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Post Hearing Information Pack of



SHUANGDENG GROUP CO., LTD.
雙登集團股份有限公司

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

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

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation)
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation
and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage
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% (payable in full on application in
Hong Kong dollars and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

*Joint Sponsors, [REDACTED], [REDACTED],
[REDACTED], [REDACTED] and [REDACTED]*



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The [REDACTED], for themselves and on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong [REDACTED] and/or the indicative [REDACTED] below that is stated in this document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published on the website of our Company at www.shuangdeng.com.cn and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, please refer to the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

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[REDACTED]

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[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document 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 document. 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 document carefully before making your [REDACTED] decision. There are risks associated with any [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a leading company in energy storage business for big-data and telecommunication industries. We focus on the design, R&D, manufacturing, and sales of energy storage batteries and systems.

As of December 31, 2024, we have served five of the world’s top ten telecom operators and equipment manufacturers, nearly 30% of the world’s top 100 telecom operators and equipment manufacturers, and all of China’s top five telecom operators and equipment manufacturers. We have served 80% of top 10 Chinese self-owned data center companies and 90% of top 10 Chinese third-party data center companies. We have served our top five customers in 2022, 2023 and 2024 for an average of over ten years. According to Frost & Sullivan, in 2024, we ranked the first among global telecom and data center energy storage battery providers in terms of shipment volume, achieving a market share of 11.1%. According to Frost & Sullivan, in 2024, we ranked the twelfth among global energy storage battery providers in terms of added installed capacity, achieving a market share of 2.5%.

Notes:

- (1) Top 100 telecom operators and equipment manufacturers are ranked based on the top telecom equipment manufacturers ranking integrated by Frost & Sullivan from multiple open sources, annual report, and research database of Frost & Sullivan, and the top 100 telecom operators ranking provided by Dgtl Infra, a platform for digital infrastructure intelligence providing data on telecom, data centers, fiber, etc. The top 100 telecom operators and equipment manufacturers are selected based on several quantifiable factors including sales revenue, market capitalization, number of subscribers, number of employees, etc.
- (2) Based on the definition provided by China Academy of Information and Communications Technology (CAICT), self-owned data center companies are companies build, own and operate their own data centers, mainly telecom operators and cloud services providers. Top 10 Chinese self-owned data center companies are ranked based on CAICT, International Data Corporation (IDC) and research database of Frost & Sullivan. Top 10 Chinese self-owned data center companies are selected based on several quantifiable factors including sales revenue, service range, investment in research and development, etc.
- (3) Top 10 Chinese third party data center companies are ranked based on “Top 10 Data Center Service Providers in China in 2024” launched by CAICT. Top 10 Chinese third party data center companies are selected based on factors including overall scale, capacity building, financial status, international layout, etc.

SUMMARY

Our Market Opportunity

The global energy market is undergoing a profound transformation from fossil fuels to renewable energy. The evolving global trend toward electrification further drives significant collaboration among new energy, energy storage, and smart grids, promoting sustainable development of green economy and rapid growth of the global energy storage market. According to Frost & Sullivan, global energy storage cumulative installed capacity is expected to increase from 746.8 GWh in 2024 to 6,810.1 GWh in 2030.

- **Telecom base stations:** In recent years, along with the rapid global expansion of 5G telecom base stations, the upgrading and development of telecommunication technology are expected to continue to drive robust demand for infrastructure development. According to Frost & Sullivan, the cumulative number of global telecom base stations is expected to increase from 21.0 million units in 2024 to 43.9 million units in 2030, which will drive the global added installed capacity of telecom energy storage to rise from 43.9 GWh in 2024 to 100.2 GWh in 2030.
- **Data centers:** The advent of the AI era is also accelerating the industry trend towards large-scale and high-computing power data centers. According to Frost & Sullivan, the proportion of global electricity consumption by data centers is expected to increase from 4.0% in 2024 to 10.1% in 2030. During this process, driven by global pursuit of clean and secure energy source, there has been a rapid growth in market demands for energy storage products. According to Frost & Sullivan, the global added installed capacity of data center energy storage is expected to increase from 16.5 GWh in 2024 to 209.4 GWh in 2030.

Our Journey and Strategic Evolution

Founded in 2011 in Taizhou, Jiangsu Province in China, we have demonstrated reliability and high quality of our batteries and services over the past decade. We have continually expanded our business, established a strong global reputation, and built brand influence, laying a solid foundation for our long-term sustainable development.

- **Energy storage for telecom base stations:** At the outset, we entered the energy storage sector for telecom base stations, establishing long-term cooperation relationship with leading telecom operators and equipment manufacturers in China, including China Mobile, China Unicom, China Telecom, and China Tower. We have continuously expanded our overseas presence, and have successfully entered into supply chains of many world-renowned enterprises to provide energy storage battery products for telecom base stations, including Ericsson, Vodafone, and Telenor. According to Frost & Sullivan, in 2024, we ranked first in terms of shipment volumes in the global telecom base station energy storage market. In 2024, our market share in the global telecom market reached 9.2%.

SUMMARY

- **Energy Storage for Data Centers:** With the penetration and promotion of big data, technologies, energy storage batteries for data centers have become essential products for ensuring data security and energy security. In 2018, we keenly identified the market demands of the internet era and began establishing cooperation relationship with large tech companies and data center operators. Since 2018, we have successively collaborated with Alibaba, JD.com, Baidu, GDS, and ChinData. In 2022, we innovatively developed the first large-scale dual-function energy storage plan incorporating “backup power + power storage and management” for data centers in China, and supplied our products to the Xiong’an Urban Supercomputing Center, contributing its successful achievement of being recognized as national green data center. Up to the Latest Practicable Date, our energy storage products have been used in hundreds of data centers. According to Frost & Sullivan, in 2024, we ranked first among Chinese companies in terms of shipment volumes in the global data center energy storage market. In 2024, our market share in the global data center market reached 16.1%.
- **Electrical Energy Storage Settings:** Leveraging advanced technology and manufacturing capacity, we are committed to expanding our presence in the electrical energy storage settings, where we have successfully captured market opportunities brought up by sectors in large-scale power grid energy storage, and commercial and residential storage settings. In particular, we have participated in, as a key supplier of energy storage products and system, the development of the State Grid Zhangbei Energy Storage System Project, which started operation since 2011 as the world’s largest new energy power station in terms of installed capacity integrating wind power, solar PV, energy storage systems, and intelligent power transmission as of the Latest Practicable Date. We have subsequently launched energy storage projects across China, as well as in Cambodia, Mongolia, Guinea and Central Africa. In 2016, we began developing energy storage batteries in commercial and residential settings. As a well-recognized brand, our products are sold in Europe, Africa, Asia, and 18 other countries and regions. According to Frost & Sullivan, in 2024, we are one of the leading Chinese companies in terms of shipment volume of energy storage batteries in commercial and residential settings.

OUR PRODUCTS

During the Track Record Period, we derived revenues mainly from sales of energy storage batteries, including both lithium-ion batteries and lead-acid batteries. Our lithium-ion batteries are mainly lithium iron phosphate (“**LFP**”) batteries, the products line of which includes both flexible packaging and square aluminum shell configurations. Our lead-acid batteries include absorbent glass mat batteries, gel batteries, and lead-carbon batteries. Each type of our batteries offers a comprehensive range of features and distinctive advantages, catering to our customers’ diverse requirements in relation to their specific application scenarios under telecom base stations, data centers and electrical energy storage settings.

SUMMARY

Energy Storage Batteries for Telecom Base Station

Our energy storage batteries for telecom base stations serve as a vital safeguard against power outages and shortages that could lead to network paralysis and communication disruptions, and therefore ensure the reliable operation of telecom base stations. Additionally, our energy storage batteries can be utilized to capitalize on the cost differences between peak and off-peak electricity rates.

Energy Storage Batteries for Data Center

Our energy storage batteries applied in data centers provide robust defense against the risks of power outages and shortages that can lead to network failures and service interruptions. In addition to providing emergency power during outages, our storage batteries also enable our customers to optimize the energy usage and reduce utility cost of the data centers by taking advantage of differences in electricity rates during peak and off-peak times.

Energy Storage Batteries for Electrical Energy Storage Settings

Our energy storage batteries for electrical energy storage settings cover both the power side and the user side. On the generation side, our energy storage batteries can store excess energy produced during low-demand periods and release it during peak times, effectively matching electricity production with consumption. On the grid side, these batteries alleviate congestion by providing additional power during high demand, preventing overload and potential outages. For user side, we provide lithium-ion energy storage batteries for the user side, including commercial and residential setting.

Energy Storage Batteries for Other Settings

Our energy storage batteries for other settings primarily include UPS batteries and start-stop batteries. Our uninterruptible power supply (“UPS”) batteries are designed to provide reliable backup power during electrical outages for critical devices like computers and servers. Our start-stop batteries are specifically designed for vehicles with start-stop functionality.

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

SALES, MARKETING AND CUSTOMERS

During the Track Record Period, we primarily sold directly to end customers in China and abroad. To expand the geographic coverage and consumer reach of our products, we complement our direct sales with distribution network. As of December 31, 2022, 2023, 2024, and May 31, 2025, we had 124, 114, 106 and 29 distributors, respectively, which contributed to 10.4%, 13.8%, 7.2% and 4.4% of our total revenues in 2022, 2023 and 2024, and for the five months ended May 31, 2025, respectively.

SUMMARY

We maintain a buyer-seller relationship with our distributors. We value the management of our distributors, and maintain a good cooperative relationship with them. During the Track Record Period, to the best of our Directors’ knowledge, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees. For details, see “Business — Sales, Marketing and Customers — Sales and Distribution” in this document.

Our Customers

Leveraging our broad product portfolio featuring various technological specifications designed to serve diverse application scenarios and stringent customers’ demands, as well as our rich industry experience and technological capability to capture and solve evolving practical challenges that our customers may encounter in their energy storage needs, we have established and retained long-term relationship with customers with leading industry positions in China and overseas.

The major customers of our energy storage batteries used for telecom base stations are leading telecom operators and equipment manufacturers, including China Mobile, China Unicom, China Telecom, China Tower, Ericsson, Vodafone, and Telenor. The major customers of our energy storage batteries used for data centers are data center operators, such as Alibaba, JD.com, Baidu, Chindata, and GDS. The major customers of our energy storage batteries used for electrical energy storage settings are power stations, power grids, commercial and household users.

In 2022, 2023 and 2024, and the five months ended May 31, 2025, our five largest customers in each period during the Track Record Period contributed 54.2%, 46.1%, 38.4% and 34.0%, respectively, to our total revenues in the same year. The revenue contribution of our five largest customers decreased during the Track Record Period, primarily due to the growth in revenue contribution from the sales of batteries used in data centers while our largest customers were mainly telecommunication companies. The average selling price of batteries sold to our top five customers decreased as a result of declined raw material prices and their reduced market demand for our energy storage batteries, resulting in the decreased revenue generated from our five largest customers. Additionally, heightened market competition led to increased supplier participation in the supply chains of certain major telecommunication customers, resulting in the declined revenue from our top five customers. Our single largest customer in each year/period during the Track Record Period contributed 24.3%, 21.3%, 13.1% and 10.2%, respectively, to our total revenues in the same year/period.

To the best knowledge of our Directors, each of our five largest customers in each year/period during the Track Record Period was an Independent Third Party. For details, see “Business — Sales, Marketing and Customers — Our Customers” in this document.

SUMMARY

SUPPLIERS

We purchase almost all of our raw materials and key components from third-party suppliers in China, including lithium iron phosphate, lead alloy, and lead ingots. We have established stable relationships with our suppliers, enabling us to secure a consistent supply of raw materials at competitive prices. This helps ensure our ability to produce and deliver high quality products on time, meeting the needs of our customers.

During the Track Record Period, purchase from our top five suppliers amounted to RMB1,273.1 million, RMB1,243.7 million, RMB1,541.4 million and RMB801.8 million, accounting for 42.3%, 43.8%, 47.9% and 50.3% of our total purchase for the corresponding years, respectively. To the best knowledge of our Directors, each of our five largest suppliers in each year/period during the Track Record Period was an Independent Third Party. During the Track Record Period, our single largest supplier amounted to 17.5%, 16.5%, 20.6% and 25.4% of our total purchase amount for the corresponding year in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. For details, see “Business — Suppliers” in this document.

OUR STRENGTHS

Our strengths include:

- Global leading storage battery company in data center and telecom industries;
- R&D capabilities in high safety, cost efficiency and superior performance;
- Outstanding manufacturing and operational capabilities;
- High-quality customer base with trust and loyalty to our brand; and
- An experienced and visionary management team.

OUR STRATEGIES

Our strategies include:

- Further enhance and expand our energy storage business with customer-centric approach;
- Further develop our data center business;
- Continue to invest in R&D; and
- Expand our global presence.

SUMMARY

BUSINESS ACTIVITIES WITH CUSTOMERS IN RELEVANT REGIONS

During the Track Record Period, we had sold our Chinese-origin lithium-ion batteries and lead-acid batteries directly to our customers in the Relevant Regions. To our best knowledge, customers purchased our batteries mainly to be used for telecom base stations in Relevant Regions. We believe these customers determined to choose our products mainly due to their recognition on our product qualities and market reputation.

The revenue generated from such sales to the Relevant Regions was approximately RMB59.2 million, RMB84.0 million, RMB90.0 million and RMB8.0 million, representing approximately 1.5%, 2.0%, 2.0% and 0.4% of our total revenue in 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

However, none of the Relevant Regions was a Comprehensively Sanctioned Country and none of our customers located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations. While certain customers were listed on the Entity List maintained by the BIS, all products sold to our customers were Chinese-origin lithium-ion battery and lead-acid battery products that does not subject to the EAR.

Based on above mentioned factors, and as advised by our International Sanctions Legal Adviser, our Directors believe that we are not subject to sanctions risk that could have a material adverse effect on our transactions involving the Relevant Regions during the Track Record Period, and our Directors do not foresee any material adverse effect to our business or operations for continuing our business in relation to the Relevant Regions. Based on the above, nothing has come to the attention of the Joint Sponsors that would cause them to cast reasonable doubt on the views of our International Sanctions Legal Adviser and our Directors. For more details, please refer to the sections headed “Risk Factors — Risks Relating to Our Business and Industry — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdoms, the United Nations, Australia and other relevant sanctions authorities” and “Business — Business Activities with Customers in the Relevant Regions” in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I to this document.

SUMMARY

Summary of Our Consolidated Statements of Profit or Loss

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

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	<i>(unaudited)</i>									
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Revenues	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0
Cost of sales	(3,382,884)	(83.1)	(3,393,009)	(79.7)	(3,747,639)	(83.3)	(1,119,099)	(80.3)	(1,588,050)	(85.1)
Gross profit	689,596	16.9	866,768	20.3	750,883	16.7	275,086	19.7	278,558	14.9
Other income and gains	50,614	1.2	77,718	1.8	115,584	2.6	37,727	2.7	40,533	2.2
Selling and marketing expenses	(100,255)	(2.5)	(151,785)	(3.6)	(138,043)	(3.1)	(50,102)	(3.6)	(53,254)	(2.9)
Administrative expenses	(126,516)	(3.1)	(162,748)	(3.8)	(156,470)	(3.5)	(50,506)	(3.6)	(45,672)	(2.4)
Research and development expenses	(100,676)	(2.5)	(112,803)	(2.6)	(110,478)	(2.5)	(44,089)	(3.2)	(55,249)	(3.0)
Impairment losses on financial and contract assets, net	(22,607)	(0.6)	(6,347)	(0.1)	(19,181)	(0.4)	3,908	0.3	(10)	0.0
Other expenses	(21,467)	(0.5)	(34,145)	(0.8)	(20,169)	(0.4)	(5,663)	(0.4)	(11,556)	(0.6)
Finance costs	(49,372)	(1.2)	(30,005)	(0.7)	(19,842)	(0.4)	(5,626)	(0.4)	(12,002)	(0.6)
Share of profits and losses of an associate	(647)	(0.0)	(475)	(0.0)	428	0.0	296	0.0	32	0.0
Profit before tax	318,670	7.8	446,178	10.5	402,712	9.0	161,031	11.5	141,380	7.6
Income tax expense	(37,645)	(0.9)	(60,975)	(1.5)	(49,381)	(1.1)	(21,339)	(1.5)	(4,677)	(0.8)
Profit for the year	281,025	6.9	385,203	9.0	353,331	7.9	139,692	10.0	126,703	6.8
Attributable to:										
Owners of the parent	281,019	6.9	385,203	9.0	353,331	7.9	139,692	10.0	126,703	6.8
Non-controlling interests	6	0.0	—	—	—	—	—	—	—	—

Revenues

Revenues by Application Scenario

During the Track Record Period, we derived revenues from sales of our products, which include lithium-ion battery and lead-acid battery to our customers. We also generated revenues from others, which primarily represented sales of waste including lead slag, used batteries, and electricity sales during the Track Record Period. Revenues increased from RMB4,072.5 million in 2022 to RMB4,259.8 million in 2023 and further increased to RMB4,498.5 million in 2024, and our revenues increased from RMB1,394.2 million in the five months ended May 31, 2024 to RMB1,866.6 million in the five months ended May 31, 2025, which was primarily due to the increase in revenues from sales of batteries used in data centers driven by the growing demand for data storage and processing capabilities. For details, see “Financial Information — Year to Year Comparison of Results of Operations” and “Financial Information — Period to Period Comparison of Results of Operations” in this document.

