods for determination of their remuneration;
 - (7) other matters other than those shall be approved by a special resolution stipulated in laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.
- (II) The following matters shall be approved by a special resolution at the General Meeting:
- (1) the increase or reduction of the registered capital and the issuance of any kind of share certificates, warrants, and other similar securities of the Company;
 - (2) the issuance of corporate bonds;
 - (3) the spin-off, merger, division, dissolution and liquidation of the Company;
 - (4) the amendment to the Articles of Association;
 - (5) the purchases or sales of major assets or the provision of guarantee by the Company within one year in excess of 30% of the latest audited total assets of the Company;
 - (6) any guarantee provided after the total amount of external guarantees of the Company reaches or exceeds 30% of the latest audited total assets;
 - (7) the equity incentive plan;
 - (8) the change of corporate form of the Company;
 - (9) other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as other matters that the General Meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by a special resolution.

When matters concerning connected transactions are considered at a General Meeting, the connected Shareholders and their close associates (as defined in the Hong Kong Listing Rules) shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes. The resolution of the General Meeting shall specify the votes of non-connected Shareholders.

The Shareholders (including proxies of the Shareholders) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote. On a poll taken at a meeting, a Shareholder (including his/her/its proxy) entitled to two or more votes need not cast all his/her/its votes in the same way.

Shares of the Company held by the Company shall carry no voting rights, and be excluded from the total voting shares held by the Shareholders present at a General Meeting.

The list of candidates for the Directors shall be submitted to a General Meeting for voting in the form of a proposal.

If the General Meeting is to vote on the election of two or more Directors, the cumulative voting system shall apply. When the Directors are to be elected at a General Meeting through cumulative voting system, the voting on independent non-executive Directors and other Directors shall be made separately. The term “cumulative voting system” mentioned above means that in the election of the Directors at a General Meeting, each share carries the number of voting rights equivalent to the number of Directors to be elected and the Shareholder may cast all the votes to one candidate. The elected Directors shall be determined according to the descending order of the number of votes received and based on the number of the Directors to be elected.

The Board of Directors shall inform the Shareholders of the resumes and basic background of the candidates for the Directors.

The nominating methods and procedures for election of the Directors at the General Meeting are:

- (I) Shareholder(s) individually or jointly holding more than 1% of the total outstanding voting shares of the Company may propose in writing to the General Meeting for the nomination of candidates of the Directors. However, the number of candidates proposed shall comply with the Articles of Association, and shall not be more than the number to be elected. The aforesaid proposal of the Shareholders shall be served to the Company at least seven days before the date of the General Meeting.
- (II) Within the number of persons as specified by the Articles of Association and based on the proposed number of candidates to be elected, the Directors may propose a list of candidates for the Directors, which shall be submitted to the Board of Directors

for examination separately. After the candidates for the Directors are determined by examination and resolution of the Board of Directors, the list of candidates for the Directors shall be proposed at a General Meeting by way of a written proposal.

- (III) The written notices for the intention to nominate a candidate for the Director and the acceptance of nomination by such candidate and the written information of the nominated candidate shall be given to the Company no less than seven days prior to the date of the General Meeting (such seven-day notice period shall not commence earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later than seven days prior to the date of the General Meeting). The Board of Directors shall provide the Shareholders with the biographical details and basic information of the candidates for the Directors.
- (IV) The period of nominating candidate for a Director to the Company and the period for nominees to provide the aforesaid notice and documents (such period shall commence from the day following the date of serving the notice of convening the General Meeting) shall be no less than 7 days.
- (V) The candidate for a Director shall be voted on one by one at the General Meeting.
- (VI) In the case of any ad hoc addition to or change in any Director in need, the Board of Directors shall propose at the General Meeting for the election or replacement of a Director.

The General Meeting shall vote by open ballot.

The same voting right can only choose one of on-site, online or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Before proposals are voted at a General Meeting, two Shareholder representatives shall be recommended to take part in vote counting and scrutiny. Where a Shareholder has any interest related to any matter considered, the Shareholder and its proxy may not take part in vote counting and scrutiny.

When proposals are voted at a General Meeting, the Shareholder representatives shall be responsible for the vote counting and scrutiny, announce the voting results on the spot, and record them in the minutes of the meeting.

The time of closure of the on-site General Meeting shall not be earlier than that of online or any other manner, and the presider shall announce the voting and voting result of each proposal and announce that according to the voting results, whether a proposal is passed.

Before the voting results are officially announced, the companies, counting officers, scrutineers, substantial Shareholders, internet service providers and other parties involved in the on-site and online voting, and other manner of voting of a General Meeting shall all be obligated to keep the voting information confidential.

The Shareholders attending the General Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention. The securities registration and clearing organization shall be the nominee holder of shares under the Mainland-Hong Kong Stock Connect, except where declaration is made in accordance with the actual holder's intent.

Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his/her shares shall be deemed as an "abstention".

Where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution according to the requirements of the Hong Kong Listing Rules, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Resolutions of the General Meeting shall be announced in due time according to relevant laws, regulations, departmental rules, normative documents, the Hong Kong Listing Rules or the Articles of Association. The announcement shall specify the number of attending Shareholders and their proxies, the total number of voting shares they hold and the proportion of these shares to the total number of the voting shares of the Company, the total number of shares required to abstain from voting in the concurring votes and/or voting as requested by the Hong Kong Listing Rules in respect of individual proposals (if any), whether the Shareholder who is required to abstain from voting has given up the voting right, the voting method, the voting result of each proposal and the details of each of the resolutions passed, and other contents required to be included by the Hong Kong Listing Rules.

Where a proposal is not passed, or the General Meeting modifies a resolution made at a previous General Meeting, a special reminder shall be placed in the announcement of the resolutions of the General Meeting.

Where a proposal in relation to the election of the Directors is passed at a General Meeting, the time of taking office for the new Directors shall commence from the date on which the resolution on the election of the Directors is made at the General Meeting, until the expiry date of the term of office of such session of the Board of Directors.

Where a proposal on the distribution of cash dividends or stock dividends or conversion of reserve funds to share capital is passed at a General Meeting, the Company shall implement the specific plan within two months after the end of the General Meeting.