The following table sets forth a breakdown of our revenues by application scenario for the years/periods indicated.

SUMMARY

	Year Ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)			
							RMB'000	%	RMB'000	%
Telecom base Station	2,640,989	64.8	2,464,004	57.8	2,299,367	51.1	746,772	53.6	792,785	42.5
Data center	764,815	18.8	899,942	21.1	1,391,898	31.0	397,000	28.4	872,947	46.7
Electrical energy storage settings . . .	302,443	7.4	487,977	11.5	450,840	10.0	132,366	9.5	68,696	3.7
Other settings ⁽¹⁾	281,906	7.0	339,863	8.0	261,105	5.8	86,570	6.2	80,555	4.3
Others ⁽²⁾	82,327	2.0	67,991	1.6	95,312	2.1	31,477	2.3	51,625	2.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Notes:

- (1) Primarily include uninterruptible power supply (“UPS”) batteries and start-stop batteries.
- (2) Primarily include sales of waste including lead slag, used batteries, and electricity sales.

The revenue we generated from sales of batteries used in telecom base stations decreased from 2022 to 2024. Such decrease in revenue from 2022 to 2024 was mainly due to (i) the decrease in our average selling price resulting from reduced cost of raw materials, namely LFP, which was RMB621.0/kWh, RMB675.3/kWh and RMB568.3/kWh in 2022, 2023 and 2024, respectively, representing a CAGR of negative 4.3% from 2022 to 2024, and (ii) the decrease in our sales volume, which was 4,252,809kWh, 3,648,862kWh and 4,046,291kWh in 2022, 2023 and 2024, respectively, representing a CAGR of negative 2.5 % from 2022 to 2024, mainly resulting from the slowdown in the construction of new 5G telecom base stations in China. According to Frost & Sullivan, the construction of new 5G telecom base stations in China was 15.3 GWh, 14.9 GWh and 12.8 GWh in 2022, 2023 and 2024, respectively. As we generated the majority of our revenue of batteries used for telecom base stations from our sales in China, which amounted to 76.7%, 69.2% and 71.8% of total revenue of batteries used in telecom base stations in 2022, 2023 and 2024, respectively, our sales volume of batteries used for telecom base stations decreased from 2022 to 2024. The slowdown in the construction of new 5G telecom base stations further intensified the market competition in the telecom energy storage battery market, resulting in our declined revenue generated from the sales of batteries used in telecom base stations. The sales volume of our batteries used in telecom base stations decreased from 2022 to 2023, mainly due to the slowdown in the construction of new telecom base stations in China. Our sales volume of batteries used in telecom base stations slightly increased from 2023 to 2024, mainly because we adopted competitive marketing strategies and reduced our average selling price of batteries used in telecom base stations in 2024 to promote our sales. The revenue we generated from sales of batteries used in telecom base stations increased from RMB746.8 million in the five months ended May 31, 2024 to RMB792.8 million in the five months ended May 31, 2025. The increase is primarily related to increased sales volume of lithium-ion batteries, as a result of increased market demand for telecom base stations.

Sales Volume

During the Track Record Period, changes in sales volume of batteries were primarily influenced by the demand dynamics within the industries where our batteries are applied, as well as by the performance and competitive positioning of our batteries. Specifically, fluctuations in sales volume were driven by the following key factors:

- *downstream demand*, which is closely linked to the broader industry trends. See also “Industry Overview — Overview of the Global and China Energy Storage Market — Supply-demand Dynamics of Energy Storage Battery Products” in this document;

SUMMARY

- *our expansion strategy*, particularly in the data center and electrical energy storage markets, which contributed to an increase in battery sales as we targeted these growing sectors. See also “Business — Our Strategies — Further Develop Our Data Center Business” in this document; and
- *our global efforts to enhance market penetration*, including expanding partnerships and establishing a stronger international presence. See also “Business — Our Strategies — Expand Our Global Presence” in this document.

Average Selling Price

The average selling price of our batteries was collectively influenced by multiple factors, including :

- **Raw material costs:** the average selling price of batteries was mainly affected by fluctuations in the market price of key raw materials, such as the market price of lithium carbonate and lead ingots. For example, the lithium carbonate price has declined over the past two years, enabling us to lower the selling price of lithium-ion batteries while maintaining profitability.
- **Market price of lithium-ion and lead-acid batteries:** the average selling price of our batteries was primarily determined by the market prices of lithium-ion and lead-acid batteries, which were largely affected by raw material costs as well as supply-demand dynamics in the market. During the Track Record Period, the movement of our average selling price was generally in line with the market price trends.
- **Our pricing strategy:** in addition to the market prices of raw materials and lithium-ion and lead-acid batteries, we adopt a pricing strategy based on our development strategy, business objectives, and market competition to maintain our leading position.

For our lithium-ion batteries, the average selling price decreased from RMB979.2/kWh to RMB698.6/kWh from 2023 to 2024, and it decreased from RMB841.1/kWh to RMB595.1/kWh from the five months ended May 31, 2024 to the five months ended May 31, 2025, primarily due to the decreases in the market price of lithium-ion batteries and the price of raw materials. According to Frost & Sullivan, the market price of lithium-ion batteries decreased from RMB1.09/Wh in 2023 to RMB0.63/Wh in 2024, and it decreased from RMB0.69/Wh to RMB0.54/Wh from the five months ended May 31, 2024 to the five months ended May 31, 2025, and the market price of lithium carbonate decreased from RMB272.3 thousand per ton in 2023 to RMB95.9 thousand per ton in 2024, and it decreased from RMB109.1 thousand per ton to RMB74.8 thousand per ton from the five months ended May 31, 2024 to the five months ended May 31, 2025. The average selling price of our lithium-ion batteries stayed relatively stable at RMB948.3/Wh in 2022 and RMB979.2 in 2023, generally in line with the market trend.

SUMMARY

For our lead-acid batteries, the average selling price remained relatively stable at RMB506.7/kWh and RMB509.5/kWh in 2023 and 2024. According to Frost & Sullivan, despite rising raw materials costs of lead ingots, the market price of lead-acid batteries remained relatively stable at RMB0.51/Wh and RMB0.54/Wh in 2023 and 2024, respectively. Given the relatively stable market price of lead-acid batteries, it is our business decision not to increase in our selling price of lead-acid batteries to maintain and promote leading market share in the energy storage business for big data and telecommunication industries, especially the lead-acid batteries applied in data centers, despite of the increased raw material costs. The average selling price of our lead-acid batteries remained relatively stable at RMB490.3/Wh and RMB506.7/Wh in 2022 and 2023, generally in line with the market trend. The average selling price for our lead-acid batteries increased from RMB496.0/kWh in the five months ended May 31, 2024 to RMB520.5/kWh in the five months ended May 31, 2025, primarily as a result of (i) our improved recognition of our brand awareness and product quality and (ii) an increase in raw material costs, particularly the prices of lead ingots and battery casings, which is in line with industry trend, according to Frost & Sullivan.

In addition, we have set up a price adjustment mechanism in contracts with major customers that allows us to adjust the price of our batteries based on the price fluctuations of the main raw materials, such as LFP, lead ingots and graphite, during specified period to partially offset the fluctuation in raw material costs. During the Track Record Period, RMB66.6 million, RMB453.0 million, RMB256.5 million and RMB85.6 million of revenue generated from the sales of lithium-ion battery, and RMB296.8 million, RMB150.4 million, RMB608.4 million and RMB56.9 million of revenue generated from the sales of lead-acid battery was adjusted based on our price adjustment mechanism in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. For details, see “Business — Sales, Marketing and Customers — Pricing” in this document.

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

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)
Telecom base station	4,252,809	621.0	3,648,862	675.3	4,046,291	568.3	1,272,619	586.8	1,484,726	534.0
Data center	1,397,252	547.4	1,636,033	550.1	2,656,366	524.0	757,797	523.8	1,655,325	527.4
Electrical energy storage settings . . .	329,448	918.0	482,182	1,012.0	597,686	754.3	157,956	838.0	86,450	794.6
Other settings*	613,421	459.6	739,265	459.7	546,812	477.5	198,543	436.0	150,357	535.8

Note:

* Primarily include UPS batteries and start-stop batteries.

SUMMARY

Revenues by Product

Revenues were primarily derived from sale of lithium-ion batteries and lead-acid batteries during the Track Record Period. While maintaining and promoting our leading market positions in offering lead-acid batteries and solutions for customers leveraging our outstanding quality, strong technological strength, and industry expertise, we invested in the expansion of lithium-ion batteries in response to growing market demand for more efficient and environmentally friendly energy storage products. The following table sets forth a breakdown of our revenues by product for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Lithium-ion battery	1,568,531	38.5	1,854,556	43.5	1,495,978	33.3	435,600	31.2	457,479	24.5
Lead-acid battery	2,421,622	59.5	2,337,230	54.9	2,907,232	64.6	927,108	66.5	1,357,504	72.7
Others*	82,327	2.0	67,991	1.6	95,312	2.1	31,477	2.3	51,625	2.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Note:

* Primarily include sales of waste including lead slag, used batteries, and electricity sales.

The revenue contribution of our lithium-ion battery increased from 38.5% in 2022 to 43.5% in 2023, mainly due to the increase in demand of lithium-ion batteries and our effort of expanding the market of our lithium-ion batteries. The revenue contribution decreased from 43.5% in 2023 to 33.3% in 2024, primarily due to (i) a decrease in the absolute amount of revenues from lithium-ion batteries, which decreased from RMB1,854.6 million in 2023 to RMB1,496.0 million in 2024, and (ii) an increase in the absolute amount of revenues from lead-acid batteries from RMB2,337.2 million in 2023 to RMB2,907.2 million in 2024. The revenue contribution of our lithium-ion batteries decreased from 31.2% in the five months ended May 31, 2024 to 24.5% in the five months ended May 31, 2025, primarily due to an increase in the absolute amount of revenues from lead-acid batteries from RMB927.1 million in the five months ended May 31, 2024 to RMB1,357.5 million in the five months ended May 31, 2025 as a result of the strong growth in lead-acid battery sales driven by increasing market demand from data centers, while revenues from lithium-ion batteries remained relatively stable in respective periods.

The decrease in revenue generated in lithium-ion batteries from 2023 to 2024 was driven by decrease in our average selling price. The average selling price decreased from RMB979.2/kWh in 2023 to RMB698.6/kWh in 2024, primarily due to the decreases in the market price of lithium-ion batteries and the price of raw materials. According to Frost & Sullivan, the market price of lithium-ion batteries decreased from RMB1.09 per Wh in 2023 to RMB0.63 per Wh in 2024, and the market price of lithium carbonate decreased from RMB272.3 thousand per ton in 2023 to RMB95.9 thousand per ton in 2024. The sales volume of lithium-ion batteries increased from 1,894.0 MWh in 2023 to 2,141.5 MWh in 2024, primarily due to increase in demand of our lithium-ion batteries. The revenue increased from RMB435.6 million in the five months ended May 31, 2024 to RMB457.5 million in the five months ended May 31, 2025 primarily due to an increase in sales volume from 517,875 kWh in the five months ended May 31, 2024 to 768,679 kWh in the five months ended May 31, 2025, as a result of increased market demand for our lithium-ion batteries.

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Revenues from sales of lead-acid batteries increased from RMB2,337.2 million in 2023 to RMB2,907.2 million in 2024, primarily due to the increase in sales volume of lead-acid batteries from 4,612.3 MWh in 2023 to 5,705.7 MWh in 2024. The growth in sales volume of lead-acid batteries outpaced the growth in sales volume of lithium-ion batteries in 2024, primarily due to the market demand of lead-acid batteries, particularly for batteries used in data centers. According to Frost & Sullivan, the added installed capacity of global data center energy storage increased from 13.1 GWh in 2023 to 16.5 GWh in 2024, representing a CAGR of 26.0%. Currently, lead-acid batteries, with their relatively mature technology and high safety levels compared to other battery types, are suitable for multiple application scenarios in data centers. As a result, lead-acid batteries accounted for more than 85.0% of the total added installed capacity of global data center energy storage in 2024. However, driven by renewable energy initiatives, and advancements in technology, the proportion of lithium-ion batteries in the added installed capacity of the global data center energy storage market is expected to rise, according to Frost & Sullivan. Revenues from sales of lead-acid batteries increased from RMB927.1 million in the five months ended May 31, 2024 to RMB1,357.5 million in the five months ended May 31, 2025. The increase was due to (i) an increase in sales volume from 1,869.2 MWh in the five months ended May 31, 2024 to 2,608.2 MWh in the five months ended May 31, 2025, as a result of growing demand; (ii) an increase in average selling price from RMB496.0/kWh in the five months ended May 31, 2024 to RMB520.5/kWh in the five months ended May 31, 2025, as a result of (i) improved recognition of our brand awareness and product quality and (ii) an increase in raw material costs, particularly the prices of lead ingots and battery casings, which is in line with industry trend, according to Frost & Sullivan.

The following table sets forth the average selling price and sales volume by product for the years indicated. The sales volume of lithium-ion batteries showed steady growth over the years. The sales volume of lithium-ion batteries increased from 1,654.1 MWh in 2022 to 1,894.0 MWh in 2023, and further to 2,141.5 MWh in 2024. The sales volume of our lead-acid batteries decreased from 4,938.9 MWh in 2022 to 4,612.3 MWh in 2023, and increased from 4,612.3 MWh in 2023 to 5,705.7 MWh in 2024. This growth in absolute sales volume from 2022 to 2024 reflects the increasing demand for our batteries over the period. The average selling price of lithium-ion batteries decreased from RMB979.2/kWh in 2023 to RMB705.6/kWh in 2024 due to the decrease in price of major raw materials. According to Frost & Sullivan, such fluctuation is generally in line with the market trend.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)
Lithium-ion battery	1,654,073	948.3	1,894,000	979.2	2,141,497	698.6	517,875	841.1	768,679	595.1
Lead-acid battery	4,938,858	490.3	4,612,342	506.7	5,705,658	509.5	1,869,222	496.0	2,608,179	520.5

For details, see “Financial Information — Year to Year Comparison of Results of Operations” and “Financial Information — Period to Period Comparison of Results of Operations” in this document.

SUMMARY

Revenues by Region

During the Track Record Period, we primarily derived revenues from sales to customers in mainland China. We have continuously expanded our overseas presence, and have successfully entered into supply chains of many world-renowned enterprises to provide energy storage batteries for telecom base stations. We also have launched electrical energy storage projects in overseas countries/regions. The following table sets forth a breakdown of revenues by regions and major country for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Mainland China	3,394,555	83.4	3,330,829	78.2	3,608,974	80.2	1,031,967	74.1	1,546,929	82.9
Asia Pacific excluding mainland China										
Malaysia	8,284	0.2	10,217	0.2	98,553	2.2	38,979	2.8	36,713	2.0
Indonesia	55,310	1.4	37,668	0.9	91,481	2.0	39,161	2.8	25,864	1.4
India	792	–	135,746	3.2	80,603	1.8	16,498	1.2	32,497	1.7
Vietnam	65,894	1.6	88,106	2.1	70,199	1.6	19,972	1.4	33,169	1.8
Others ⁽¹⁾	55,547	1.4	74,896	1.8	70,712	1.5	33,987	2.4	38,816	2.0
Subtotal	185,827	4.6	346,633	8.2	411,548	9.1	148,597	10.6	167,059	8.9
EMEA										
Sweden	186,915	4.6	125,100	2.9	120,375	2.7	36,942	2.6	62,891	3.4
Norway	32,444	0.8	89,001	2.1	75,770	1.7	49,571	3.6	9,335	0.5
Egypt	7,628	0.2	29,305	0.7	26,585	0.6	19,390	1.4	–	–
South Africa	46,364	1.1	42,814	1.0	20,291	0.5	18	–	14,016	0.8
Finland	81,162	2.0	61,422	1.4	17,520	0.4	9,881	0.7	2,568	0.1
Others ⁽²⁾	81,093	2.0	166,149	3.9	134,867	2.9	58,938	4.2	30,594	1.6
Subtotal	435,606	10.7	513,791	12.0	395,408	8.8	174,740	12.5	119,404	6.4
Other Regions										
Brazil	24,406	0.6	33,167	0.8	47,610	1.1	23,664	1.7	11,497	0.6
Guatemala	10,381	0.2	7,103	0.2	10,210	0.2	9,542	0.7	–	–
Others ⁽³⁾	21,705	0.5	28,254	0.7	24,772	0.6	5,675	0.4	21,719	1.2
Subtotal	56,492	1.3	68,524	1.6	82,592	1.9	38,881	2.8	33,216	1.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Notes:

(1) mainly include Hong Kong SAR, Pakistan and Kazakhstan, and Singapore.

(2) mainly include UAE, Romania, and Mauritius.

(3) mainly include Peru, Mexico, Uruguay and Colombia.

Gross Profit and Gross Profit Margin

During the Track Record Period, we derived gross profits from batteries used in telecom base stations, data centers, electrical energy storage settings and other settings. Gross profit margins during the Track Record Period were influenced by several factors:

SUMMARY

- **Raw Material Costs:** The fluctuation in the price of raw materials, particularly lead ingots, significantly impacted gross profit margins. Increased raw material costs in 2024 were a primary contributor to the decline in gross profit margins for various application scenarios.
- **Pricing Strategy:** To maintain and promote market leadership, we adopted competitive pricing strategies. This included maintaining a relatively stable average selling price for lead-acid batteries in line with prevailing market trends, which affected gross profit margins.
- **Product Mix and Market Dynamics:** Changes in the structure of products sold, shifts in demand across application scenarios, and competitive market conditions influenced gross profit margins. For example, aligning prices with market trends in electrical energy storage settings led to lower margins.
- **Operational Efficiency and Economies of Scale:** Improvements in production efficiency and economies of scale in 2023 positively impacted gross profit margins. Investments in advanced technologies and automation helped reduce manufacturing costs, particularly in telecom base stations and data center applications.

We recorded a decrease in overall gross profit margin from 20.3% in 2023 to 16.7% in 2024 and from 19.7% in the five months ended May 31, 2024 to 14.9% in the five months ended May 31, 2025, primarily due to (i) a decrease of revenue contribution from lithium-ion batteries, the product category with a higher gross profit margin and (ii) the fluctuation of price of raw materials. In particular, to preserve relationships with our customers and take effort to maintain and promote our position as a leader in the market, we strategically maintained a relatively stable average selling price for lead-acid batteries, which is also in line with prevailing market price, to respond to this fluctuation in raw material price, resulting in decrease in gross profit margin. Such factor primarily contributed to the decrease in our gross profit margin. For details of the movement of our gross profit and gross profit margin by application scenario and by product, see “Financial Information — Year to Year Comparison of Results of Operations” and “Financial Information — Period to Period Comparison of Results of Operations” in this document. The following table sets forth a breakdown of gross profits and gross profit margins by application scenario for the years/periods indicated.

SUMMARY

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross profit		Gross profit		Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Telecom base station	424,570	16.1	578,421	23.5	470,349	20.5	164,766	22.1	133,451	16.8
Data center	130,812	17.1	169,946	18.9	191,110	13.7	61,600	15.5	119,857	13.7
Electrical energy storage settings . . .	68,602	22.7	81,453	16.7	40,447	9.0	30,010	22.7	4,970	7.2
Other settings ⁽¹⁾	58,876	20.9	31,439	9.3	46,181	17.7	15,476	17.9	15,875	19.7
Others ⁽²⁾	6,736	8.2	5,509	8.1	2,796	2.9	3,234	10.3	4,405	8.5
Total	689,596	16.9	866,768	20.3	750,883	16.7	275,086	19.7	278,558	14.9

Notes:

- (1) Primarily include UPS batteries and start-stop batteries.
- (2) Primarily include sales of waste including lead slag, used batteries, and electricity sales.

Gross profit margin of sales of lithium-ion batteries decreased from 27.2% in the five months ended May 31, 2024 to 18.3% in the five months ended May 31, 2025. This decrease was primarily driven by intensified market competition, which led to lower average selling prices. The gross profit margin of lithium-ion batteries decreased from 22.9% in 2023 to 20.6% in 2024, primarily due to a decrease in the gross profit margin of batteries used in electrical energy storage settings. In response to the competitive landscape in the electrical energy storage market, we aligned the average selling prices of our batteries used in electrical energy storage settings with the market price, resulting in the decrease in gross profit margin of lithium-ion batteries. Gross profit margin of sales of lead-acid batteries slightly decreased from 16.6% in the five months ended May 31, 2024 to 14.0% in the five months ended May 31, 2025, primarily due to the average selling price of lead-acid batteries increasing at a slower pace than the unit cost. The gross profit margin of lead-acid batteries decreased from 18.7% in 2023 to 15.1% in 2024, driven by an increase in lead ingot prices, which account for approximately 60% of production costs. From 2022 to 2023, the gross profit margin of lithium-ion batteries improved from 18.5% to 22.9%, benefiting from economies of scale, strategic pricing, and favorable raw material trends. Similarly, the gross profit margin of lead-acid batteries increased from 16.2% in 2022 to 18.7% in 2023, reflecting our cost-reduction efforts, supply chain optimization, and higher average selling prices.

SUMMARY

The following table sets forth gross profit and gross profit margin by product for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross profit		Gross profit		Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited) RMB'000	%	RMB'000	%
Lithium-ion battery	289,409	18.5	424,400	22.9	307,693	20.6	118,280	27.2	83,940	18.3
Lead-acid battery	393,451	16.2	436,859	18.7	440,394	15.1	153,572	16.6	190,213	14.0
Others*	6,736	8.2	5,509	8.1	2,796	2.9	3,234	10.3	4,405	8.5
Total	689,596	16.9	866,768	20.3	750,883	16.7	275,086	19.7	275,558	14.9

Note:

* Primarily include sales of waste including lead slag, used batteries, and electricity sales.

For details, see “Financial Information — Year to Year Comparison of Results of Operations” and “Financial Information — Period to Period Comparison of Results of Operations” in this document.

Other Item of the Consolidated Statements of Profit or Loss

Impairment losses on financial and contract assets, net represented net impairment losses on financial and contract assets, including trade and bills receivables, other receivables and contract assets. Impairment losses on financial and contract assets, net increased from RMB6.3 million in 2023 to RMB19.2 million in 2024, due to the increase in impairment of trade and bills receivables in line with our increasing trade and bills receivables balance as of December 31, 2024. For other year-to-year comparison of impairment losses on financial and contract assets, see “Financial Information — Year to Year Comparison of Results of Operations” in this document.

Profit for the Year/Period

During the Track Record Period, the fluctuation of net profit was primarily due to the change in revenues generated from sales of batteries and our ability to control cost of sales in response to the fluctuations in prices of key raw materials and other expenses.

Our net profit increased by 27.0% from RMB281.0 million in 2022 to RMB385.2 million in 2023, driven by the increase in market demand and our economies of scale. Net profit decreased from RMB385.2 million in 2023 to RMB353.3 million in 2024, and from RMB139.3 million in the five months ended May 31, 2024 to RMB126.7 million in the five months ended May 31, 2025, mainly due to the decrease in average selling price and gross profit margin. To maintain and promote our position as a leader in the market, we strategically accepted more competitive pricing terms, which is also in line with the prevailing market price according to Frost & Sullivan. Such factor primarily contributed to the decrease in our net profit margin.

SUMMARY

Summary of Our Consolidated Balance Sheets

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

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	1,047,929	1,382,574	1,520,511	1,490,542
Total current assets	2,989,424	2,945,328	3,640,419	4,122,920
Total current liabilities	2,150,605	1,790,864	2,316,153	2,694,792
Net current assets	838,819	1,154,464	1,324,266	1,428,128
Total assets less current liabilities	1,886,748	2,537,038	2,844,777	2,918,670
Total non-current liabilities	158,620	451,877	457,316	458,198
Net assets	1,728,128	2,085,161	2,387,461	2,460,472
Total equity	1,728,128	2,085,161	2,387,461	2,460,472

Net current assets increased from RMB838.8 million as of December 31, 2022 to RMB1,154.5 million as of December 31, 2023, which was primarily due to the increase in restricted cash from RMB228.7 million to RMB303.5 million, the decrease in interest-bearing bank and other borrowings from RMB944.8 million as of December 31, 2022 to RMB410.5 million as of December 31, 2023, partially offset by the decrease in trade and bills receivables from RMB1,862.2 million as of December 31, 2022 to RMB1,609.3 million as of December 31, 2023.

Net current assets increased to RMB1,324.3 million as of December 31, 2024, which was primarily due to increase in trade and bills receivables from RMB1,606.6 million to RMB2,318.3 million, increase in financial assets at fair value through profit or loss from nil to RMB86.0 million and increase in prepayments, other receivables and other assets from RMB63.9 million to RMB85.3 million.

Net current assets increased to RMB1,428.1 million as of May 31, 2025, which was primarily due to increase in inventories from RMB513.5 million to RMB773.8 million, increase in cash and cash equivalents from RMB395.2 million to RMB616.9 million, and increase in prepayments, other receivables and other assets from RMB85.3 million to RMB127.0 million.

Net current assets increased to RMB1,446.2 million as of June 30, 2025, which was primarily due to (i) an increase in inventories from RMB773.8 million to RMB881.3 million, (ii) an increase in debt investments at fair value through other comprehensive income from RMB2.2 million to RMB14.9 million, and (iii) an increase in prepayments, other receivables and other assets from RMB127.0 million to RMB130.6 million.

SUMMARY

Net assets amounted to RMB1,728.1 million, RMB2,085.2 million, RMB2,387.5 million and RMB2,460.5 million as of December 31, 2022, 2023, 2024, and May 31, 2025, respectively. In 2022, net assets increased to RMB1,728.1 million, primarily due to total comprehensive income of RMB281.0 million and the issuance of shares amounting to RMB385.5 million. In 2023, net assets increased by RMB357.1 million to RMB2,085.2 million, driven by total comprehensive income of RMB385.2 million, partially offset by a dividend distribution of RMB48.4 million. In 2024, net assets increased by RMB302.3 million to RMB2,387.5 million, mainly due to total comprehensive income of RMB353.3 million and a share-based compensation reserve of RMB22.5 million, offset by a dividend distribution of RMB73.8 million. In the five months ended May 31, 2025, net assets increased by RMB78.7 million to RMB2,466.2 million, mainly due to total comprehensive income of RMB132.4 million.

Summary of Our Statements of Cash Flows

The following table sets forth our consolidated statements of cash flows for the years/ periods indicated.

	Year Ended December 31,			Five Months Ended	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash flows generated from operating activities.	15,375	907,214	261,379	(11,951)	375,503
Net cash flows used in investing activities.	(55,708)	(338,316)	(154,484)	(59,135)	(33,860)
Net cash flows generated from/(used in) financing activities	184,080	(376,137)	(203,783)	(140,415)	(123,107)
Net increase/(decrease) in cash and cash equivalents	143,747	192,761	(96,888)	(211,501)	218,536
Cash and cash equivalents at beginning of year.	99,032	270,264	479,582	479,582	395,234
Effect of foreign exchange rate changes, net.	27,485	16,557	12,540	4,053	3,170
Cash and cash equivalents included in assets of a disposal group classified as held for sale.	—	542	—	145	—
Cash and cash equivalents at end of year.	270,264	479,582	395,234	272,134	616,940

SUMMARY

Key Financial Ratios

The table below sets forth key financial ratio as of the dates indicated.

	For the year ended/ As of December 31,			For the five months ended/ As of May 31,
	2022	2023	2024	2025
Gross Profit Margin ⁽¹⁾	16.9%	20.3%	16.7%	14.9%
Net Profit Margin ⁽²⁾	6.9%	9.0%	7.9%	6.8%
Debt to Asset Ratio ⁽³⁾	57.2%	51.8%	53.7%	56.2%
Current Ratio ⁽⁴⁾	1.4	1.6	1.6	1.5
Return on Equity ⁽⁵⁾	20.2%	20.2%	15.8%	5.2%
Gearing Ratio ⁽⁶⁾	58.2%	34.5%	39.6%	45.6%
Quick Ratio ⁽⁷⁾	1.1	1.4	1.4	1.2

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenues for the year/period and multiplied by 100%.
- (2) Net profit margin is calculated using profit and total comprehensive income for the year divided by revenues for the year/period and multiplied by 100%.
- (3) Debt to asset ratio is calculated using total liabilities divided by total assets as of the end of the year/period and multiplied by 100%.
- (4) Current ratio is calculated using current assets divided by current liabilities as of the end of the year/period.
- (5) Return on equity is calculated using net profit for the year divided by the average of total equity as of the beginning and ending of the year/period and multiplied by 100%.
- (6) Gearing ratio is calculated using total debt (including bank and other borrowings, and lease liabilities) divided by shareholders' equity as of the end of the year/period and multiplied by 100%.
- (7) Quick ratio is calculated using total current assets less inventories divided by total current liabilities as of the end of the year/period.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the global energy storage battery market is competitive. Within the global energy storage battery industry, we participated in the global telecom and data center energy storage battery market, as well as the global electrical energy storage market. In 2024, the total global added installed capacity for energy storage batteries in telecom and data center application reached 60.4 GWh, with the top five players holding a combined market share of approximately 40.7%. Our group achieved a shipment volume of 6.7 GWh, ranking the first among global telecom and data center energy storage battery providers, with the market share of 11.1%.

SUMMARY

The global electrical energy storage market is characterized by a relatively fragmented competitive landscape, with more than 10,000 existing and startup companies in the industry, covering products including energy storage batteries, battery management systems, power conversion system, etc. For details, see “Industry Overview” in this document.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, many of which are beyond of our control. For details, see “Risk Factors” in this document. A summary of key risk factors is set forth below. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- Our business is affected by conditions in the energy storage industry; in particular, potential adverse development of the supply-demand dynamics of energy storage industry may significantly affect the price and market demand of our product.
- We may not be able to derive the desired benefits from our research and development efforts, and keep up with the latest technological development and industry trends, which may negatively affect our competitiveness and profitability.
- We operate in a competitive industry and many of our competitors may be more established, resourceful or adaptive, we may not be able to effectively compete with other industry players.
- We are exposed to price fluctuations of raw materials, and we may not be able to adjust our prices to fully offset the increased costs of raw materials, which will adversely affect our profit margins, result of operations and financial condition.
- The average selling price of our products may face downward pressure because of decline in raw material prices and decreasing trend of market prices of batteries, which will adversely affect our profit margins, result of operations and financial condition.

You should read the entire section headed “Risk Factors” in this document before you decide to [REDACTED] in the [REDACTED].

IMPACT OF THE COVID-19 PANDEMIC

In 2022, there was a resurgence of the COVID-19 pandemic including the highly transmissible Delta and Omicron variants in China and across the world, which had adversely affected the economy. Due to the more stringent requirement and limited supply in freight, and relevant policies affecting the movement of products between regions, we recorded relatively higher transportation costs in 2022. However, our business and results of operations had not been materially affected by the COVID-19 pandemic, during the Track Record Period.

SUMMARY

For further information on the risk of the COVID-19 pandemic, see the section headed “Risk Factors – Risks Relating to Our Business and Our Industry – We face risks related to health epidemics, natural disasters and other catastrophic events, which could have a material adverse effect on our business and results of operations.” in this document.

DIVIDEND

As of the Latest Practicable Date, we do not have a dividend policy. Our Board may declare dividends in the future after taking into account factors, including results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. No dividend may be declared or paid other than out of our profits and reserves lawfully available for distribution, including share premium. Our earning per share was RMB0.85, RMB1.08, RMB0.99 and RMB0.35 in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. We declared dividend of nil, RMB0.135, RMB0.206, and RMB0.170 per ordinary share for the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025, respectively, all of which had been paid in full. For details, see Note 11 to the Accountant’s Report set out in Appendix I to this document.

Our ability to declare and pay dividends will depend on the availability of dividends received from group companies in the PRC and other jurisdictions. Pursuant to PRC laws, dividends shall be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises’ registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

SUMMARY

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yang, father of Dr. Yang (chairman of the Board, executive Director and chief executive officer), is able to exercise approximately 78.29% voting rights in our Company through (i) 138,310,000 Shares directly held by him; (ii) 109,590,000 Shares held by Shuangdeng Investment; (iii) his control of 19,000,000 Shares of Taizhou Heying through controlling Taizhou Hanfu; and (iv) his control of 13,600,000 Shares of Taizhou Hexin through controlling Taizhou Hanfu. Taizhou Hechuang is the general partner of each of Taizhou Heying and Taizhou Hexin and the general partner of Taizhou Hechuang is Taizhou Hanfu. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Yang will be directly and indirectly entitled to exercise approximately [REDACTED]% voting rights in our Company. In addition, Shuangdeng Investment is owned by Mr. Yang and his spouse, Ms. Qian Wuzhen (錢五珍) as to 80% and 20%, respectively, thus Ms. Qian Wuzhen is deemed to be interested in all Shares held by Shuangdeng Investment by virtue of the SFO. Therefore, Mr. Yang, Ms. Qian Wuzhen, Shuangdeng Investment, Taizhou Hanfu, Taizhou Hechuang, Taizhou Heying and Taizhou Hexin will be regarded as a group of Controlling Shareholders under the Listing Rules upon the [REDACTED].

PRE-[REDACTED] INVESTMENTS

We have entered into financing agreements with our Pre-[REDACTED] Investors. For details, see “History, Development and Corporate Structure — Pre-[REDACTED] Investment” in this document.

CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the completion of the [REDACTED] which will constitute partially-exempt continuing connected transactions under Chapter 14A of Listing Rules upon [REDACTED]. See “Connected Transactions” and “Waivers from Strict Compliance with the Listing Rules — Partially-exempt Continuing Connected Transactions” in this document for further details.

PREVIOUS APPLICATION FOR LISTING

Our Company submitted an application for listing on Shenzhen Stock Exchange on June 28, 2023 and withdrawn the application on April 9, 2024 (the “**A-Share Listing Application**”). With regard to the A-Share Listing Application, our Company has addressed enquiries received from the Shenzhen Stock Exchange which were primarily disclosure-based. As advised by our PRC Legal Advisor and based on relevant applicable rules and regulations, we, may at our sole and absolute discretion, withdraw our listing application at any time during the A-Share Listing Application and the withdrawal of the A-Share Listing Application did not constitute contravention of regulatory requirements applicable to the A-Share Listing Application. As confirmed by the Directors, (a) there was no disputes or disagreements between the Company and any professional parties engaged for the previous A-Share Listing Application; (b) there was no material matters in relation to the previous A-Share Listing Application which would affect the Company’s suitability for [REDACTED]; and (c) there was no other matters in relation to the previous A-Share Listing Application that need to be brought to the Exchange’s attention.