DIRECTORS AND THE BOARD OF DIRECTORS**(1) Directors**

The Directors of the Company shall be natural persons. None of the following persons shall serve as a Director of the Company:

- (I) persons without capacity or with limited capacity for civil acts;
- (II) persons who were sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of political rights for committing a crime where five years have not lapsed following the serving of the sentence or in the case of a suspended sentence, two years have not lapsed since the probation period was completed;
- (III) persons who have served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not lapsed since the date when such bankruptcy and liquidation of the company or enterprise are completed;
- (IV) the legal representatives of companies or enterprises that had their business licenses revoked and ordered to be closed for violation of the law, where such representatives bear individual responsibility and three years have not lapsed following the date of revocation of such business licenses or being ordered to be closed;
- (V) persons who have relatively significant individual debts that have not been settled upon maturity and are listed by the people's court as a defaulter;
- (VI) persons who have been banned from entering the securities market by the CSRC and whose term has not expired;
- (VII) persons who have been subject to administrative penalty of the CSRC in the past three years;
- (VIII) persons who have been publicly censured or given criticism for more than 3 times by a stock exchange in the past three years;
- (IX) persons who are unsuitable for serving as the Directors of the Company as confirmed publicly by the stock exchanges;
- (X) person who are unable to ensure that he/she will devote adequate time and energy to the Company's affairs during his tenure to earnestly perform all his/her duties as a Director;

- (XI) any other circumstances stipulated by laws, administrative regulations, departmental rules or the listing rules in the place where the Company's shares are listed.

The election, appointment and engagement of the Directors shall be invalid if such election or appointment violates the above requirements. If a Director fall into any of the circumstances mentioned above during his/her term of office, he/she should be dismissed by the Company.

The Directors shall be elected or replaced at a General Meeting, and any Director (including executive Directors) may be removed from office prior to the expiry of their tenure by way of an ordinary resolution passed at a General Meeting. Such removal shall not prejudice the Director's claim for damages under any contract. The term of office of a Director shall be three years, and shall be eligible for re-election upon expiry of the term. However, if an independent non-executive Director has served for a term of more than nine years, it shall continue in office after performing the relevant deliberation procedures in accordance with the Hong Kong Listing Rules. A Director may not be removed from office by the General Meeting without cause before the expiration of his/her term of office.

A Director's term of office commences from the date of taking office, until the current term of office of the Board of Directors ends. A Director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until a re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

A Director appointed by the Board of Directors to fill a casual vacancy or to increase the number of members of the Board of Directors shall hold office for a term commencing from the date of his/her appointment until the first annual general meeting after his/her appointment, and shall be eligible for re-election and re-appointment by then.

The general manager or other members of the senior management may concurrently serve as a Director, provided that the aggregate number of the Directors who concurrently serve as the general manager or senior management, shall not exceed one half of all the Directors of the Company.

There are no employee representative Directors on the Board of Directors of the Company.

The Directors shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association and shall faithfully perform their following obligations to the Company:

- (I) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (II) not to misappropriate the money of the Company;

- (III) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (IV) not to violate the Articles of Association and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the General Meetings or the Board of Directors;
- (V) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the General Meeting;
- (VI) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the General Meeting;
- (VII) not to accept commissions from transactions with the Company for their own benefits;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use their connected relationships to harm the interests of the Company;
- (X) to be bound by other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the security regulatory rules of places where the Company's shares are listed and the Articles of Association.

The Company shall be entitled to the income gained by the Directors in violation of this article; the Directors shall be liable for compensation if any loss is caused to the Company.

The Directors shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association and shall diligently perform their following obligations to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (II) to treat all Shareholders fairly;
- (III) to understand the operation and management of the Company in a timely manner;

- (IV) to approve regular reports of the Company in written form and to ensure the authenticity, accuracy and integrity of the information disclosed by the Company, and shall not entrust others to sign or refuse to sign for any reason;
- (V) to provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee;
- (VI) to perform other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

A Director shall be deemed incapable of carrying out his/her duties if he/she fails to attend two consecutive meetings of the Board of Directors either personally or by appointing other Directors to attend on his/her behalf. The Board of Directors shall make a proposal to the General Meeting to remove or change such a Director.

A Director may resign before expiry of his/her term of service. A Director shall submit a written resignation notice to the Board of Directors when he/she resigns. The Board of Directors shall disclose the relevant matter within two days.

Save for the following circumstances, the Director's resignation takes effect upon delivery of his/her resignation report to the Board of Directors.

- (I) the resignation of any Director causes the number of members of the Board of Directors to be less than the quorum;
- (II) the resignation of an independent non-executive Director would result in a non-compliance with the proportion of independent non-executive Directors on the Board of Directors or its special committees, or there is no professional accountant among the independent non-executive Directors. In such cases, the resignation of such Director shall not take effect until a successor Director fills the vacancy arising from his/her resignation. Before the resignation report becomes effective, the Director who intends to resign shall continue to perform his/her duties in accordance with relevant laws, administrative regulations and the Articles of Association.

In the event of the occurrence of the second paragraph, the Company shall complete the by-election within 60 days.

The resigning Director shall state in his/her letter of resignation the time of resignation, reason of resignation, the posts he/she will resign, and whether he/she will continue to hold any post in the Company after resignation of the post as the Director (if so, details of the post he/she will continue to hold in the Company are needed), etc.

When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board of Directors. His/her obligations of honesty towards the Company and the Shareholders do not necessarily cease after the end of

his/her term of service and shall remain in force for a reasonable period as stipulated in the Articles of Association; its obligation to maintain confidentiality obligations to the Company's business secrets shall remain in effect until such business secrets become public information, and shall strictly perform its obligations with the Company such as the prohibition of peer-to-peer competition; the duration of other duty of loyalty shall be determined in accordance with the principle of fairness, and shall generally remain in force for one year after the resignation takes effect or the term of office expires.

If a Director breaches laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association when performing his/her duties to the Company, thereby incurring any loss of the Company, the said Director shall be liable for compensation.

The Company has at least three independent non-executive Directors. The independent non-executive Directors represent at least one-third of the Board of Directors. At least one of the independent non-executive Directors of the Company has appropriate accounting or related financial management expertise. The independent non-executive Directors must be independent and must not have relationships with the Company and its substantial Shareholders that would interfere with their independent and objective judgment. The independent non-executive Directors shall have sufficient business or professional experience to perform their duties faithfully and safeguard the interests of the Company; in particular, they shall see to it that the legitimate rights and interests of public Shareholders are not harmed, so as to ensure that the interests of all Shareholders are fully represented. At least one of the independent non-executive Directors is ordinarily resident in Hong Kong. The issues including conditions of appointment, nomination and election procedures, term of office, resignation, functions and powers of the independent non-executive Directors are implemented in accordance with the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. Unless otherwise stipulated herein, the provisions of the Articles of Association relating to the qualifications and duties of the Directors shall apply to the independent non-executive Directors. The matters related to the independent non-executive Directors shall be implemented in accordance with the relevant provisions of laws, administrative regulations, relevant regulatory bodies and securities exchanges, and shall be specified by the working system of the independent non-executive Directors of the Company.