SUMMARY

[REDACTED] STATISTICS

All statistics in this table are based on the assumption that (1) the [REDACTED] has been completed and [REDACTED] [REDACTED] are issued pursuant to the [REDACTED]; and (2) the [REDACTED] is not exercised.

	Based on the [REDACTED] of HK\$[REDACTED]	Based on the [REDACTED] of HK\$[REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share as of May 31, 2025 ⁽²⁾⁽³⁾	HK\$[REDACTED]	HK\$[REDACTED]

- (1) The calculation of [REDACTED] is based on [REDACTED] total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at by dividing the unaudited [REDACTED] adjusted net tangible assets by [REDACTED] Shares, being the number of shares in issue assuming that the [REDACTED] had been completed on May 31, 2025, without taking account of the exercise of the [REDACTED].
- (3) No other adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions entered into subsequent to May 31, 2025.

FUTURE PLAN AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative price range stated in this document.

We intend to use the net [REDACTED] from the [REDACTED] for the following purposes: (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for the construction of a lithium-ion batteries production facility in Southeast Asia; (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], is intended to be used to fund the establishment of a research and development center; (iii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], is intended to be used to strengthen our overseas sales and marketing so that we can enhance our global presence and boost our international sales; and (iv) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to provide funding for working capital and other general corporate purposes. For details, see “Future Plans and Use of [REDACTED]” in this document.

SUMMARY

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED].

As of May 31, 2025, [REDACTED] in an aggregate of RMB[REDACTED] were incurred and charged to our consolidated statement of profit or loss, and RMB[REDACTED] will be deducted from equity upon the [REDACTED]. We expect an additional [REDACTED] of approximately RMB[REDACTED] (HK\$[REDACTED]), of which approximately RMB[REDACTED] (HK\$[REDACTED]) will be charged to our consolidated statements of profit or loss after May 31, 2025, and the remaining balance of approximately RMB[REDACTED] (HK\$[REDACTED]) is expected to be deducted from equity. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

We expect to incur a total of RMB[REDACTED] (HK\$[REDACTED]) of [REDACTED], including (1) [REDACTED]-related expenses, which include [REDACTED] and [REDACTED], of approximately RMB[REDACTED] (HK\$[REDACTED]), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] (HK\$[REDACTED]), which include (i) fees and expenses of legal advisors and the Reporting Accountant of approximately RMB[REDACTED] (HK\$[REDACTED]) and (ii) other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in the document). Our [REDACTED] as a percentage of gross [REDACTED] is [REDACTED]%, at an [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period, our financial and operating performance generally maintained the trends observed in 2024. We expect a decrease in our net profit in 2025, primarily due to lower average selling prices and elevated costs and expenses associated with our expected growth in sales volume.

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since May 31, 2025 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since May 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Alibaba”	Alibaba Group Holding Limited, a limited liability company established under the laws of Cayman on June 28, 1999, which is a customer of the Company
“[REDACTED]”	[REDACTED]
“Articles” or “Articles of Association”	the articles of association to be adopted by our Company with effect upon [REDACTED], as amended from time to time, a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Baidu”	Baidu, Inc., a company incorporated in Cayman with limited liability on January 18, 2000, which is a customer of the Company
“BIS”	the U.S. Department of Commerce’s Bureau of Industry and Security
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“China,” “mainland China,” or “the PRC”	the People’s Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“ChinData”	Chindata Group Holdings Limited, a limited liability company established under the laws of Cayman on December 27, 2018, which is a customer of the Company
“close associate(s)”	has the meaning ascribed thereto under the [REDACTED] Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	SHUANGDENG GROUP CO., LTD. (雙登集團股份有限公司), a joint stock company with limited liability incorporated on December 28, 2011
“Comprehensively Sanctioned Countries”	Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (“LPR”) and self-proclaimed Donetsk People’s Republic (“DPR”) regions, Kherson region and Zaporizhzhia region
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Yang, Ms. Qian Wuzhen (錢五珍), Shuangdeng Investment, Taizhou Heying, Taizhou Hexin, Taizhou Hechuang and Taizhou Hanfu. For details, see “Relationship with Our Controlling Shareholders” in this document
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Countries subject to International Sanctions”	Countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place
“COVID-19 pandemic”	outbreaks of coronavirus disease 2019, an infectious disease caused by the recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2, SARS-CoV-2)
“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)
“[REDACTED]”	[REDACTED]
“Director(s)”	the director(s) of our Company
“Dr. Yang” or “Dr. Yang Rui”	Dr. Yang Rui (楊銳), chairman of the Board, executive Director and chief executive officer of our Company
“EAR”	the Export Administration Regulations administered by the BIS
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Employee Incentive Platform(s)”	Taizhou Heying and/or Taizhou Hexin

DEFINITIONS

“Employee Incentive Scheme”	the employee incentive schemes adopted by our Company in June 2019 and December 2022 the principal terms of which are set out in “Statutory and General Information – Further Information about our Directors, Supervisors and Substantial Shareholders – 5. Employee Incentive Schemes” in Appendix VI to this document
“Entity List”	maintained by the U.S. Department of Commerce, the Bureau of Industry and Security, which sets forth individual and entities that are subject to its export control restrictions and licensing requirements for certain items
“Ericsson”	Telefonaktiebolaget LM Ericsson, a public limited company established under the laws of Sweden on August 19, 1918, which is a customer of the Company
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“[REDACTED]”	[REDACTED]
“Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
“Frost & Sullivan Report”	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed “Industry Overview” in this document
“GDS”	GDS Holdings Limited, a limited liability company established under the laws of Cayman on December 1, 2006, which is a customer of the Company
“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

DEFINITIONS

“[REDACTED]”	[REDACTED]
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require
“Guide”	The Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Huifeng Juneng”	Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd. (北京雙登慧峰聚能科技有限公司), formerly known as Beijing Huifeng Juneng Technology Co., Ltd. (北京慧峰聚能科技有限公司), a company incorporated in the PRC with limited liability on March 5, 2012 and a wholly-owned subsidiary of our Company

DEFINITIONS

“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board (IASB) and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“IIT Law”	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
“Independent Third Party(ies)”	any person(s) or entity(ies) who, to the best of our 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
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the UK, UN or Government of Australia
“International Sanctions Legal Advisors”	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the [REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“JD.com”	JD.com, Inc., a company incorporated in the BVI on November 6, 2006 and subsequently redomiciled to the Cayman Islands on January 16, 2014 as an exempted company under the laws of the Cayman Islands, which is a customer of the Company
“Jiangsu Shuangdeng”	Jiangsu Shuangdeng Group Limited (江蘇雙登集團有限公司), a company incorporated in the PRC with limited liability on October 15, 2002 and a wholly-owned subsidiary of Wealth Source Development Limited (富源發展有限公司), a company controlled by Mr. Yang
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Joint Sponsors”	the joint sponsors of the listing of the H Shares on the Hong Kong Stock Exchange as named in “Directors, Supervisors and Parties Involved in the [REDACTED]” in this document
“Latest Practicable Date”	March 6, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“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)
“Mr. Yang”	Mr. Yang Shanji (楊善基), one of our Controlling Shareholders and father of Dr. Yang
“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)
“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)
“OFAC”	the U.S. Department of Treasury’s Office of Foreign Assets Control
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Overseas Listing Trial Measures”	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》) promulgated by the CSRC on February 17, 2023, which became 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 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”	JC Master Law Offices, the Company’s PRC Legal Advisor

DEFINITIONS

“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Pre-[REDACTED] Investment(s)”	the investment(s) in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this document
“Pre-[REDACTED] Investor(s)”	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed “History, Development and Corporate Structure” in this document
“[REDACTED]”	[REDACTED]
“Primary Sanctioned Activity”	any activities in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by the Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	means the Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the [REDACTED], [REDACTED] and [REDACTED] of its shares including the Stock Exchange and related group companies

DEFINITIONS

“Relevant Regions”	Afghanistan, Balkans, Belarus, Democratic Republic of the Congo, Egypt, Hong Kong, Iraq, Lebanon, Libya, Mali, Myanmar, Russia (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions), Somalia, Tunisia, Turkey, Ukraine (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions) and Zimbabwe
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration for Market Regulation (國家市場監督管理總局)
“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Secondary Sanctionable Activity”	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SEK”	Swedish Krona, the lawful currency of the Sweden

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shenzhen
“Shuangdeng Energy Storage”	Hubei Shuangdeng Energy Storage Technology Co., Ltd. (湖北雙登儲能科技有限公司), a company incorporated in the PRC with limited liability on December 23, 2022 and a wholly-owned subsidiary of our Company
“Shuangdeng Front”	Jiangsu Shuangdeng Front New Energy Co., Ltd. (江蘇雙登富朗特新能源有限公司), formerly known as Jiangsu Front New Energy Co., Ltd. (江蘇富朗特新能源有限公司), a company incorporated in the PRC with limited liability on November 13, 2006 and a wholly-owned subsidiary of our Company
“Shuangdeng Investment”	Shuangdeng Investment Management (Shanghai) Co., Ltd. (雙登投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on December 24, 2015 and is owned as to 80% and 20% by Mr. Yang and his spouse, Ms. Qian Wuzhen (錢五珍), respectively, one of our Controlling Shareholders

DEFINITIONS

“Shuangdeng Runyoung”	Hubei Shuangdeng Runyoung New Energy Co., Ltd. (湖北雙登潤陽新能源有限公司), formerly known as Hubei Shuangdeng Runyoung New Energy Co., Ltd. (湖北潤陽新能源有限公司), a company incorporated in the PRC with limited liability on July 20, 2007 and a wholly-owned subsidiary of our Company
“Special Regulations”	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, which was repealed on March 31, 2023
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“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
“Taizhou Hanfu”	Taizhou Hanfu Investment Co., Ltd. (泰州涵富投資有限責任公司), a company incorporated in the PRC with limited liability on December 3, 2015 and wholly owned by Mr. Yang, one of our Controlling Shareholders
“Taizhou Hechuang”	Taizhou Hechuang Investment Management Center (Limited Partnership)(泰州合創投資管理中心(有限合伙)), a limited partnership established in the PRC on December 15, 2015 with Taizhou Hanfu, a company wholly owned by Mr. Yang, acting as the general partner, one of our Controlling Shareholders

DEFINITIONS

“Taizhou Hexin”	Taizhou Hexin Enterprise Management Center (Limited Partnership)(泰州合鑫企業管理中心(有限合夥)), a limited partnership established in the PRC on March 17, 2020 with Taizhou Hechuang acting as the general partner, one of our Controlling Shareholders and our Employee Incentive Platform
“Taizhou Heying”	Taizhou Heying Enterprise Management Center (Limited Partnership)(泰州市合贏企業管理中心(有限合夥)), a limited partnership established in the PRC on July 15, 2019 with Taizhou Hechuang acting as the general partner, one of our Controlling Shareholders and our Employee Incentive Platform
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buybacks published by the SFC, as amended, supplemented or otherwise modified from time to time
“Telenor”	Telenor ASA, a state-owned public company established under the laws of Norway on July 21, 2000, which is a customer of the Company
“Track Record Period”	the financial years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Unlisted Share(s)”	ordinary Share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Person”	Has the meaning given to such term in Rule 902(k) of Regulation S

DEFINITIONS

“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“Vodafone”	Vodafone Group Plc, a public limited company established under the laws of the UK on July 17, 1984, which is a customer of the Company
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“%”	percent

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms and may not be comparable to similar terms adopted by other companies.

“Ah”	Amp-hour, battery capacity unit
“BMS”	Battery Management System
“BOM”	Bill of materials
“charge/discharge efficiency”	the ratio of the energy output during discharge to the energy input during charge, typically expressed as a percentage to indicate how effectively a battery can store and release energy
“Chinese Academy of Engineering and Chinese Academy of Sciences”	a national and independent organization that aims to advance engineering sciences and technology in China
“CPT”	Carriage Paid To, one of the Incoterms which means the seller pays for transporting goods to a named destination but transfers risk to the buyer once handed to the carrier
“C-rate”	a measure of the rate at which a battery is charged or discharged relative to its maximum capacity
“cycle life” or “life cycle”	the number of times (or cycles) that the a battery can undergo the process of complete charging and discharging until the end of its life, and the end life of a battery generally indicates that the available capacity of the battery has decay to 80% of its designed capacity
“DAP”	Delivered At Place, one of the Incoterms which means the seller delivers goods to a specified destination, bearing all costs and risks until arrival, but the buyer handles unloading and import duties.
“data center”	a specialized facility designed to house an organization’s IT operations and equipment, such as servers, storage systems, networking devices, and other computing resources

GLOSSARY OF TECHNICAL TERMS

“design life”	the series of stages that a product or system goes through from its initial concept to its final phase of retirement or disposal
“discharge rate”	the speed at which a battery releases its stored energy. It is typically expressed in terms of current (amperes, A) or as a C-rate
“economies of scale”	the cost advantages that enterprises obtain due to their scale of operation
“EMEA”	Europe, Middle East, and Africa
“EMS”	Energy Management System
“energy density”	the amount of energy that can be contained within a given volume or given mass
“energy storage battery”, or “ESS”	a device that can store and output power, consists of multiple subsystems such as battery system and energy management system
“ERP system”	Enterprise Resource Planning System
“EV” or “electric vehicle”	a vehicle that can be powered by an electric motor that draws electricity from a battery and is capable of being charged from an external source
“FCA”	Free Carrier, one of the Incoterms which means the seller delivering the goods to a named place, which can be a carrier’s premises or another location
“float charge life”	expected duration of time that a battery can operate by maintaining a battery’s full charge by applying a continuous, low-level charging voltage that compensates for the battery’s self-discharge
“FOB”	Free On Board, one of the Incoterms which means that the seller is responsible for delivering the goods to a designated port and loading them onto the vessel chosen by the buyer
“GB/T 36276”	PRC National Standard: <Lithium ion battery for electrical energy storage>

GLOSSARY OF TECHNICAL TERMS

“GB/T 45001”	PRC National Standard: <Occupational Health and Safety Management Systems – Requirements with Guidance for Use>
“GWh”	unit of electricity, kWh is the degree, 1GWh=1,000,000kWh
“International Electrotechnical Commission” or “IEC”	a global organization that prepares and publishes international standards for all electrical, electronic, and related technologies
“IEC 60896”	requirements for stationary lead-acid batteries, which were released by International Electrotechnical Commission (IEC)
“IEC 62619”	<Secondary cells and batteries containing alkaline or other non-acid electrolytes – Safety requirements for secondary lithium cells and batteries for use in industrial applications>, which was released by International Electrotechnical Commission (IEC)
“IEC 62620”	<Secondary cells and batteries containing alkaline or other non-acid electrolytes – Secondary lithium cells and batteries for use in industrial applications>, which was released by International Electrotechnical Commission (IEC)
“installed capacity” or “installation”	the volume of battery products installed in EVs or ESSs, usually expressed in electricity unit of GWh or kWh
“ISO 10012”	Measurement Management System, which was released by ISO (International Organization for Standardization)
“ISO 14001”	Environmental Management System, which was released by ISO
“ISO 45001”	Occupational Health and Safety Management System, which was released by ISO
“ISO 50001”	Energy Management System, which was released by ISO
“IP65”	a rating given to electrical enclosures and devices to signify their level of protection against solids and liquids. The rating is defined by the IEC under the IEC 60529 standard

GLOSSARY OF TECHNICAL TERMS

“lead-acid battery”	rechargeable battery that relies on a combination of lead and sulfuric acid for its operation
“lithium carbonate”	a common lithium compound with the chemical formula Li_2CO_3 , which has a broad application range
“lithium-ion battery”	rechargeable battery that composes of cells in which lithium ions move from the negative electrode through electrolytes to the positive electrode during discharge and back when charging
“LFP”	cathode material of lithium iron phosphate batteries with formula of LiFePO_4 , synthesized mainly by lithium carbonate and iron phosphate
“mass energy density”	the amount of energy that can be contained within a given mass
“NMP”	N-methylpyrrolidone, which is a chemical that is widely used during the manufacture and production of petrochemicals, electronics and plastic material and resin manufacturing
“OA system”	office automation system
“off-peak”	periods of time when the demand for electricity or other services is lower than the usual levels
“operating temperature range”	operating temperature range of a device or system refers to the range of ambient temperatures within which it can function effectively and reliably
“peak”	the period of highest demand or maximum load in a given time frame
“per-unit cost(s)”	per-units cost of batteries is calculated by the sum of raw material costs, manufacturing and labor costs, and other costs in the manufacturing process divided by production volume (kWh)
“solar PV”	the technology that converts sunlight directly into electricity using solar cells

GLOSSARY OF TECHNICAL TERMS

“Relevant Jurisdiction(s)”	means any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. The Relevant Jurisdictions include United States (“U.S.”), United Nations (“UN”), European Union (“EU”), the United Kingdom (“UK”), the UK Overseas Territories and Australia
“Relevant Region(s)”	Afghanistan, Balkans, Belarus, Democratic Republic of the Congo, Egypt, Hong Kong, Iraq, Lebanon, Libya, Mali, Myanmar, Russia (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions), Somalia, Tunisia, Turkey, Ukraine (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions) and Zimbabwe
“Sanctioned Person(s)”	certain person(s) and identity(ies) listed on OFAC’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia
“sq.m.”	square meters
“Sodium-ion batteries”	a rechargeable battery, which use sodium ions (Na ⁺) as their charge carriers
“telecom base station”	a fixed point of communication for cellular networks that connects mobile devices to the core network
“UL”	UL Solutions Inc., a global leader in applied safety science who helps businesses demonstrate compliance with safety regulations and standards, fosters innovation, and enhances brand trust through rigorous testing and certification processes
“UN38.3”	the prevailing United Nations standard that lithium batteries must meet to receive certification for safe transport, which refers to Section 38.3 of Part 3 of the “United Nations Manual of Tests and Standards for the Transport of Dangerous Goods”

GLOSSARY OF TECHNICAL TERMS

“utilization rate”	utilization rate is calculated as dividing production volume by the production capacity for the same year
“V”	basic unit of voltage
“voltage range”	voltage range of a device or system refers to the span of voltages within which it can operate safely and effectively
“Wh/kg”	Watt hour/kilogram

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risk and uncertainties described in the section headed “Risk Factors” in this document.