(2) Board of Directors

The Company shall have a Board of Directors, which shall be accountable to the General Meeting.

The Board of Directors shall consist of 11 Directors, including one chairman, one vice-chairman and four independent non-executive Directors.

The Board of Directors shall exercise the following functions and powers:

- (I) to convene the General Meetings and submit work reports to the General Meetings;
- (II) to implement resolutions of the General Meetings;
- (III) to decide on the business plans and investment plans of the Company;
- (IV) to decide on the Company's annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution plan and loss recovery plan;
- (VI) to formulate plans for the Company for increase or reduction of registered capital, issuance of bonds or other securities, and listing;
- (VII) to formulate plans for major acquisitions of the Company, repurchase of the Company's shares, or plans for merger, division, dissolution and change of corporate form;
- (VIII) to decide on matters such as the Company's external investment, acquisition and sale of assets, asset pledges, external guarantees, entrusted financial management, connected transactions and external donations within the scope authorized by the General Meeting in accordance with the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;
- (IX) to decide on the establishment of the Company's internal management body;
- (X) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other members of the senior management; decide on the appointment or dismissal of the Company's vice general manager, financial director and members of the senior management based on the nomination of the general manager, and decide on matters in relation to their remuneration, reward and punishment;
- (XI) to formulate the Company's basic management system;
- (XII) to formulate proposed amendments to the Articles of Association;
- (XIII) to manage the Company's information disclosure matters;
- (XIV) to propose to the General Meeting on the engagement or change of the accounting firm performing audits for the Company;
- (XV) to listen to the work reports of general manager of the Company and review their work;

(XVI) to recommend candidates for the Directors, the Supervisors and general managers of subordinate branches, holding subsidiaries and participating companies;

(XVII) other powers conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

Matters beyond the scope of authorization of the General Meeting shall be submitted to a General Meeting for consideration.

The Board of Directors of the Company shall explain to the General Meeting regarding the non-standard auditors' advice given by a certified accountant in respect of the financial report of the Company.

The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors, to ensure the implementation by the Board of Directors of the resolutions of the General Meeting, enhance the work efficiency and scientific decision-making.

The procedural rules for meetings of the Board of Directors provides for the convening and voting procedures for meetings of the Board of Directors, as an appendix of the Articles of Association, which shall be prepared by the Board of Directors and shall be subject to approval of the General Meeting.

The Board of Directors shall formulate examination and approval system to determine the external investment, acquisition and sale of assets, asset pledge, external guarantee, consigned financial management, connected transactions, external donations, and organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the General Meeting for approval.

If a Director or his/her associate (as defined in the Hong Kong Stock Exchange Listing Rules in force from time to time) has connected relationships with or interests in the matter(s) or enterprise(s) involved in the resolution of the meeting of the Board of Directors, except as permitted by laws and regulations and the securities regulatory rules of the place where the Company's shares are listed: (i) such Director shall abstain from voting on the resolution and shall not vote on behalf of other Directors; (ii) such Director shall not be counted when determining whether the quorum is reached. The meeting of the Board of Directors may be held when more than half of the non-connected Directors attend the meeting, and the resolutions of the meeting of the Board of Directors must be passed with affirmative votes of a simple majority of non-connected directors; (iii) if the number of non-connected Directors present at the meeting of the Board of Directors is less than three, such matter(s) shall be submitted to the General Meeting for consideration. The voting on "connected transactions" under the Hong Kong Stock Exchange Listing Rules at the meeting of the Board of Directors shall comply with the relevant requirements of the Hong Kong Stock Exchange Listing Rules.

The chairman and vice-chairman shall be elected by more than half of all the Directors of the Board of Directors.

The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over the General Meetings and convene and preside over meetings of the Board of Directors;
- (II) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (III) other powers stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the Articles of Association or other powers conferred by the Board of Directors.

If the chairman of the Board of Directors of the Company is unable to perform his/her duties or fails to perform his/her duties, the vice-chairman shall perform his/her duties; if the vice-chairman is unable to perform his/her duties or fails to perform his/her duties, one Director jointly nominated by more than half of the Directors shall perform his/her duties.

The Board of Directors shall convene at least four meetings each year, which shall be convened by the chairman of the Board of Directors and shall notify all Directors in writing 14 days prior to the meeting.

The Shareholders representing more than one-tenth of the voting rights, or more than one-third of the Directors may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board of Directors shall convene and preside over a Board meeting within ten days after receiving the proposal.

The meeting notice shall be deemed to be delivered to such Director if he/she presents at the meeting and does not raise the issue of the non-receipt of such notice prior to his/her arrival at the meeting or the commencement of the meeting.

The regular or extraordinary Board meetings can be held by conference call or other similar communication equipment, for so long as the attending Directors are able to hear clearly other Directors' speech at the meeting and to communicate among themselves. All attending Directors shall be considered as being present at the meetings.

An extraordinary Board meeting of the Board of Directors shall be convened by three days' notice in writing, except for extraordinary Board meetings convened under exceptional or urgent circumstances and extraordinary Board meetings where resolutions are made by telecommunication.

A notice of the Board meeting shall contain the following:

- (I) date and venue of the meeting;
- (II) duration of the meeting;

(III) reasons and issues for discussion;

(IV) date of notice.

The Board meeting shall be held only when more than half of the Directors are present. Resolutions of the Board of Directors are voted by way of poll with each Director having one vote.

Resolutions of the Board of Directors shall be passed by more than half of all Directors. If the votes against and in favor are equal, the vote from chairman of the Board of Directors will determine whether or not to pass the resolution.

The voting method for resolutions of the Board of Directors shall be written voting or voting by show of hands.

The extraordinary Board meetings may be convened and the voting can be made by means of communication such as telephone, video, facsimile, e-mail, etc. and signed by the participating Directors, provided that the Directors' opinions are fully expressed.