In some cases, we use 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 to identify forward-looking statements. In particular, we use these forward-looking statements in the “Business” and “Financial Information” sections in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

FORWARD-LOOKING STATEMENTS

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED]. You should pay particular attention to the fact that substantially all of our operations are conducted in the PRC, which is governed by a legal and regulatory environment that may differ significantly from that of other countries. For more information concerning the PRC and certain related matters discussed below, see “Regulatory Overview” and “Appendix IV – Summary of Principal Legal and Regulatory Provisions” in this document.

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.”

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is affected by conditions in the energy storage industry; in particular, potential adverse development of the supply-demand dynamics of energy storage industry may significantly affect the price and market demand of our product.

We provide energy storage products that are primarily used for telecom base stations and data centers. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand and the market development of the telecom base stations and data centers markets. Strong growths in the global and China’s telecom base stations and data centers markets, and the corresponding growth in the added installed capacity of energy storage in such markets, were major drivers for our growth during the Track Record Period. For details, see “Industry Overview” in this document. The downstream demands for energy storage products are affected by many factors, such as:

- the government policies which promote the development of energy storage products;
- the rapid development of telecom networks and data centers; and
- energy storage technologies boosting data center and telecom industries’ efficiency and economic sustainability.

RISK FACTORS

There is no assurance that the market growth of the telecom base stations or data centers will maintain at the same level as we experienced during the Track Record Period which drove our revenues increase rapidly, or continue to increase in the future. If such downstream demands do not increase as we expect, the market demand for our products will decrease correspondingly, which may result in underutilization of our production capacity, and in turn materially and adversely affect our business, financial condition and results of operations.

We may not be able to derive the desired benefits from our research and development efforts, and keep up with the latest technological development and industry trends, which may negatively affect our competitiveness and profitability.

Technological innovation is critical to our success. We make significant investments in product R&D, which we believe are crucial factors for our future growth and prospects. To maintain and expand our competitive advantage, we plan to continue our investment in our R&D efforts. For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our research and development expenses amounted to RMB100.7 million, RMB112.8 millions, RMB110.5 million and RMB55.2 million, respectively. In addition, we have been actively engaging in the R&D of the next generation of products and materials, which we consider crucial for us to maintain our leading industry position and achieve sustainable development. For details, see “Business — Research & Development — Our Key R&D Projects” in this document.

However, as R&D activities are inherently uncertain, we cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will be commercialized. Even if such products can be successfully commercialized, we cannot assure you that they will be accepted by our customers and achieve the anticipated sales target or profit.

In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or are more competitively priced. Due to uncertainties in the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we fail in our product launching efforts, our business, prospects, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We operate in a competitive industry and many of our competitors may be more established, resourceful or adaptive, we may not be able to effectively compete with other industry players.

The global and Chinese market for energy storage products is intensely competitive and continuously evolving. Both our competitors and us need to make improvement and upgrade the existing products from time to time. To effectively compete, we have been continuously improving technologies, products and production capacity, which may be unsuccessful and incur risks of missing market opportunities and losing market share and in turn negatively affect our performance.

In addition, some of our current and potential competitors may have a longer operating history, stronger brand recognition, more established relationships with customers, greater financial and other resources, a larger customer base, better access to raw materials and greater economies of scale than we do. Some of our competitors may also have closer relationships or may enter into exclusive relationships with some of the key customers in the market. As a result, they may be able to respond more quickly to changing customer demands or devote greater resources to the development, promotion and sales of their products to respond to the changing customer demand. In the meantime, some of our competitors may have more diversified product offerings comprising different types of energy storage products from ours, which may better position them to withstand a decline or shift in demand for certain types of energy storage products. Moreover, many market players in China, who may have more capital, market and/or technology resources than we do, have been actively expanding their production capacity of energy storage products in recent years. Leveraging their competitive advantages, they may enjoy benefits from economy of scale, and adopt aggressive business expansion strategy, which allow them to offer their energy storage products at a price similar or lower than ours, resulting in decreased customer demand from us. If we fail to compete successfully, our business will suffer, and we may not be able to maintain or increase our market share.

Furthermore, as we have a global footprint and sell our products to overseas customers, we are subject to competition globally. In certain of our target markets, local state-owned and private companies have been taking advantage of the significant market opportunity created by attractive financial incentives and favorable regulatory environment that may not be available to us. State-owned companies may have stronger relationships with local governments in certain regions, and private companies may be more focused and experienced in manufacturing and selling energy storage products in the markets where we compete. Our failure to adapt to changing market conditions and to compete successfully with existing or new state-owned or private competitors will limit our growth and will have a material adverse effect on our business and prospects. We cannot assure you that we can compete successfully in the markets in which we operate or the ones we plan to enter in the future.

RISK FACTORS

We are exposed to price fluctuations of raw materials, and we may not be able to adjust our prices to fully offset the increased costs of raw materials, which will adversely affect our profit margins, result of operations and financial condition.

Prices of raw materials have a significant impact on our cost of sales. For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, costs of raw materials accounted for 83.5%, 84.6%, 82.7%, and 85.5% of our cost of sales, respectively. For details, see “Financial Information — Major Factors Affecting Our Results of Operations — Fluctuation in Prices of Raw Materials” in this document. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times. Raw materials for our products primarily include lead ingots, lead alloys, lithium iron phosphate, graphite, separators, electrolytes, and other auxiliary materials.

Historically, we experienced price fluctuations of key raw materials needed for our products. According to Frost & Sullivan, graphite prices declined initially from RMB44,000 per ton in 2019 to RMB37,000 per ton in 2021 due to increased production capacity and efficiency gains. However, prices began rising from RMB37,000 per ton in 2021 and reached RMB47,000 per ton in 2022, driven by heightened demand from applications such as the electric vehicle sector, with future trends suggesting potential stabilization or slight decreases due to advancements in mining technology and evolving demand dynamics. Conversely, the average price of aluminum alloy steadily increased from RMB14,619 per ton in 2019 to RMB21,295 per ton in 2022, driven by growing downstream demand and limited supply, before experiencing a decrease in 2023 to RMB19,491 per ton, and the average price has rebounded to RMB20,437 per ton in 2024. Besides, prices of lead ingots and lithium carbonate also experienced fluctuations. After the short-term price drop of lead ingots in 2019, from 2020 to 2023, the price of lead ingots has shown a steady increase and price of lead ingot maintained at the price range from RMB14.0 thousand per ton to RMB17.5 thousand per ton. In 2024, the price of lead ingots increased to RMB16.9 thousand per ton compared to RMB15.6 thousand per ton in 2023 due to the global capacity contraction of mining and smelting for lead ingots. Lithium carbonate prices first dropped to an average of RMB48.0 thousand per ton in 2020 and then, the price of lithium carbonate experienced significant growth between 2020 and 2022, and later dropped to RMB95.9 thousand per ton in 2024, according to Frost & Sullivan. For details, see “Industry Overview — Battery and Raw Materials Price Analysis” in this document.

We cannot assure you that we will not experience significant increases in the prices of raw materials in the future. Under such circumstances, we may need to adjust the prices of our products accordingly to pass down the increased costs onto our customers or procure other sources of supply of raw materials to maintain our profit. However, we cannot assure you that we will be able to pass all or a portion of the increased costs to our customers due to factors such as competition, or we will be able to find alternative sources in a timely and cost-effective manner, or at all.

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The average selling price of our products may face downward pressure because of decline in raw material prices and decreasing trend of market prices of batteries, which will adversely affect our profit margins, result of operations and financial condition.

The average selling price of our products is influenced by a variety of factors beyond our control, including but not limited to raw material costs, competitor pricing, market trends and labor costs. During the Track Record Period, our product prices have experienced fluctuations. The average selling price of our lithium-ion battery increased from RMB948.3/kWh in 2022 to RMB979.2/kWh in 2023. The average selling price of our lithium-ion battery decreased from RMB979.2/kWh in 2023 to RMB698.6/kWh in 2024. The average selling price of our lithium-ion battery decreased from RMBRMB841.1/kWh in the five months ended May 31, 2024 to RMB595.1/kWh in the five months ended May 31, 2025. For lead-acid battery, its average selling price increased from RMB490.3/kWh in 2022 to RMB506.7/kWh in 2023. The average selling price of our lead-acid battery remained stable, from RMB506.7/kWh in 2023 to RMB509.5/kWh in 2024. The average selling price of our lead-acid battery increased from RMB496.0/kWh in the five months ended May 31, 2024 to RMB520.5/kWh in the five months ended May 31, 2025. During the track record period, the decrease of average selling prices of our products is mainly due to decrease in price of raw materials, such as lithium iron phosphate, which is in line with industry trend. See “Financial Information — Year to Year Comparison of Results of Operations” in this document for details.

We cannot predict the future trend of the average selling price of our products, nor can we guarantee that the fluctuation of average selling price will not continue. A continued decline in the average selling price could result in reduced gross profit margins and net profit, which may adversely affect our results of operations and financial condition.

Our business, financial condition and results of operations may be subject to adverse effect from the risk of customer concentration or our ability to retain existing customers and attract new customers.

For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our revenues from the top five customers was approximately RMB2,210.0 million, RMB1,964.5 million, RMB1,723.3 million, and RMB1,866.6 million, respectively, accounting for 54.2%, 46.1%, 38.3% and 34.0% of our total sales during the respective year. During the same years, our revenues from the largest customer for the respective year was RMB990.3 million, RMB907.5 million, RMB589.6 million and RMB189.5 million, respectively, accounting for 24.3%, 21.3%, 13.1% and 10.2% of our total sales during the respective year. For details, see “Business — Sales, Marketing and Customers — Our Customers” in this document.

According to Frost & Sullivan, the market for the telecom base station is highly concentrated with large State-Owned Enterprises occupying substantial market shares, and thus we are and may still be subject to risks arising from the customer concentration. We cannot assure you that our major customers will not diversify their suppliers, change their business scope or business model nor suspend their operation, or they will not encounter any operating or financial difficulties. Any material adverse changes in the business, operation and financial conditions of our major customers may in turn have a material adverse effect on us.

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In addition, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period. If we fail to retain our existing customers or attract new customers in the future because our products could not meet the requirements of the market, or that our selling prices are not competitive, or due to other factors as disclosed in this section of this Document, our business, financial conditions and results of operations will be adversely affected. There is no assurance that we are able to maintain good relationship with our major customers, or our major customers will continue to have high demands for our products in the future. Under the aforementioned circumstances, if we are unable to identify and acquire suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be materially and adversely affected.

Our operating history may not be a reliable predictor of our prospects and future results of operations.

We experienced growth during the Track Record Period. In order to meet rapidly growing demands for quality products by our customers, we have grew rapidly, built up or expanded our production capacity, and recruited, trained and managed employees in the past few years. The success of new capacity projects is affected by a number of factors beyond our control, such as construction progress, local laws and regulations, government support and customer demand for expanded capacity. Our future operating results depend to a large extent on our ability to manage our expansion and growth successfully. Risks that we face in undertaking our construction/expansion plan include, among others:

- managing our supply chain to support fast business growth;
- managing a continuing growing organization as we expand;
- continuing to improve our operating efficiency;
- controlling expenses and investments in anticipation of expanded operations;
- implementing and enhancing administrative infrastructure, system and processes;
- executing our strategies and business initiative successfully; and
- addressing new markets and potentially unforeseen challenges as they arise.

If we are unable to manage our growth effectively, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures which could have a material adverse effect on our results of operation and prospects.

RISK FACTORS

Our historical performance is not indicative of our future performance as we went through rapid growth and changes. We may not always be accurate in predicting industry trends that may emerge and affect our business. Investors should comprehensively consider our business and prospects in light of the risks and challenges we face in our industry, including our ability to continuously drive technical advancement, effectively manage our supply chain, enhance and maintain operational efficiency, and effectively manage our growth in the face of the ever-changing regulatory environment and adapting to changing market conditions, including technological developments and changes in the competitive landscape. If we fail to address any of the aforesaid risks and challenges, our business, financial condition and results of operations could be materially and adversely affected.

We cannot assure you that we can sustain our revenues and profit growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as we expand our business. In addition, we may continue to devote significant resources to expand our business operations, which may require increased sales and marketing expenses, among others. Such expansion could negatively impact our short-term profitability and cash flows. If our business expansion is proven to be ineffective, and we fail to increase revenues, or if our cost and operating expense grow faster than our revenues, our business, financial position and results of operations may be negatively affected.

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

For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our lithium-ion battery production capacity was 1.58 GWh, 2.17 GWh, 2.13 GWh and 0.89 GWh, respectively, and our lead-acid battery production capacity was 6.25 GWh, 6.62 GWh, 6.62 GWh and 2.76 GWh, respectively. We may increase our production capacities through our expansion projects so as to meet customers’ expected demands for our products in the future.

Such expansion will impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition. Such expansion is also required to obtain various approvals, permits, licenses and certificates and complete relevant inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain relevant approvals, permits, licenses and certificates or complete the inspections for our production expansion projects may materially delay our production expansion or even result in the cancellation of such plans, which may adversely affect our business, financial conditions and results of operations.

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However, even if we manage to expand our production capacity as planned, there is no assurance that we may increase our production output in a timely manner or at all as envisaged. Our ability to increase our production output is subject to significant constraints and uncertainties, including but not limited to:

- delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control or cannot be foreseen, such as increases in raw material prices and problems with equipment vendors;
- delays in government approval process or denial of required approvals for production by relevant government authorities;
- our ability to configure the production lines for specific products in a timely manner; and
- the performance and efficiency of the manufacturing equipment we procured and the production expertise we retained;

Moreover, our product development, manufacturing and testing protocols are complex and require significant technological and production process expertise. Any change in our processes could cause one or more production errors, requiring a temporary suspension or delay in our production line until the errors can be researched, identified, and properly addressed and rectified, and thus limit our production output. This may occur particularly as we introduce new products, modify our engineering and production techniques, and/or expand our production capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased warranty reserve, or increased production and logistics costs, and delays. If we are unable to increase our production output in a timely manner or at all in the end because of any of the risks described above, we may be unable to fulfill customer orders or achieve the growth we expect. In addition, if we are unable to fulfill customer orders, our reputation could be affected, and our customers could source products from other companies. The combination of the foregoing could materially and adversely affect our business, financial condition and results of operations.

The reduction, modification, delay or elimination of government grants and other economic incentives may affect our business.

We received government grants of RMB25.1 million, RMB35.6 million, RMB39.4 million and RMB14.2 million for the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. Not all of the government grants are recurring in nature. According to Frost & Sullivan, in the near term, the market demand for energy storage products, including our lithium-ion batteries, will continue to be affected by the availability of government incentives. Government-sponsored financial incentives to promote energy storage include subsidies from the central and local governments, preferential tax rates and other non-monetary incentives. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns and other macro-economic factors.

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Moreover, government incentive programs are expected to gradually decrease in scope or be discontinued as energy storage technology improves and becomes more affordable. Negative public or community response to energy storage projects could adversely affect the government support and approval of our energy storage business. In addition, our Company was qualified as a High and New Technology Enterprise in 2019 and 2022 and is entitled to a preferential tax rate of 15% from 2019 to 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years. For details, see “Financial Information — Description of Major Components of Our Results of Operations — Income Expense” in this document. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, or if there are any adverse changes in government regulations and policies relating to energy storage industry and their implementation, especially those relating to economic subsidies and incentives, could significantly reduce the profitability of our business and materially and adversely affect the state of the industry.

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

In order to operate our business effectively and meet our consumers’ demands and expectations, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024, and May 31, 2025, we had inventories of RMB537.0 million, RMB459.2 million, RMB551.0 million and RMB773.8 million, respectively. We are committed to adopting a flexible approach to inventory management, adjusting our inventory levels in response to market demand fluctuations. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, we recorded loss allowance for impairment of inventories of RMB14.8 million, RMB53.8 million, RMB31.5 million and RMB30.9 million, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers of energy storage products, each of which may affect the accuracy of any forecast. We may record impairment losses from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

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

As of December 31, 2022, 2023 and 2024, and May 31, 2025, our trade and bills receivables amounted to RMB1,862.2 million, RMB1,609.3 million, RMB2,309.1 million and RMB2,386.6 million, respectively. Our trade and bills receivables turnover days were 136.5 days, 146.7 days, 157.2 days and 189.0 days for the years ended December 31, 2022, 2023 and 2024, respectively. The fluctuation of our trade and bills receivables may influence our cash flow generated from operating activities.

Should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

We are subject to risk related to the prolonged cash conversion cycle.

During the Track Record Period, we recorded inventory turnover days of 52.2 days, 52.8 days, 46.7 days and 60.8 days in 2022, 2023 and 2024, and the five months ended May 31, 2025. See “Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Assets — Inventories.” Besides, our trade and bills receivables turnover days remained relatively high at 136.5 days in 2022, 146.7 days in 2023, 157.2 days in 2024 and 189.0 days in the five months ended May 31, 2025, primarily due to (i) a considerable number of our customers are state-owned enterprises, whose payment cycles are generally longer as a result of more complex internal approval procedures; and (ii) a significant portion of our energy storage batteries are for telecom base stations and data centers, which typically involve longer construction and deployment timelines compared to other companies such as those engaging in sales of battery cells, thereby leading to slower payment collection. See “Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Assets — Trade and Bills Receivables.”

Although we have been diversifying our customer profile and aim to continuously improve the collection of trade receivables and the turnover days by strengthening communication with customers, actively collecting and negotiating feasible repayment plans based on actual conditions, these efforts may not be successful. If our inventory turnover days and our trade receivables turnover days increase in the future, it may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital, and our financial position, business and results of operations might be adversely and materially impacted.

RISK FACTORS

There is uncertainty as to the tender success rate of our Group in the future.

Some of our revenue is derived from contracts awarded through tendering and such contracts are not recurring in nature. During the Track Record Period, some of our revenue were generated from projects that were awarded by either public tender or invitation by tender. Our Group’s tender success rates for the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025 were approximately 34.8%, 38.0%, 39.5% and 42.1%, respectively. We cannot guarantee that we will be invited to participate in the tender process and even if we are invited, our tender success rate is influenced by the following factors, including but not limited to (i) our production capacity; (ii) the number of tenders submitted by our Group and (iii) the pricing and other terms and conditions offered by our competitors, which is beyond our control. Therefore, we cannot assure you that we will succeed in the tender process and we may not be able to maintain or increase our tender success rate. Moreover, we may not be awarded with new contracts by our customers upon expiry of the existing contracts. If our Group is not able to maintain the current tender success rate, or if we are unable to secure new orders with a contract sum similar to or larger than the contract sum of our current ones on a continuous basis, our revenue and operation may be materially and adversely affected.

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement, misappropriation claims or invalidation applications by third parties, which, if determined adversely to us, could cause us to pay significant damage and subject us to injunctions prohibiting sale of our products in certain markets. We may not be able to prevent the unauthorized use of our intellectual property rights by others, which could damage our business and competitive position.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. Although we have applied and obtained a number of trademarks and patents for the operations of our business, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, for such applications are expensive and time consuming. For details, see “Business — Intellectual Property” in this document. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. As of the Latest Practicable Date, we were not involved in any legal proceeding against parties who we believe are infringing upon our intellectual properties.

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Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our design, software, technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party’s intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages;
- redesign our products; or
- establish and maintain alternative branding for our products.

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the aforementioned will materially and adversely affect our business, financial condition and results of operations. As of the Latest Practicable Date, we were not involved in any legal proceeding against us for the infringement upon intellectual properties of third parties.

Unsatisfactory performance of or defects in our products may cause us to incur additional expenses and warranty costs, tarnish our reputation and cause our sales and market share to decline.

Designing, manufacturing and selling quality products that are safe and reliable are of vital importance to our business. However, the lithium-ion battery can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion batteries. Additionally, lead-acid batteries contain heavy metals such as lead and lead alloys, which, if disposed of improperly or dismantled without following environmental regulations, can potentially cause environmental pollution. This faulty result could subject us to lawsuits of product liability claims, product recalls, or redesign efforts, all of which would be time consuming and expensive.

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We are exposed to the risk of product recalls, which could arise from various factors including, but not limited to, design flaws, manufacturing defects, component failures, or non-compliance with safety standards. Product recalls can have significant adverse effects on our operations, financial condition, and reputation. If a recall is necessary, we may incur substantial costs related to the repair, replacement, or refund of the affected products. Additionally, a recall could lead to legal liabilities, regulatory penalties, and a loss of customer trust. These events may negatively impact our market share and profitability, and could result in long-term damage to our brand and competitive position. A successful product liability claim against us could require us to pay for substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. In the event that our products prove to be defective, we may be required to redesign or recall such products. We cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim, with or without merit, could result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations. Moreover, we may not be fully indemnified or indemnified at all if liabilities arise from faulty components manufactured by our suppliers that are used in our products, or results from the faulty assembly.

Our product liability insurance to cover liabilities arising from product liability claims and product recalls in the PRC may not be sufficient to cover potential liability claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our products or could result in a loss of customers and decrease in revenues, unexpected expenses and a loss of market share. If any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide refunds, or pay damages. We cannot assure you that as we continue distribution of our products, we will be able to obtain or maintain adequate insurance coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. In the event that our exposure to liabilities exceeds the coverage of our insurance, we may still be required to incur substantial amounts, which would materially and adversely affect our business, financial condition and results of operations.

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

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect our business, results of operation and financial condition.

RISK FACTORS

We may fail to effectively manage our distributors. Actions taken by our distributors in violation of the framework agreements or sales guidelines could materially and adversely affect our business, prospects and reputation.

We have limited control over the operations and actions of our distributors, all of whom, to the best of our Directors’ knowledge, are Independent Third Parties during the Track Record Period. We rely on distribution agreements and sales guidelines. We have methods in place to manage our distributors, including their compliance with laws, rules, regulations and our policies. For details, see “Business — Sales, Marketing and Customers — Sales and Distribution” in this document. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the distribution agreements or our policies and measures;
- failing to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling our products; or
- violating anti-corruption, anti-bribery, competition or other laws and regulations of China or other jurisdictions.

Any violation or alleged violation by our distributors of the distribution agreements, sales guideline or any applicable laws and regulations could result in the erosion of our goodwill, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

We may not continue to be successful in developing and maintaining a cost-effective battery manufacturing capability.

The production capacity of our lithium-ion battery and lead-acid battery was approximately 0.89 GWh and 2.76 GWh, respectively, for the five months ended May 31, 2025. To enhance our competitiveness, we intend to expand our annual production capacity to meet expected growth in demand for our batteries.

We continually engage in the development of manufacturing process capabilities and expansion of our production capacity. In doing so, we may face significant product development challenges, significant expense and inherent risks. Manufacturing batteries involves a series of complex processes, and we may not be able to manufacture our products with sufficient quality and quantity to meet our manufacturing standards. Minor deviations in the manufacturing process can cause substantial decreases in yield and in some cases result in no yield or cause production to be suspended. We will need to make capital expenditures to purchase manufacturing equipment for battery production and will also need to make significant investments in R&D to keep pace with technological advances in energy storage technology.

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We cannot guarantee that we will realize the expected benefits of our capacity expansion, or that we will achieve an adequate return on our capital and R&D investments. Any failure to successfully develop and maintain cost-effective manufacturing capability may have a material and adverse effect on our business and prospects.

Technological changes in the energy storage industry may bring about new and effective energy storage products, rendering our inventories, products in production or under R&D uncompetitive or obsolete, which cannot be accurately predicted nor fully mitigated despite our best efforts in R&D.

The energy storage industry is characterized by evolving technologies and standards. These technological evolutions and developments lead to improvement and upgrade of our products from time to time. Our competitors may manufacture energy storage products with better performance indicators through their R&D endeavors. In order to maintain our market position, keep pace with technological advances in the energy storage industry, and effectively compete in the future, we need to invest significant resources in R&D. For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our research and development expenses amounted to RMB100.7 million, RMB112.8 million, RMB110.5 million and RMB55.2 million, respectively. In addition, we have been actively engaging in the R&D of the next generation of products and materials, which we consider crucial for us to maintain our leading industry position and achieve sustainable development. For details, see “Business — Research & Development — Our Key R&D Projects” in this document. We may not be able to adjust our research and development direction in a timely manner in the face of the rapid technological changes in the industry. There is no assurance that we will successfully roll out and commercialize the next generation of our energy storage products and generate a return from such research and development. If we fail to do so, our prospects, business, and results of operations may be adversely affected.

Furthermore, according to Frost & Sullivan, the global energy storage industry is expected to include various categories of products, including lithium-ion batteries, lead-acid batteries, sodium-ion batteries, and others (such as flywheel energy storage and compressed air energy storage). From 2024 to 2030, the global installed capacity of lithium-ion energy storage batteries is projected to grow from 227.4 GWh to 1,471.3 GWh, with a CAGR of 36.5%, significantly outpacing other technologies. During the same period, lead-acid energy storage batteries, benefiting from their mature technology and high safety, are expected to achieve steady growth, with new installed capacity increasing from 38.5 GWh to 61.7 GWh, with a CAGR of 8.2%. Sodium-ion batteries, known for their abundant resources, adaptability, and cost-effectiveness, are projected to see their global new installed capacity grow from initial commercialization to 263.3 GWh by 2030, with a CAGR of 142.3%. Other technologies, including flywheel energy storage and compressed air energy storage, are expected to grow from 1.1 GWh in 2024 to 20.2 GWh in 2030, with a CAGR of 61.7%. Technological advancements in alternative energy storage methods such as sodium-ion batteries, flywheel energy storage and compressed air energy storage will offer customers a broader range of product choices. However, we cannot guarantee that our

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efforts to keep pace with technological changes can succeed or our products will continue to be favored by our customers in the long term. If customers shift their preference to other energy storage products, or if our products fail to prevail over other existing and emerging energy storage products in the market competition, our business, prospects, and financial position could be adversely affected.

Our business is capital intensive. The sources of our future financing can be uncertain, and our working capital can be unstable during certain quarters.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses in cash from our operations, banking facilities, and the net [REDACTED] from the [REDACTED]. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities, and economic, political and other conditions in China, the U.S. and other jurisdictions where we operate. To the extent we cannot obtain financing for our expansion or acquisitions at reasonable costs or at all in the future, our business may be adversely affected.

In addition, our expansions require us to make pre-construction preparation and trial production input, as a result, during certain quarters we may incur higher working capital needs that may affect our working capital sufficiency. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. If that happens, our business, financial position, results of operations, prospects may be affected.

Our reputation is key to our business success. Negative news or publicity may adversely affect our reputation, business and growth prospects.

Any negative news or publicity in relation to us, or any of our Directors, management, Controlling Shareholders and business partners or counter-parties, or any of their respective affiliates (including, where applicable, any business partner or counter-party thereof), among others, whether or not they act on our behalf or otherwise utilize or share our brand name, and even if proven untrue, could adversely affect our reputation, business and growth prospects.

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We cannot assure you that such negative news or publicity would not damage our reputation or brand image. Given our specialized industry and market, negative news, publicity and word of mouth could spread quickly and negatively impact our reputation, brand image or relationship with third parties, which could have a material adverse effect on our business, financial condition and results of operations. Even if we are not a party to, not involved in, and not liable to these litigations, disputes and allegations, we cannot assure you that any of such negative news or publicity will not affect our reputation, brand image or relationship with third parties, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Work stoppage, increases in labor cost and other labor related matters may have an adverse effect on our businesses.

A good working relationship with our employees across our business lines is crucial to our operations and success. We have not experienced any material work stoppages, strikes or other major labor problems during the Track Record Period. However, there is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our businesses, financial condition and results of operations. As of May 31, 2025, we had 2,290 full-time employees. Some of our employees are currently represented by labor unions. In addition, employees of some of our suppliers or customers may become unionized in the future or experience labor instability and we may not be able to predict the outcome of any future labor negotiations. Any conflicts between us and our employees’ labor union or between our suppliers and customers and their respective unions could have an adverse effect on our financial condition and results of operations.

For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our direct labor costs amounted to RMB114.1 million, RMB116.9 million, RMB131.8 million, and RMB51.0 million, representing 3.4%, 3.4%, and 3.5%, and 3.2% of our total cost of sales, respectively. In addition, labor costs in regions where we operate have generally been increasing in recent years and could potentially continue to increase. If labor costs in these regions continue to increase, our production costs will increase. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have an adverse effect on our financial condition and results of operations.

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Any failure to maintain an effective quality management system may have a material adverse effect on our business, reputation, financial condition and results of operations.

Our product quality is critical to our success. Therefore, we have a quality management system in place. The effectiveness of our quality management system depends on a number of factors, including the design of the system, the equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective or in compliance with relevant laws and regulations and standards. For details, see “Business — Quality Control” in this document. Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Our operations and production depend on a stable, timely and adequate supply of utilities at commercially reasonable prices.

We depend on the supply of utilities, such as power and water to maintain our production processes and our operations. Our production volume and production costs are dependent on our ability to source such utilities at acceptable prices and maintain a stable supply. The prices for utilities are subject to price volatility attributable to a number of factors which may be beyond our control, including inflation, disruption in the global supply chain, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for the same materials, the availability of complementary and substitute materials, and local and national regulatory requirements. There can be no assurance that shortages of utilities will not occur in the future or that we will be able to pass on related cost increases to our customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm our competitive advantages with respect to the affected products.

We manufacture our products in certain provinces in China and may deliver them to various customer designated locations, and we outsource the delivery of our products to logistics providers, which exposes us to various risks relating to long-distance transportation of our energy storage products.

Our production plants are located in Jiangsu and Hubei provinces, China. For details, see “Business — Manufacturing and Production” in this document. The geographical separation of our production plants in China and many of our customers necessitates constant long-distance transportation of our energy storage products from Jiangsu and Hubei provinces. There is no

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assurance that (i) these logistics providers would operate in accordance with our instructions, policies and business guidelines, or that their service quality will not materially deteriorate, (ii) we can maintain good relationships with those logistics providers, (iii) they will not unilaterally increase their service prices, or (iv) there will not be any wrongdoing or misconduct by their employees or by them which would materially and adversely affect their services. There is no assurance that we can find reliable service providers who can meet our standards at scale. The constant long-distance transportation of our energy storage products may also expose us to various risks, including (i) increases in transportation costs, (ii) loss of energy storage products as a result of any accidents that may occur in the transportation process, and (iii) delays in the transportation of our energy storage products as a result of any severe weather conditions, natural disasters or other conditions adversely affecting road traffic. Any of these risks could have a material adverse effect on our business and results of operations.

We rely on third parties for various services and components in connection with our business and any disruption in their supply or significant increase in their prices will negatively affect our business.

During the Track Record Period, we relied on third-party service providers for services in connection with our business, such as logistics and customs clearance. We obtain services from third-party service providers who we believe are able to meet our specifications and requirements. However, any natural or man-made disasters or other unanticipated catastrophic events, including but not limited to adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism and wars could impair the operations of our suppliers and/or disrupt our transportation channels and customs clearance procedure, and impede our ability to manufacture and deliver our products to customers in a timely manner. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of services provided to us, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the unauthorized provision of services not complying with our requirements or that of our customers, our reputation in the industry will be affected. Our reputation in the industry will also be adversely affected if the third-party service providers have any wrongdoing or misconduct or do not comply with applicable laws and regulations. In addition, we incorporate components manufactured by third parties into our products. If there are quality issues with respect to these third-party components included in our battery products, we may not discover the issue until after our products have been shipped and installed. Further, we may have little or no recourse against these third-party suppliers arising out of warranty claims made by our customers. If the components manufactured by third parties could not satisfy our specification and quality standards, or if there is any delay in delivering such components to us on time which may in turn delay our shipments of products, our business, reputation and results of operations may be materially and adversely affected. This, in turn, may materially and adversely affect our business, financial condition and results of operations. Many components are at times subject to industry-wide shortages and significant

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commodity pricing fluctuations. There can be no assurance that we will be able to extend or renew the agreements that we have entered into for the supply of many raw materials, components and products on similar terms, or at all. A number of suppliers of components may suffer from poor financial conditions, which can lead to business failure for the supplier or consolidation within a particular industry, further limiting our ability to obtain sufficient quantities of components on commercially reasonable terms.

Our efforts in maintaining, developing and expanding our business requires marketing and selling our products internationally, which poses inherent risks.

While we generated a substantial majority of our total revenues during the Track Record Period from sales to customers located in the PRC, we also made sales to overseas customers in countries such as Europe and North America countries/regions. For details, see “Financial Information — Description of Major Components of Our Results of Operations — Revenues By Region” in this document. While we expect the PRC will continue to be our primary market, we may expand the sales of our products overseas, which will expose us to a number of risks, including, but not limited to:

- fluctuations in foreign currency exchange rates;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries;
- providing customer service and support in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products;
- failure to obtain or maintain permits for our products or services in these markets;
- different safety concerns and measures needed to address accident related risks in different countries and regions;
- inability to obtain, maintain or enforce intellectual property rights;
- unanticipated changes in prevailing economic conditions and regulatory requirements;
- uncertainties and time requirement in long distance international transportation; and
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

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Moreover, we intend to establish overseas production facilities in the future. The success of our overseas expansion plans depends on whether we could adequately, timely and effectively address the risks associated with overseas operations, such as failure to adopting different legal framework and government policies, restrictions or requirements relating to foreign investments, non-compliance with the requirements of applicable sanctions, antibribery and related laws and regulations, failure to protect our reputation from negative publicity against us, and limitations on ability of non-nationals to reside and work in such countries. We may not be able to develop and implement policies and strategies that will be effective in each location where we do business. A change in one or more of the factors described above may have a material adverse effect on our business, financial condition and results of operations.