Directors shall attend the meetings of the Board of Directors in person. Where a Director is unable to attend a meeting for any reason, he/she shall carefully select and appoint another director by a written power of attorney to attend the meeting on his/her behalf. An independent non-executive Director may not appoint a person other than independent non-executive Directors to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, the particulars and the scope of authorization and duration of the validity of such authorisation, and shall be signed or affixed a seal by the appointor. Where a resolution is put forward for voting, the appointing director shall clearly indicate in the power of attorney whether he/she wishes to vote for or against or abstain from voting on each resolution. Directors may neither issue nor accept to act as an attorney under a power of attorney which does not indicate any voting preference, or provides the attorney with full discretion, or fails to state a clear scope of authorisation. Appointing another Director to attend on his behalf will not waive the appointing director's responsibilities on the matters voted on. A director attending the meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a meeting of the Board of Directors and has not appointed the representative to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at this meeting.

A Director may not represent more than two Directors at any meeting of the Board of Directors. Where a connected transaction is considered at the meeting of the Board of Directors, a Director who is not a connected party must not appoint a Director who is a connected party to attend the meeting on his/her behalf.

The Board of Directors shall keep minutes of resolutions passed at the Board meetings.

The minutes shall be authentic, accurate and complete, fully reflecting the opinions of the participants on the matters under consideration, and shall be signed by the Directors present at the meeting, the secretary to the Board of Directors and the person who record the minutes.

Minutes of a Board meeting shall include the following:

- (I) date and venue of the meeting and name of the convener;
- (II) names of the attending Directors and names of the Directors (proxies) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) key points of the Directors' speeches;
- (V) the voting method and result for each resolution (the voting result should specify the number of votes for and against the proposal or abstention).

Borrowing powers exercisable by the Directors

The Articles of Association does not specify the manner in which the Directors may exercise their borrowing powers, nor makes any specific provisions on the method of amendments to the borrowing powers, except as follows:

- (I) the Board of Directors shall be entitled to formulate a plan for the issuance of bonds or other securities by the Company;
- (II) the plan for the issuance of bonds or other securities by the Company shall be approved at the General Meeting by a special resolution.

Remuneration of the Directors

The remuneration of the Directors shall be considered at the General Meeting of the Company by an ordinary resolution, as detailed in the General Provisions of the General Meetings above.

Special Committee of the Board of Directors

The Board of Directors of the Company shall establish the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and relevant special committees such as the Strategy Committee according to needs. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and their proposals shall be submitted to the Board of Directors for consideration and approval.

Members of the special committee are all comprised of the Directors. The committee shall have an odd number of members, which is not less than three.

In particular, the Audit Committee shall be comprised of at least three members, all of whom shall be the non-executive Directors, and more than half of the members shall not hold any other positions in the Company other than the Directors, and shall not have any relationship with the Company that may affect their independent objective judgment, and at least one of the members shall be an independent non-executive Director with appropriate professional qualifications required by the Hong Kong Listing Rules, or have appropriate accounting or related expertise in financial management, and such independent non-executive Director shall serve as the chairman. The chairmen of each special committee shall be appointed and dismissed by the Board of Directors.

The independent non-executive Directors shall account for more than one-half of the Nomination Committee and the Remuneration Committee, and the convener shall be the chairman of the committee, who shall be an independent non-executive Director.

Special committees of the Board of Directors are designated organizations under the Board of Directors, which provide suggestions or consulting opinion to the Board of Directors on material decision-making. Special committees shall not make any decision in the name of the Board of Directors, but can exercise the right of decision-making on authorized matters in accordance with the special authorization from the Board of Directors.

Each special committee shall be accountable to the Board of Directors and report its works to the same.

Secretary to the Board of Directors

The Company shall have a secretary to the Board of Directors, who will be responsible for the preparation of the General Meeting and the meetings of the Board of Directors, document keeping as well as the management of the Shareholders' information, information disclosure and other matters. The secretary to the Board of Directors are senior management of the Company.

The secretary to the Board of Directors shall be appointed from the Directors other than the independent non-executive Directors or deputy general manager or chief financial officer.

The secretary to the Board of Directors shall abide by the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

General Manager

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board of Directors.

The general manager shall serve for a term of three years and may serve consecutive terms upon reappointment.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plans and investment plans;
- (III) to draft plans for the establishment of the Company's internal management organization;
- (IV) to draft the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board of Directors appointment or dismissal of deputy general manager, chief financial officer of the Company;
- (VII) to decide on appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) to determine the engagement and dismissal of the Company's employees;
- (IX) to determine the approval of transactions which do not meet the criteria that should be approved by the Board of Directors stipulated in Article 106 of the Articles of Association, provided that those involving equity investment and fixed asset investment externally shall be considered by the Board of Directors;
- (X) to recommend candidate for deputy general manager, chief financial officer and senior management of branch subsidiaries, majority-owned subsidiaries and invested companies;

(XI) to determine the implementation of internal borrowing within the annual budget;

(XII) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager attends the meetings of the Board of Directors as an observer.

The Audit Committee of the Board of Directors

The Company shall have no Supervisory Committee. The Audit Committee of the Board of Directors shall exercise the following functions and powers:

(I) to review financial information in financial accounting reports and periodic reports, internal control reports;

(II) to propose to the Board of Directors appointment or dismissal of accounting firm undertaking the Company's audit;

(III) to propose to the Board of Directors appointment or dismissal of chief financial officer;

(IV) to propose to the Board of Directors changing accounting policy, accounting estimate or correcting material accounting errors occurring for reasons other than a change in accounting standard;

(V) to examine the Company's financial matters;

(VI) to supervise the performance by the Directors and senior management of their duties to the Company and propose the dismissal of the Directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the General Meeting;

(VII) to demand rectification from the Directors and senior management when the acts of such persons are harmful to the Company's interests;

(VIII) in case of any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;

(IX) other matters stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

Resolutions of the Audit Committee shall be passed by half or more of the members of the Audit Committee.

Resolutions of the Audit Committee are voted by way of poll with each member having one vote.

The Audit Committee under the Board of Directors shall hold a meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members, or when the convenor deems it necessary. The quorum of the meetings of the Audit Committee of the Board of Directors shall be not less than two thirds of the members.

The Board of Directors shall obtain the approval of a majority of all members of the Audit Committee before making a resolution on the following matters:

- (I) appointing and dismissing the accounting firm undertaking the Company's audit;
- (II) appointing or dismissing of the Company's chief financial officer;
- (III) disclosing the financial and accounting reports;
- (IV) other matters prescribed by the securities regulatory authorities of the State Council.

Financial and Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations and the regulations of the competent national authorities. Where the Hong Kong Listing Rules and securities regulatory authorities of the place where the Company's shares are listed stipulate otherwise, such stipulations shall prevail.

The Company shall prepare its financial and accounting reports at the end of each financial year, and audited by accounting firms in accordance with laws. The financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

The Company shall not set up other account books except for the statutory account books. No assets of the Company may be deposited into any individual's account.

In distribution of the profit after tax of the year, 10% of the profit shall be contributed to the statutory reserves of the Company. When the aggregate statutory reserves of the Company have reached more than 50% of the registered capital of the Company, the Company may cease to make further contributions.

Where the statutory reserves of the Company are not sufficient to recover the losses for the previous year, the profit for the current year shall first be used to recover the losses before contributing to the statutory reserves as stipulated in the preceding paragraph.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the General Meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the reserves, unless it is stipulated in the Articles of Association that such distribution could not be made in accordance with the proportion of shareholding.

If the General Meeting breaches the preceding paragraph by distributing profits to the Shareholders before the Company recovers losses and contributes to the statutory reserves, the Shareholders shall return to the Company the profits distributed in violation of the regulations, thereby incurring any loss of the Company, the Shareholders, the responsible Directors, and senior management shall be liable for compensation.

The shares of the Company held by the Company are not entitled to any profit distribution.

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company.

Where any losses need to be recovered with reserves of the Company, discretionary reserves and statutory reserves shall be used first and if still insufficient, capital reserves can be used in accordance with the regulations.

When the statutory reserves are converted into capitals, the remaining amount of such reserves shall not be less than 25% of the registered capital of the Company before the conversion.

The fundamental principles of the profit distribution policy of the Company: profit distribution by the Company shall emphasize a reasonable return on investment for investors. The profit distribution policy shall strive to maintain continuity and stability while taking into account the long-term interests of the Company, the overall interests of all Shareholders, and the sustainable development of the Company.

The profit distribution policy of the Company is to distribute dividends by cash or shares. In case there are distributable profits, the Board of Directors may make a cash dividend distribution or/and stock dividend distribution proposal according to the Company's business and financial position.

When the Company pays dividends and other payments to the Shareholders other than H Shareholders, it shall be denominated and declared in RMB and paid in RMB. When the Company pays dividends and other payments to H Shareholders, it shall be denominated and declared in RMB and paid in Hong Kong dollars. When the Company pays dividends and other payments to H Shareholders, it shall be processed in accordance with the relevant regulations of the State on foreign exchange control.

Dissolution and Liquidation of the Company

The Company may be dissolved for any of the following reasons:

- (I) other grounds for dissolution prescribed in the Articles of Association have arisen;
- (II) the General Meeting has passed a resolution to dissolve the Company;
- (III) dissolution is required due to a merger or division of the Company;
- (IV) the Company is revoked of business license, ordered to close down or canceled according to the law;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the Shareholders and such difficulties cannot be resolved through other means, in which case the Shareholders holding more than 10% of all Shareholders' voting rights of the Company may petition the people's court to dissolve the Company.

The Company shall make a public announcement in the National Enterprise Credit Information Publicity System within 10 days in the event of the reasons for dissolution as set forth in the preceding article arise.

The Company may continue to exist by amending the Articles of Association in the event of the circumstance as set forth in item (I) in the preceding article.

The amendment to the Articles of Association according to the preceding article shall be passed by over two-thirds of the voting rights held by the Shareholders present at the General Meeting.

Where the Company is to be dissolved pursuant to items (I), (II), (IV) or (V) of the preceding paragraph, it shall establish a liquidation committee within fifteen days from the date of occurrence of the cause of dissolution and commence liquidation. The Directors are the liquidation obligors. The liquidation committee shall consist of the Directors and other persons determined by the General Meeting. Where the Company fails to form a liquidation committee for liquidation within the prescribed period of time, creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee for liquidation.

Amendments to the Articles of Association

The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law, the Hong Kong Listing Rules, other relevant laws, or administrative regulations, the Articles of Association run counter to the said amendments;
- (II) the conditions of the Company have changed, and such change is inconsistent with the matters stated in the Articles of Association;
- (III) the General Meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by the General Meeting need the examination and approval of the competent authorities, these amendments shall be submitted thereto for approval. Where the amendments to the Articles of Association involves registration, it shall carry out the lawfully prescribed procedures for registration change.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the General Meeting on amendments to the Articles of Association and the examination and approval opinions from relevant competent authorities.

After the amendment of the Articles of Association, the Board of Directors shall appoint a special person to the company registration authority for record in a timely manner.

Any amendment to the Articles of Association that involves information to be disclosed as required by laws, regulations, shall be publicly announced as required.

FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of Our Company**

The predecessor of the Company was incorporated as a limited liability company in the PRC on November 11, 2011, under the corporate name Beijing Shougang LanzaTech New Energy Technology Co., Ltd. (北京首鋼朗澤新能源科技有限公司). On November 12, 2021, our Company was converted to a joint stock company with limited liability and renamed as Beijing Shougang LanzaTech Technology Co., Ltd. (北京首鋼朗澤科技股份有限公司).

We have established a principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 3, 2025. We have appointed Ms. Chu Cheuk Ting, as the Authorized Representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of relevant provisions of our Articles of Association is set out in Appendix V to this prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV to this prospectus.

2. Changes in the Share Capital of Our Company

On November 11, 2011, our Company was established as a limited liability company with a registered capital of RMB86,000,000.

On May 4, 2015, the registered capital of the Company increased from RMB86,000,000 to RMB129,000,000.

On September 9, 2016, the registered capital of the Company increased from RMB129,000,000 to RMB161,960,000.

On February 9, 2018, the registered capital of the Company increased from RMB161,960,000 to RMB196,665,600.

On March 26, 2020, the registered capital of the Company increased from RMB196,665,600 to RMB231,576,600.

On April 20, 2021, the registered capital of the Company increased from RMB231,576,600 to RMB257,754,800.

On November 12, 2021, our Company was converted into a joint stock company with limited liability, and our registered capital was RMB257,754,800 divided into 257,754,800 shares with a nominal value of RMB1.00 each.

On May 12, 2022, the registered capital of the Company increased from RMB257,754,800 to RMB277,086,400.

On June 27, 2022, the registered capital of the Company increased from RMB277,086,400 to RMB360 million.