We may experience delays and/or failures in obtaining and renewing relevant PRC or overseas governmental approvals, licenses, permits or others required for our new construction/expansion projects.

We are required to obtain various approvals, permits, licenses, and certificates throughout multiple stages of our new construction/expansion projects. Generally, such approvals, licenses, permits, or certificates are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining, or result in our failure to obtain, the required approvals. In the event that we encounter significant delays in obtaining or renewing, the necessary government approvals for any of our new construction/expansion projects, we will not be able to continue with our development plans, and our business, financial condition, and results of operations may be adversely affected. Furthermore, under the relevant PRC land and property laws and regulations, we were required to obtain the real estate ownership certificates for our owned land and property, and to file the lease agreements for our leased properties. Failure to comply with the relevant laws and regulations may subject us to certain fines and penalties. For details, see “Business — Properties” in this document.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdoms, the United Nations, Australia and other relevant sanctions authorities.

During the Track Record Period, we had sold our Chinese-origin lithium-ion battery and lead-acid battery products directly to our customers in Afghanistan, Balkans, Belarus, Democratic Republic of the Congo, Egypt, Hong Kong, Iraq, Lebanon, Libya, Mali, Myanmar, Russia (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions), Somalia, Tunisia, Turkey, Ukraine (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions) and Zimbabwe (the “**Relevant Regions**”). The revenues generated from such sales to the Relevant Regions was approximately RMB59.2 million, RMB84.0 million, RMB90.0 million and RMB7.9 million, representing approximately 1.5%, 2.0%, 2.0% and 0.4% of our total revenues in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United

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Nations and Australia, have, through executive order, legislation or other governmental means, implemented measures that impose economic sanctions against the Relevant Regions or against targeted industry sectors, groups of companies or persons, and/or organizations within the Relevant Regions. However, none of the Relevant Regions were a Comprehensively Sanctioned Country and none of our customers located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations. While certain customers were listed on the Entity List maintained by the BIS, all products sold to our customers were Chinese-origin lithium-ion battery and lead-acid battery products that does not subject to the EAR.

We have engaged Hogan Lovells, our International Sanctions Legal Advisor to perform procedures to assess our compliance with International Sanctions laws and regulations and evaluate our risk of exposure and potential penalties imposed under the International Sanctions laws and regulations. As advised by our International Sanctions Legal Advisor who has performed the procedures they consider necessary, our sales involving the Relevant Regions denominated in these transactions with customers in the Relevant Regions were not Primary Sanctioned Activities for the purpose of the guidance in Chapter 4.4 of the Guide for New Listing Applicants issued by the Stock Exchange, and the risk that we would face exposure to secondary U.S. sanctions is remote. As such, it is unlikely that our activities would result in the imposition of sanctions on the Relevant Persons. Further, given the scope of the [REDACTED] and the expected use of [REDACTED] as set out in this document, our International Sanctions Legal Advisor is of the view that the involvement by parties in the [REDACTED] will not implicate any applicable International Sanctions on such parties, including our Company, our potential investors, Shareholders, the Stock Exchange and its listing committee and group companies, and accordingly the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the [REDACTED], [REDACTED] and [REDACTED] of our Shares (including the Stock Exchange, its [REDACTED] and related group companies) is remote. For more details on our business operations with customers in the Relevant Regions subject to International Sanctions, please refer to the sections headed “Business — Business Activities with customers in Relevant Regions” in this document.

However, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons, export controls and sanctions applicable to our customers may be expanded. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. There can be no assurance that our future business will be free of any sanctions risks or our business will conform to the expectations and requirements of the authorities of the Relevant Jurisdictions. Our business and reputation could be adversely affected if the authorities of the Relevant Jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanction designation of our Group.

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Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions.

Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms (such as heavy tariffs or harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. Export controls and economic sanctions laws or regulations could change in a way that could affect our business, exports or sales in other countries and/or could result in restrictions, penalties or fines.

Specifically, the recent U.S.-China trade tensions have led to the introduction of higher tariffs on various goods traded between the two countries, including high-technology goods, semiconductors and electronics. There is a possibility that the trade restrictions could expand if the U.S. and China do not reach an agreement to resolve the issues. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy. In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (“**Reverse CFIUS EO**”) granting the U.S. government the authority to establish and enforce an outbound investment screening regime (“**Outbound Investment Program**”). On October 28, 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”) to implement the President’s Order of August 9, 2023. The Final Rule has come into effect on January 2, 2025. We believe we are not a “covered foreign person” under the Outbound Investment Program. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a “covered foreign person,” and if U.S. persons engaged in a “covered transaction” (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H Shares may significantly decline.

During the Track Record Period, our products are offered to customers across the world. There is no assurance that our sales or our customers’ sales of their products will not be subject to the restrictions introduced by the U.S. Furthermore, if we export our products to other countries which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions are expanded, our business, financial condition and results of operations may be materially and adversely affected. Further, we have no control over the countries to which the customers will sell and/or export their end products. If the export sales of the customers’ end products are restricted, prohibited or made subject to any trade conditions under any international

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policies or international export controls or economic sanctions imposed by any jurisdictions, the customers’ demand in our products may drop and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, and non-compliance with such laws can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, any of which could adversely affect our business, results of operations, financial condition, and reputation.

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. We have adopted policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents, customers 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, customers and business partners could engage in improper conduct for which we may be held responsible, which could materially and adversely affect our business, reputation, financial condition, and results of operations.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws 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, reputation, financial condition, and results of operations.

The success of our business depends on our ability to attract, train and retain highly skilled employees and key personnel.

We have been, and will continue to be, heavily dependent on the continued services of our senior management team. If we lose the services of any member of our senior management team, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all, and our business, results of operations, financial condition and prospects could be materially and adversely affected. Our success also depends on our ability to attract and retain experienced and highly trained personnel. However, competition to hire highly qualified personnel is intense and we cannot guarantee that we will be able to meet our staffing needs in the future. Any failure by us to hire or replace a sufficient number of skilled employees on a timely and effective basis could have negative repercussions on our business, financial condition, results of operations and prospects.

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We may not be able to obtain sufficient raw materials or certain key components in a timely manner or on commercially reasonable terms.

We currently purchase certain key raw materials and components needed for our products from third parties. Our current suppliers may be unable to satisfy our future requirements of quality and quantity of raw materials on a timely basis. For details, see “Business — Suppliers” in this document. Moreover, the prices of raw materials and components could fluctuate significantly due to circumstances beyond our control. For details, see “— Risks Relating to Our Business and Industry — We are exposed to price fluctuations of raw materials, and we may not be able to adjust our prices to fully offset the increased costs of raw materials, which will adversely affect our profit margins, result of operations and financial condition” in this section.

If our current suppliers are unable to satisfy our long-term requirements on a timely basis, we may be required to seek alternative sources for necessary materials and components, produce the raw materials or components in-house or redesign our proposed products to manufacture available substitutes at reasonable cost. If we fail to do so, it will result in a significant delay in our manufacturing and delivery of our products, which may result in liabilities of damages and damage to our reputation, and will adversely and materially affect our business, results of operations and financial condition.

We may be involved in legal or other proceedings arising out of our operations from time to time and may face reputational risks, penalty risks and significant liabilities as a result.

We may be involved in disputes from time to time with various parties involved in our business operations, including but not limited to our customers, suppliers, distributors, employees, logistics service providers and banks. These disputes may lead to protests, legal or other proceedings and may damage our reputation and divert our resources and management’s attention. Significant costs may have to be incurred in settling such disputes or defending ourselves in such proceedings. If we are not successful in defending ourselves in such proceedings, we may be liable for damages, the amount of which may be significant. In addition, we may have compliance issues in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that may result in liabilities and cause other material adverse effects on our business, results of operations and financial position.

Our insurance coverage may not cover all losses, and we may incur significant losses resulting from operating hazards, product liability claims, project construction or business interruptions.

Our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing personal injuries or death, property damages, environmental damages and business interruption. Our insurance on properties, equipment, environmental liability and product liability are limited in scope and may not cover all claims relating to personal injury, property or environmental damage arising from incidents on our properties or

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relating to our operations. For risk exposure not covered by our insurance policies, we share the potential liability with counterparties in accordance with our agreements with such counterparties and applicable laws and regulations. For details, see “Business — Insurance” in this document. Any occurrence of these or other incidents which are not insured under our existing insurance policies could have a material adverse effect on our business, financial condition or results of operations.

We are also exposed to risks associated with product liability claims in the event that the use of our energy storage products results in injury. We may not have adequate resources to satisfy a judgment if a successful claim is brought against us. In the event that potential claims exceed the scope or amount of coverage under this insurance, our business could be materially and adversely affected.

In addition, the normal operation of our production plants may be interrupted by accidents caused by operating hazards, power supply disruptions, equipment failure, as well as natural disasters. Any significant damage or interruption to these production plants could still have a material and adverse effect on our results of operations.

Particularly because we depend on a limited number of suppliers, we are vulnerable to supply chain issues, including shortages of adequate raw materials, component and equipment supply, cancellation or delay of purchase orders, inflationary pressures and cost escalation.

We depend on third-party suppliers for raw materials that are essential for our production. We procure these materials and equipment from a limited number of suppliers. For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, purchases from our five largest suppliers amounted to RMB1,273.1 million, RMB1,243.7 million, RMB1,541.4 million, and RMB801.8 million, respectively, accounting for 42.3%, 43.8%, 47.9%, and 50.3% of our total purchases for the same years/period, respectively. During the same years, our purchase from the largest supplier amounted to RMB527.9 million, RMB468.7 million, RMB663.4 million, and RMB404.3 million, respectively, accounting for 17.5%, 16.5%, 20.6%, and 25.4% of our total purchase for the same years/period, respectively. The failure of any of such suppliers, for whatever reason, to supply the materials and equipment that meet quality, quantity and cost requirements in a timely manner could impair our ability to manufacture products, increase costs, hinder compliance with sales agreements’ terms and may result, ultimately, in cancellation of purchase orders and potential liability for us. We may not be able to turn to alternative sources on a timely basis or on commercially reasonable terms to deliver products to customers in the required quantities and at prices that are profitable, which may escalate the severity. There can be no assurance that our inventories will address all the supply chain failures that may arise. Further, our manufacturing and suppliers’ manufacturing and supply chain may be subject to potential disruptions due to plant closure as a consequence of energy shortage or other causes. Supply may also be interrupted by accidents, disasters, geopolitical instability or other unforeseen events beyond our control.

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The search for alternative sources of supply to mitigate or solve the above problems may increase our manufacturing costs. Likewise, increased integration of manufacturing processes to lower costs could potentially damage our business, results of operations and relationship with customers. In any case, we may not be able to counteract this impact through price increases for our products to transfer the increase to our customers at all, or through alternative sources of supply, in spite of the possible execution of remedial courses of action or fallback plans. Problems of this kind could consequentially reduce our market share, damage our brand and lead to legal disputes with customers. All of the aforementioned factors could adversely impact our business, results of operations and relationship with customers.

We may be subject to risks arising from our suppliers’ import of raw materials and components from overseas regions.

Some of our suppliers may import raw materials and components from overseas regions. These imports are inherently subject to various external risks beyond our control, including but not limited to changes in international trade policies, customs procedures, tariffs, foreign exchange volatilities and geopolitical tensions. Any disruption, delay, or increased cost associated with such imported materials could erode the cost efficiency of our supply chain and thus may compromise our production schedules, increase our manufacturing costs, and adversely affect our business operations and financial position.

We may incur significant costs, from paying damages, or providing replacements or refund, because of the warranties we provide for our products, and our provisions to cover future potential claims under our product warranties may be insufficient.

For our battery products, we usually provide our customers with a warranty three to eight years. For details, see “Business — Sales, Marketing and Customers — Sales Agreement” in this document. We provide a provision for these potential warranty expenses, which takes into account the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. For the years ended December 31, 2022, 2023 and 2024, and five months ended May 31, 2025, our provisions for product warranty were RMB30.7 million, RMB36.5 million, RMB38.4 million, and RMB17.3 million, respectively, the upward trend from 2022 to 2024 of which was in line with the increase of our battery sales volume during the Track Record Period. For details, see Note 31 to the Accountants’ Report in Appendix I to this document. As we continue to upgrade our products design and introduce new models, there is no assurance that future warranty claims will be consistent with past history, and in the event that we experience a significant increase in warranty claims, there is no assurance that our provision will be sufficient. This could have a material adverse effect on our business, financial condition and results of operations.

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If we fail to implement our expansion plan as scheduled, or if such plan fails to achieve expected benefits, our business and prospects could be materially and adversely affected.

We plan to invest in the construction of a lithium-ion batteries production facility in Southeast Asia for energy storage battery for data centers, so as to further develop our data center business. For details, see “Future Plans and Use of [REDACTED] – Use of [REDACTED]” in this document.

Constructing production facilities overseas requires relevant knowledge and familiarity of local conditions and practices. Given that we lack experiences of overseas expansion, our expansion plan may not be implemented as scheduled. Any failure or delay in implementing our expansion plan may result in a delay of seizing the opportunities in the data center sector and cultivate our second growth pillar. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. In addition, if we fail to fully utilize the additional production capacity due to any adverse change to the market environment, technologies, and relevant policies, our business, results of operations and financial condition could be materially and adversely affected.

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

Contract liabilities are mainly advance payments from customers. As of December 31, 2022, 2023 and 2024 and May 31, 2025, we had contract liabilities of RMB36.8 million, RMB63.0 million, RMB39.6 million and RMB39.9 million, respectively. Our recognition of contract liabilities as revenues is subject to future performance obligations and may not be representative of revenues for future periods. The continued operation of our production sites and our production safety may be substantially interrupted and materially and adversely affected due to a number of factors, many of which are outside of our control. For details, see “— Risks Relating to Our Business and Industry — We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities due to, among others, failure to comply with safety measures and procedures” in this section. As a result of disruption to any of our production sites or any problems in manufacturing our products, we may fail to fulfill contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the “**Third-Party Payment Arrangement(s)**”). During the Track Record Period, the aggregate amount of third-party payments accounted for less than 1% of the total payments we received from all customers for the same years, respectively. For details, see “Business — Third Party Payment” in this document.

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We are subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

We may need to provide impairment losses for intangible assets, which could negatively affect the results of our operations and financial condition.

We had intangible assets of RMB7.4 million, RMB7.1 million, RMB8.3 million and RMB7.8 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. Our intangible assets mainly consist of software. For details, see “Financial Information — Discussion of Certain Selected Items From The Consolidated Statements of Financial Position — Other Intangible Assets” in this document.

However, the intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of our intangible assets is considered to exceed its recoverable amount and is therefore determined to be impaired in the future, we would be required to write down the carrying value or record a provision of impairment loss for these intangible assets in our financial statements during the period in which our intangible assets are determined to be impaired, and this impairment would adversely affect our results of operations and our financial condition. While we did not recognize substantial impairment loss for intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future and such impairment loss could adversely affect our results of operations and financial conditions.

We may recognize impairment loss on our prepayments, other receivables and other assets.

We recorded prepayments, other receivables and other assets of approximately RMB85.4 million, RMB71.1 million, RMB87.6 million and RMB128.8 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. During the Track Record Period, our prepayments, other receivables and other assets primarily related to prepaid value-added tax, prepayments for the purchase of raw material such as lead ingots, lead alloys and lithium iron phosphate, which are necessary for our daily operations, as well as deposits, and other receivables. For details, see “Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Prepayments, Other Receivables and Other Assets” in this document and Note 17 to the Accountants’ Report in Appendix I to this document. We cannot assure you that there would not be any significant impairment charges on our prepayments, deposits or other receivables in the future. If we record significant impairment losses on such balances in the future, our business, financial condition and results of operations may be materially and adversely affected.

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We may not be able to enter into price adjustment mechanism for all of our agreement.

Some of our contracts may have a price adjustment mechanism, which allows adjustment of price in certain circumstances. For details, see “Business — Sales, Marketing and Customers — Sales and Distribution” in this document. However, we cannot guarantee that the price adjustment clause could adequately cover the amount of increased costs. In the event that our actual costs significantly exceed our estimated costs and the price adjustment mechanism is not adequate to cover the increased costs, our financial conditions and results of operations could be materially and adversely affected. In addition, we may not be able to enter into a price adjustment mechanism for all of our agreements. If the costs of raw materials, labor, or other inputs rise, we may be unable to pass these increases on to customers, leading to reduced profitability. Further, competitors who can adjust their prices may gain a market advantage, either by undercutting prices or maintaining profitability when costs rise.

Our plants and fixed assets may require substantial investment and upgrading due to depreciation or business growth.

Our plants and operations may require substantial investment and upgrading from time to time due to depreciation or business growth, which may increase our costs. If we cannot successfully recover such costs, our profitability may decrease. Additionally, the timely completion of planned upgrades is subject to a number of factors, including our ability to raise and maintain sufficient funds for such upgrades, our ability to obtain the required licenses and permits from government authorities, and the adequate supply and timely delivery of products. If upgrading is not completed in a timely manner, our operations may be temporarily restrained, which may further materially and adversely affect our business, financial condition, results of operations, and prospects.