Save as disclosed above and in the section headed “History, Development and Corporate Structure” in this prospectus, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

Upon the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is not exercised, the issued share capital of our Company will be increased to RMB380,159,800, made up of 133,451,197 Unlisted Shares and 246,708,603 H Shares with a nominal value of RMB1.00 each fully paid up or credited as fully paid up, representing approximately 35.10% and 64.90% of our registered share capital, respectively.

3. Restriction of Share Repurchase

Please refer to “Summary of the Articles of Association” in Appendix V for details on the restrictions on the Share repurchase by our Company.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Shareholders held on December 22, 2024, the following resolutions, among others, were passed by our Shareholders:

- (a) the issue of H Shares with a nominal value of RMB1.00 each by the Company and such H Shares to be listed on the Main Board of the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities;
- (c) authorizing the Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the Listing; and

- (d) the grant of the general mandate to individually or concurrently allot, issue and deal with H Shares not exceeding 20% of the H Shares in issue as at the Listing Date and to determine the terms and conditions in relation to the allotment and issue of new shares, and the Board has been authorized to handle the approval or filing in relation to the allotment and issue of new shares with the CSRC, the Stock Exchange and other relevant regulatory authorities in accordance with the relevant laws and regulations.

5. Changes in Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountants' Report set out in Appendix I to this prospectus.

There has been no alternation in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract




The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this prospectus that is or may be material:

- (a) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which, in the opinion of the Directors, are material to our business:

No.	Trademark	Registered Owner	Type and Class	Place of Registration	Registration Number	Expiry Date
1 . .		Our Company	4, 42	PRC	68224842	2034.03.13
2 . .		Shoulang Biotechnology	31	PRC	24469052	2028.06.06
3 . .		Our Company	1, 4, 36, 40, 42	Hong Kong	306765779	2034.12.22

(b) Patents

As at the Latest Practicable Date, the Group had been granted the following patents which, in the opinion of the Directors, are material to the business:

No.	Patent Number	Patent Name	Patent Holder	Patent Type	Place of Registration	Patent Application Date
1. . . .	201710352273.6	A method and system for producing ethanol by industrial tail gas fermentation (一種工業尾氣發酵法製乙醇的方法及系統)	Our Company	Invention patent	PRC	2017.05.18
2. . . .	202122040315.7	A device for producing alcohol by continuous gas fermentation (一種連續式氣體發酵製醇的裝置)	Our Company	Utility model patent	PRC	2021.08.26
3. . . .	202220570736.2	A fermentation system (一種發酵系統)	Hebei Shoulang	Utility model patent	PRC	2022.03.16
4. . . .	202111559296.7	A carbon-containing industrial gas industrial protein production system (一種含碳工業氣體工業化蛋白質生產系統)	Our Company	Invention patent	PRC	2021.12.20
5. . . .	202010116823.6	A gas concentration stabilization device and its control method (一種氣體濃度穩定裝置及其控制方法)	Our Company	Invention patent	PRC	2020.02.25
6. . . .	201911069235.5	A control system and method for the concentration of carbon monoxide in fermentation inlet gas (發酵進氣中的一氧化碳濃度控制系統及方法)	Our Company	Invention patent	PRC	2019.11.05
7. . . .	202110781907.6	A high-efficiency industrial tail gas fermentation alcohol production process (一種高效率工業尾氣發酵製醇工藝)	Our Company	Invention patent	PRC	2021.07.09

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STATUTORY AND GENERAL INFORMATION

No.	Patent Number	Patent Name	Patent Holder	Patent Type	Place of Registration	Patent Application Date
8. . . .	201821577209.4	A CO deoxygenation purification device (一種CO脱氧淨化裝置)	Hebei Shoulang	Utility model patent	PRC	2018.09.27
9. . . .	201610652805.3	A cleaning system and use method of a ceramic membrane for fermentation (一種生物發酵用陶瓷膜的清洗系統及使用方法)	Our Company	Invention patent	PRC	2016.08.10
10. . . .	202010352923.9	A gas distributor and a gas distribution system including the same (一種氣體分佈器及包括其的佈氣系統)	Our Company	Invention patent	PRC	2020.04.28
11. . . .	202010116708.9	An industrial gas biofermentation device (一種工業煤氣生物發酵裝置)	Hebei Shoulang	Invention patent	PRC	2020.02.25
12. . . .	202010521946.8	A fermentation system and method (一種發酵系統及方法)	Our Company, Shoulang Jiuyan	Invention patent	PRC	2020.06.10
13. . . .	202010817172.3	A detection method and application of fusel oil components in ethanol fermentation broth (一種乙醇發酵液中雜醇油組分的檢測方法及應用)	Our Company, Hebei Shoulang, Shoulang Biotechnology	Invention patent	PRC	2020.08.14
14. . . .	201910443617.3	A system and method for removing gas from liquid feed (一種脫除料液中氣體的系統和方法)	Our Company	Invention patent	PRC	2019.05.24
15. . . .	201510849971.8	In-situ cleaning system, preparation of cleaning liquid and cleaning method for distillation device (蒸餾裝置原位清洗系統、清洗液配製及清洗方法)	Hebei Shoulang	Invention patent	PRC	2015.11.27

No.	Patent Number	Patent Name	Patent Holder	Patent Type	Place of Registration	Patent Application Date
16 . . .	201710001989.1	An online cleaning device and method for a distillation system (一種蒸餾系統在線清洗裝置及方法)	Our Company	Invention patent	PRC	2017.01.03
17 . . .	201910732246.0	A method for preparing Clostridium somatic protein (一種梭菌菌體蛋白的製備方法)	Shoulang Biotechnology	Invention patent	PRC	2019.08.09
18 . . .	201720005188.8	A bacterial protein separation system (一種菌體蛋白分離系統)	Our Company	Utility model patent	PRC	2017.01.03
19 . . .	202122112994.4	A hot air system for protein drying (一種蛋白乾燥用熱風系統)	Guizhou Jinze	Utility model patent	PRC	2021.09.02
20 . . .	202220076639.8	A protein drying tower off-gas treatment system (一種蛋白乾燥塔廢氣處理系統)	Hebei Shoulang	Utility model patent	PRC	2022.01.12
21 . . .	202010526157.3	A method for improving the efficiency of sewage treatment in the process of producing ethanol by fermentation (一種適用於生物發酵製乙醇工藝提高污水處理效率的方法)	Our Company, Hebei Shoulang, Shoulang Biotechnology	Invention patent	PRC	2020.06.10
22 . . .	201911228440.1	An organic wastewater treatment system and method (一種有機廢水處理系統及方法)	Hebei Shoulang	Invention patent	PRC	2019.12.04
23 . . .	201710002161.8	A method and system for treating off-gas and waste liquid in the production of fuel ethanol by fermentation (生物發酵法制燃料乙醇生產中廢氣廢液的處理方法及系統)	Our Company	Invention patent	PRC	2017.01.03

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent Number	Patent Name	Patent Holder	Patent Type	Place of Registration	Patent Application Date
24 . . .	201510849974.1	A method for treating organic wastewater from steel plant tail gas bio-fermentation to produce ethanol (一種鋼廠尾氣生物發酵製乙醇有機廢水處理方法)	Our Company	Invention patent	PRC	2015.11.27
25 . . .	202121059021.2	A high-concentration organic wastewater treatment equipment (一種高濃有機廢水處理設備)	Hebei Shoulang	Utility model patent	PRC	2021.05.18
26 . . .	202123432617.5	A comprehensive utilization system for fermentation tail gas (一種發酵尾氣綜合利用系統)	Hebei Shoulang	Utility model patent	PRC	2021.12.30
27 . . .	201821841715.X	A tail gas treatment and waste heat utilization device (一種尾氣處理及餘熱利用裝置)	Our Company	Utility model patent	PRC	2018.11.08
28 . . .	201521039685.7	An industrial gas fermentation tail gas treatment device for producing fuel ethanol (一種工業煤氣發酵生產燃料乙醇的尾氣處理裝置)	Our Company	Utility model patent	PRC	2015.12.15
29 . . .	202111502743.5	A method and system for converting carbon dioxide into alcohol and protein (一種將二氧化碳轉化為醇和蛋白的方法和系統)	Our Company, Hebei Shoulang	Invention patent	PRC	2021.12.09
30 . . .	License No. 7514940 (特許第 7514940 號)	Carbon-containing industrial gas industrialized protein production system (炭素含有工業用ガス工業化タンパク質生産システム)	Our Company	Invention patent	Japan	2022.1.21

(c) Copyrights

As at the Latest Practicable Date, our Group had registered the following copyrights in the PRC which, in the opinion of our Directors, are material to our business:

No.	Registration Number	Copyright Name	Registered Owner	Registration Date
1. . . .	2022SR0865357	Shougang LanzaTech V1.0 (首鋼朗澤APP 1.0)	Our Company	2022.06.29
2. . . .	2018SR1024764	Shoulang fermentation liquid automatic circulation control system V1.0 (首朗發酵液自動循環控制系統V1.0)	Hebei Shoulang	2018.12.17
3. . . .	2018SR1018253	Shoulang distillation and dehydration process simulation system V1.0 (首朗蒸餾脫水工序仿真模擬系統V1.0)	Hebei Shoulang	2018.12.14
4. . . .	2023SR0596692	Product production data collection and analysis system V1.0 (產品生產數據採集分析系統V1.0)	Shoulang Biotechnology	2023.06.08
5. . . .	2024SR2104404	Product production data collection and analysis big data real-time analysis system V1.0 (產品生產數據採集分析大數據實時分析系統V1.0)	Shoulang Biotechnology	2024.12.17
6. . . .	2024SR2100840	Product production, sales and operation data collection and analysis big data system V1.0 (產品生產銷售經營數據採集分析大數據系統V1.0)	Shoulang Biotechnology	2024.12.17

(d) Domain name

As at the Latest Practicable Date, our Group owned the following domain names in the PRC which, in the opinion of our Directors, are material to our business:

No.	Domain Name	Expiry Date	Registered Owner
1	www.bjsglt.com	December 16, 2031	Our Company

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors, Supervisors and Chief Executive of the Company

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) 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, in each case once the H Shares are listed on the Stock Exchange, will be as follows:

(a) Interest in our Company

Name of Shareholder	Position held within our Company	Type of Shares held ⁽¹⁾	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)		
				Number of Shares	Approximate percentage in the total issued Shares ⁽²⁾	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares ⁽³⁾	Approximate percentage in the total issued Shares ⁽³⁾
Ms. Dong ⁽⁴⁾ (5)	Executive Director and general manager	Unlisted Shares	Interest in controlled corporation	34,137,886	9.48%	–	–	–
			Interest held jointly with another person	108,280,739	30.08%	95,532,658	71.59%	25.13%

Name of Shareholder	Position held within our Company	Type of Shares held ⁽¹⁾	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)		
				Number of Shares	Approximate percentage in the total issued Shares ⁽²⁾	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares ⁽³⁾	Approximate percentage in the total issued Shares ⁽³⁾
		H Shares	Interest in controlled corporation	-	-	34,137,886	13.84%	8.98%
			Interest held jointly with another person	-	-	12,748,081	5.17%	3.35%

Notes:

- (1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.
- (2) The calculation is based on the total number of 360,000,000 Shares in issue as at the Latest Practicable Date, including 133,451,197 Unlisted Shares and 226,548,803 Unlisted Shares which will be converted into H Shares upon completion of the Global Offering.
- (3) The calculation is based on the total number of 133,451,197 Unlisted Shares and 246,708,603 H Shares in issue upon Listing (comprising (i) an aggregate of 226,548,803 Shares to be converted from Unlisted Shares; and (ii) 20,159,800 Shares to be issued pursuant to the Global Offering, without taking into account the H Shares which may be issued upon the exercise of Over-allotment Option).
- (4) As of the Latest Practicable Date, Ms. Dong held 65.57% of the equity interests in NZ Tang Ming. As such, under the SFO, Ms. Dong is deemed to be interested in the Shares held by NZ Tang Ming as a beneficial owner.
- (5) Pursuant to the Concert Party Agreements, Shougang Group and NZ Tang Ming concurred that they shall act in concert with respect to, inter alia, the voting during general meeting, for the period since the date of the Concert Party Agreements and up until they cease to hold any shares of the Company or upon the termination of the Concert Party Agreements. Please refer to “History, Development and Corporate Structure — Concert Party Arrangement” for further details. As such, each of Shougang Group and NZ Tang Ming is deemed to be interested in the Shares each other is interested in.

2. Substantial Shareholders

(a) *Interests of the substantial shareholders in the Shares*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(b) Interests of the substantial shareholders of other members of our Group

The following table sets out, so far as our Directors are aware, persons who will be, directly or indirectly, interested in 10% or more of the equity interests of our subsidiaries:

Member of our Group (being associated corporations)	Name of substantial shareholder	Nature of interest	Approximate percentage of equity interests held by the substantial shareholder
Shoulang Jiyuan	Hainan Jiyuan Junyi Biotechnology Co., Ltd. (海南吉元君熠生物科技有限公司)	Beneficial owner	42%
Ningxia Binze	Xindeze (Shenzhen) Investment Partnership (Limited Partnership) (鑫德澤(深圳)投資合夥企業(有限合夥))	Beneficial owner	34.9%
Guizhou Jinze	Jinyuan Suiyang	Beneficial owner	36%
Guizhou Jinze	Mitsui & Co., Ltd.	Beneficial owner	13%

3. Further Information about Our Directors and Supervisors*(a) Particulars of service contracts and letters of appointment*

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of our Directors and Supervisors has entered into a service contract or letter of appointment with our Company. The principal particulars of these service contracts and the letters of appointment are (i) for an initial fixed term of three years commencing from the date of appointment; and (ii) subject to termination in accordance with their respective terms. The service contracts and letters of appointment 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 entered, or is proposed to enter a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(b) Remuneration of Directors and Supervisors

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Directors amounted to RMB1.8 million, RMB1.8 million and RMB2.1 million, respectively.

For each of the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Supervisors amounted to RMB0.3 million, RMB0.4 million and RMB0.5 million, respectively.

Save as disclosed above, no other payments have been paid or are payable by the Group to the Directors and Supervisors in respect of the years ended December 31, 2022, 2023 and 2024.

There is no arrangement under which any Director or Supervisor has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director or Supervisor during the current financial year.

Under the arrangement currently in force, the Company expects that the total remuneration (excluding year-end bonuses) to be paid to our Directors and Supervisors by the Company for the year ending December 31, 2025 will be approximately RMB1.5 million and RMB0.4 million, respectively.

Each of the Directors and Supervisors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

4. Agency Fees or Commissions Received

None of our Directors, Supervisors or the experts whose names are listed in the section headed “— Other Information — 7. Qualification of Experts” in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

5. Employee Incentive Scheme***(a) Employee Shareholding Platform***

As of the Latest Practicable Date, the Company had established one employee shareholding platform, namely Beijing Jiayeyuan, which will hold approximately 0.93% of the issued share capital of our Company upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised). The employee shareholding platform does not involve the grant of options or awards by our Company after the Global Offering. Given the underlying Shares under the employee shareholding platform had already been issued, there will not be any dilution effect

to the issued Shares upon the vesting of the Shares under the employee shareholding platform. For the details of the Employee Shareholding Platform, see “History and Corporate Structure — Employee Shareholding Platform”.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (b) none of our Directors, Supervisors or our chief executive has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Stock Exchange;
- (c) none of our Directors, Supervisors or the experts named in “— Other Information — 7. Qualification of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors, Supervisors or the experts named in “— Other Information — 7. Qualification of Experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) save for the Underwriting Agreements, none of the parties listed in “— Other Information — 7. Qualification of Experts” in this Appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

- (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;
- (f) so far as is known to our Directors, as at the Latest Practicable Date, none of our Directors, their respective close associates or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group; and
- (g) none of the Directors or Supervisors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

2. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, H Shares to be issued as set out in this prospectus (including any H Shares which may be issued pursuant to the exercise of Over-allotment Option), on the Main Board of the Hong Kong Stock Exchange.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee in the total amount of USD0.3 million to act as the sponsor of our Company in connection with the Listing.

4. Compliance Advisor

We have appointed Guotai Junan Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has incurred preliminary expenses of approximately RMB0.8 million.

6. Promoter

Our promoters are Shougang Group, Shanghai Mingda Industry, NZ Tang Ming, LanzaTech Hong Kong, Ruihong Investment, Mitsui & Co., Ltd., Shanghai Dehui, Caofeidian Fund, Guofu Yonglang, Pingyang Puyi, Guangzhou Fanmei, Tang Ming Hong Kong, Zhuhai Jinsheng, Beijing Jiayeyuan, and Qingdao Baiwei Zhihe.

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this prospectus are as follows:

Name	Qualification
Guotai Junan Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young.	Certified Public Accountants and Registered Public Interest Entity Auditor
Grandway Law Offices	PRC legal advisor
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Independent industry consultant

8. Consents of Experts

Each of the experts named in the section headed “— 7. Qualification of Experts” in this appendix above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interests in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Taxation of Holders of H Shares

(a) Hong Kong

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

(b) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

11. No Material Adverse Change

Our Directors confirmed that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and
 - (iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any Share in our Company or any of our subsidiaries;
- (b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) there is no arrangement under which future dividends are waived or agreed to be waived;
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) there are no founder, management or deferred shares in our Company or any of its subsidiaries;
- (f) our Company has no outstanding convertible debt securities or debentures;
- (g) our Company is not presently listed on any stock exchange or traded on any trading system; and
- (h) our Company is a joint stock limited company and is subject to the PRC Company Law.

13. Bilingual Prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in the section headed “Statutory and General Information — Other Information — 8. Consents of Experts” in Appendix VI to this prospectus; and
- (b) a copy of the material contracts referred to in the section headed “Statutory and General Information — Further Information about our Business — 1. Summary of Material Contract” in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.bjsplt.com up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the accountants’ report prepared by Ernst & Young on the historical financial information of our Group for the years ended December 31, 2022, 2023 and 2024, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;
- (d) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the industry report issued by Frost & Sullivan referred to in the section headed “Industry Overview” in this prospectus;
- (f) the PRC legal opinions issued by Grandway Law Offices, our PRC Legal Advisor, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;
- (g) the material contract referred to in the paragraph headed “Statutory and General Information — Further Information about our Business — 1. Summary of Material Contract” in Appendix VI to this prospectus;

- (h) the service contracts referred to in the paragraph headed “Statutory and General Information — Further Information about our Directors, Supervisors and Substantial Shareholders — 3. Further Information about our Directors and Supervisors — (a) Particulars of service contracts and letters of appointment” in Appendix VI to this prospectus;
- (i) the written consents referred to in the paragraph headed “Statutory and General Information — Other Information — 8. Consents of Experts” in Appendix VI to this prospectus; and
- (j) a copy of the PRC Company Law, the PRC Securities Law and the Trial Measures for the Administration on 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), together with unofficial English translations thereof.



首钢朗泽

Shougang LanzaTech

北京首钢朗泽科技股份有限公司

BEIJING SHOUGANG LANZATECH TECHNOLOGY CO., LTD.