The uncertainty in global economic conditions, political instability, and changes in diplomatic and trade relationships could negatively affect our operating results.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customers operate. Some of our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. The uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. For example, the current tensions in international trade and rising political tensions, particularly those between the United States and China, may materially and adversely impact our business, financial condition and results of operations. Credit volatility could impact our working capital for manufacturing, or result in cost changes or interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

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In addition, our business operations and financial performance could be adversely affected by the political climate and diplomatic relationships in the regions where we operate. Political instability, such as government upheaval, civil unrest, or changes in leadership, can create an unpredictable environment that may disrupt our supply chain, operations, and customer base. Additionally, shifts in diplomatic relationships between countries can lead to changes in trade policies, tariffs, and sanctions, which could adversely affect our ability to import or export goods and services.

We may form or seek additional collaborations in the future and may not realize any or all benefits of such alliances.

We may in the future seek and form, strategic alliances or other collaborations, with overseas partners that we believe will complement or augment our product development and R&D efforts with respect to our product candidates that we may develop, as well as the services we provide and may provide in the future. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute the shares held by our existing Shareholders or disrupt our management and business.

Our strategic collaboration with partners involves numerous risks, which could adversely affect our ability to recognize the benefits of the collaboration within an acceptable timeframe or at all. A collaboration partner may choose to delay or terminate a partnership for a variety of reasons, which include, but are not limited to, a lack of financial resources to continue to fund the collaboration, material disagreement between us and the partner, personnel changes in research leadership and other management resulting in a loss of internal advocacy, or other strategic realignment within the organization. Disputes may arise between us and our current or future collaboration partners. Such disputes may cause delay or termination of the research, development or commercialization of our product candidates, or may result in costly litigation or arbitration that diverts management attention and resources. We face significant competition in seeking appropriate strategic partners and the negotiation process is time consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a stage of development for collaborative effort. Further, any agreement that we do enter into may not result in the anticipated benefits.

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

We rely on information technology systems and network infrastructure that we manage or that are managed by third parties with which we do business to collect, use, transmit, store, dispose of, and otherwise process electronic information. For details, see “Business — Information Technology” in this document. Our or our critical third parties’ IT systems and other infrastructure and the information processed in such IT systems could be affected by cybersecurity incidents from a number of causes, including but not limited to, power outages,

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computer and telecommunication failures, computer viruses, malware, attempts to gain unauthorized access to data and systems, ransomware or other destructive software, manual or usage errors, catastrophic events, natural disasters, and severe weather conditions. Attacks, including those targeting IT systems, could severely disrupt business operations and result in significant expenses to repair or remediate system damage. We have taken steps to protect our IT systems and the information maintained in those systems, but we cannot guarantee attacks and security incidents will not happen in the future. Global threat actors and terrorists have targeted and will continue to target entities and projects like those of our clients in the telecommunications sector, including through disruptive attacks such as those involving ransomware. We cannot guarantee the security or protection of our IT systems, information, or projects, and we have little or no control over the IT systems and facilities of third parties on which our projects rely.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have implemented risk management and internal control systems and adopted risk management tools available to us with respect to our business operations. However, there is no assurance that our risk management, internal control systems, and risk management tools are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations, and prospects may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees, and subcontractors. There is no assurance that our management, employees, and subcontractors will strictly observe and adhere to relevant measures and policies. There is also no assurance that our management, employees, and subcontractors will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effects on our business and results of operations.

Compliance with environmentally safe production and construction and renewable energy development regulations can be costly, and non-compliance with such regulations may result in adverse publicity and could have a material adverse effect on our business and results of operations.

Our business and/or operational activities, such as the production and sales of our products, storage and transportation of our products and raw materials, are governed by laws and regulations, administrative determinations, and similar constraints, especially the extensive environmental, handling of hazardous substances, chemical using laws and regulations.

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Moreover, we are required to obtain construction permits before commencing constructing production plants, and obtain the approvals from PRC environmental protection authorities before commencing commercial operations of our production plants. We are also required to comply with renewable energy development regulations and directives. In addition, compliance with the environmentally safe production and construction and renewable energy development regulations can be economically costly and time consuming, which may divert the capacity of our Directors and management for operation of our business, in turn adversely affect our business operation and financial performance.

We are subject to Environmental, Social and Governance (“ESG”) laws and regulations, and any failure to comply with such requirements may cause negative impact on our business operation.

We are subject to various ESG laws and regulations by governing bodies, including the Stock Exchange and the SFC once we become a [REDACTED], as well as regulatory authorities in China. For details, please see “Regulatory Overview” in this document. We must adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. During the Track Record Period, we were in full compliance with the ESG-related laws and regulations, including but not limited to environmental, social matters and labor laws and regulations. However, these laws, regulations and policies are evolving and investors increasingly focus on ESG issues and tend to incorporate ESG performance into their investment decisions, while customers are becoming more environmentally conscious, preferring products with green and environmentally friendly design and production. In response, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We also monitor a wide range of indicators to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from operating activities to compliance activities, which may adversely affect our business, financial condition and results of operations.

Changes to or the implementation of government policies towards energy storage batteries could have an adverse impact on our industry and our business operation.

Improper handling during the manufacturing, storage and recycling of batteries can lead to environmental pollution. In response, PRC government has adopted relevant laws, regulations and policies. On December 26, 2016, Ministry of Environmental Protection issued the Technical Policy for Pollution Prevention and Control in Lead-Acid Battery Production (《鉛蓄電池再生及生產污染防治技術政策》) and Recycling and the Technical Policy for Pollution Prevention and Control of Waste Batteries (《廢電池污染防治技術政策》). These policies provide technical guidance for environment management, environmental impact assessments, and pollution prevention in the lead-acid battery industry, as well as for the environmental management and

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pollution control of waste batteries. In addition, on April 29, 2020, Standing Committee of the National People’s Congress (NPC) approved the revised Solid Waste Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國固體廢物污染環境防治法》(2020修訂)), which established the extended product liability for lead-acid batteries. It requires producers of lead-acid batteries to establish or commission recycling systems that match their product sales volume to ensure proper disposal of used products.

We cannot guarantee that our business operations and financial performance will not be adversely affected if PRC authorities tighten industry regulations by imposing stricter emission standards on energy storage batteries industry. Additionally, should there be any stricter standards or tightened regulations with respect to energy storage batteries industry in other countries where our products are mainly sold, our operations could also be adversely affected. This could lead to increased compliance costs and potential market restrictions, further impacting our financial stability and operational efficiency.

We face risks related to health epidemics, natural disasters and other catastrophic events, which could have a material adverse effect on our business and results of operations.

Health epidemics may cause a long-term adverse impact on the economy and social conditions, which may have an indirect impact on our industry and cause temporary suspension of projects and shortage of labor and raw materials. Our delivery of products may also be disrupted, and our customers may cancel their orders due to potential delays in delivery. The longer supply cycle may also have an adverse impact on our operations and production.

Outbreaks of contagious diseases and other adverse public health developments around the world would have a material adverse effect on our business operations. These could include our ability to travel or ship our products as well as temporary closure of our production plants. Such closures or travel or shipment restrictions would severely disrupt our business operations and adversely affect our financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PLACES WHERE WE OPERATE

Changes in economic, political and social conditions could have a material adverse effect on our business and operations.

We are headquartered in Jiangsu Province, China and most of our operations are conducted in China. Accordingly, our business, financial condition and results of operations may be influenced by the economic, political and social conditions in China. China’s energy storage market in general is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels, consumer demand and discretionary spending. The PRC government has implemented various measures to encourage, and to guide, the economic growth and the allocation of resources, some of which may require additional time for us to adjust to or to take advantage of.

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New legislations or changes in the PRC regulatory requirements regarding the end markets of our products may affect our business operations and prospects.

Our products are used in various application scenarios, including telecom base stations, data centers and electrical energy storage settings. New legislations or changes in the PRC regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. For example, the PRC government has promulgated, amended and updated a number of legislations in relation to the energy storage market.

However, these policies are subject to certain limits as well as changes that are beyond our control, and we cannot assure you that future changes, if any, would be favorable to our business or financial condition. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently. Any new legislations or changes in the PRC regulatory requirements could materially and adversely affect our business, financial condition and results of operations.

We are subject to numerous laws, regulations and policies at the national, regional and local levels of government in the markets where we do business.

We are subject to a variety of laws and regulations in the markets where we do business, some of which may conflict with each other and all of which are subject to change. These laws and regulations include energy regulations, export and import restrictions, tax laws and regulations, environmental regulations, labor laws, supply chain laws and regulations and other government requirements, approvals, permits and licenses. We also face trade barriers and trade remedies such as export requirements, tariffs, taxes and other restrictions and expenses, including antidumping and countervailing duty orders, which could increase the prices of our products and make us less competitive in some countries where we sell our products to and may have impact on our business and financial performance.

In the countries where we do business, the market for our energy storage products is heavily influenced by national, state and local government regulations and policies concerning the energy storage industry. These regulations and policies could deter further investment in the research and development of renewable energy sources, which could result in a significant reduction in the potential demand for our products.

We expect that our products and their downstream application will continue to be subject to national, state and local regulations and policies relating to safety, construction, environmental protection, and other related matters. Any new regulations or policies pertaining to our energy storage products may result in significant additional expenses to us and customers, which could cause a significant reduction in demand for our products.

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Failure to comply with evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.

We are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management (《網絡數據安全管理條例》) (together, the “**Data Security Regulations**”). Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Pursuant to the Personal Information Protection Law of the PRC, a service provider shall obtain the consent of the person whose data is gathered when collecting and using personal information and shall comply with other circumstances as prescribed by laws and regulations.

As of the Latest Practicable Date, we have not been notified of being classified as a critical information infrastructure operator (“**CIIO**”), we have not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the [REDACTED]. In addition, China Certification Center for Information Security (“**CCRC**”) confirmed to us during a telephonic consultation in May 2024 that the term of [REDACTED] under the Cybersecurity Review Measures does not apply to [REDACTED] in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our [REDACTED] in Hong Kong. As the definitions for terms such as “affect or may affect national security” are broad, and there remains uncertainty how these rules will be enacted and interpreted, we cannot guarantee that the Cybersecurity Review Measures and Regulations on Network Data Security Management will not be interpreted in a way that will adversely affect us.

Our PRC Data Compliance Counsel is of the view that we were not required to apply for cybersecurity review. In addition, the PRC Data Compliance Counsel is of the view that during the Track Record Period and up to the Latest Practicable Date, after the completion of rectification, we are in compliance with the currently effective and applicable PRC laws on cybersecurity and data security.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

RISK FACTORS

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)(《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(國稅函[2011] 348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)(“**EIT Law**”) and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897)(《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)(國稅函 [2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders’ investments in H Shares may be materially and adversely affected.

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Under the EIT Law, we may not be classified as a “high and new-technology enterprise” of the PRC. Such classification could result in unfavorable tax consequences.

During the Track Record Period, some of our subsidiaries were entitled to preferential income tax rates pursuant to the relevant tax regulations. For example, during the Track Record Period, certain entities within our Group enjoyed preferential EIT tax rate of 15% as they were High and New Technology Enterprise (HNTE). For details, see Note 10 to the Accountants’ Report in Appendix I to this document. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

Any decrease or discontinuation of tax rebate towards exported goods may have a negative effect on our profitability.

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》) issued by Ministry of Finance and the SAT on 25 May 2012, revised on December 9, 2014 and January 20, 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of VAT policies.

Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. For the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, our tax rebate amounted to approximately RMB65.5 million, RMB106.5 million and RMB68.6 million and RMB16.1 million, respectively. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our value-added tax recoverable, our business, financial condition and profitability would be adversely affected.

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It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to affect service of process upon most of our Directors, Supervisors and senior management outside the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

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

Restrictions on foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.

The conversion of RMB 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 control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], 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 reserve may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

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Certain of our practices with respect to social insurance and housing provident fund contribution may subject us to penalties.

We are required by PRC labor laws and regulations to pay various statutory employee benefits, including pensions insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund, to designated government agencies for the benefit of our employees. Companies registered and operating in China are required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Regulations on Management of Housing Fund (《住房公積金管理條例》) to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and housing provident fund to the extent required by law.

During the Track Record Period and up to the Latest Practicable Date, we used third-party human resources agencies to make social insurance and housing provident fund contributions on behalf of us for some of our employees. We cannot assure you that the relevant government authorities will deem such practice to be fully compliant with the relevant labor laws. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not make full social insurance and housing provident fund contribution for certain employees in strict compliance with relevant laws and regulations. For details, see “Business — Employees — Social Insurance and Housing Provident Fund Contributions” in this document. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. In 2022, 2023 and 2024, and the five months ended May 31, 2025, our shortfall of contribution to social insurance and housing provident funds amounted to RMB16.9 million, RMB27.7 million, RMB30.2 million and RMB14.8 million million and we have made full provision for the shortfall of contribution to social insurance and housing provident funds.

As advised by our PRC Legal Advisor, in the event that (i) the relevant PRC authorities may demand us to pay the outstanding social insurance funds, or (ii) the relevant government authorities find our historical arrangement of engaging the third-party human resources service providers to pay social security funds and housing provident funds for some employees to be non-compliant with applicable laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance funds within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable for a fine of one to three times the amount of the outstanding contributions. In respect of the outstanding housing provident fund contributions, we may be demanded by the relevant PRC authorities to pay the underpaid amount to the housing provident fund within a prescribed time limit, failing which we may be subject to the compulsory enforcement by the People’s Court.

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As of the Latest Practicable Date, we had not been subject to any administrative penalties for the aforementioned matters, nor were we aware of any material employee complaint or dispute with respect to social insurance or housing provident fund contribution. However, we cannot assure you that we will not receive any complaint, penalty or enforcement action for our historical practices with respect to social insurance and housing provident fund contributions and we cannot assure you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our financial condition and results of operations could be adversely affected. For details, see “Business — Employees — Social Insurance and Housing Provident Fund Contributions” in this document.

We may be subject to fines or other penalties under the PRC Labor Contract Law, which may adversely affect our business, profitability and reputation.

During the Track Record Period, we engaged third-party employment agencies to dispatch contract workers. On December 28, 2012, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of its total number of employees, to be decided by the Ministry of Human Resources and Social Security, and the dispatched contract workers may only engage in temporary, auxiliary or substitutable work. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the “**Interim Provisions**”), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions further require the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below 10% of the total number of its employees. In addition, an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10% of the total number of its employees. The employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to make correction within a stipulated period. Where the necessary correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

The number of dispatched contract workers once exceeded 10% during the Track Record Period. Based on the total number of employees and number of dispatched contract workers at the end of each month, the average percentage of dispatched contract workers at our Company was 10.2% in 2022; the average percentage of dispatched contract workers at our subsidiary Shuangdeng Front was 28.0% in 2022. We have taken active measures to address this issue by

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converting labor-dispatched employees into regular employees, thereby reducing the proportion of labor-dispatched workers. Since December 2022 and up to the Latest Practicable Date, the number of dispatched staff of our Company and each of our subsidiaries did not exceed the threshold of 10% as required by the Interim Provisions. These dispatched staff were mainly hired for positions with supporting nature. For details, see “Business — Employees — Dispatched Staff” in this document.

Even though we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant PRC authorities, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice. Such actions may adversely affect our business, results of operations and reputation. If we decide to increase our number of dispatched workers in the future and are found to be in violation of the rules regulating dispatched contract workers, we may be subject to fines and penalties. Such penalties may adversely affect our business, results of operations and reputation.

As the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations (the “**labor-related laws and regulations**”) continually evolve, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Present or future environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain PRC laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as waste water, waste gas. The discharge of waste water and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expense. Should the PRC impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to

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comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Fluctuations in exchange rates could adversely affect our results of operations.

We derive a growing portion of our sales from international customers. Therefore, a portion of our total revenues have been denominated in foreign currencies. Our sales outside China represented 16.6%, 21.8%, 19.8%, and 17.1% of our total revenues in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. As a result, we face risks resulting from currency exchange rate fluctuations. We incurred a net foreign exchange gain of RMB17.5 million, RMB12.3 million, RMB10.6 million and RMB3.7 million for the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future.

Any failure to comply with PRC regulations regarding our share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

The SAT has issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon the exercise of the share options or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon the exercise of the share options or grant of the restricted shares. If our employees fail to pay, or we fail to withhold, their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by competent governmental authorities.

Also, pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in the Stock Incentive Plan of an Overseas Listed Company, or SAFE Circular 7, issued by SAFE in February 2012, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly [REDACTED] company who are PRC residents or who are non-PRC residents residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas [REDACTED] company, and complete certain other procedures. After our company becomes an overseas [REDACTED] company upon completion of the [REDACTED], we and our directors, executive officers and other employees who are PRC residents and who have been granted share-based awards may follow SAFE Circular 7 to register with SAFE or its local counterparts. We will make efforts to comply with these requirements upon completion of our [REDACTED]. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also affect the ability to make payments

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under our share incentive plans or receive dividends or sales proceeds related thereto or our ability to contribute additional capital to our wholly foreign-owned enterprises in China and limit our wholly foreign-owned enterprises’ ability to distribute dividends to us.

Our legal right to use certain leased properties could be challenged or restricted.

Lessors had not provided title certificates of 16 properties we leased as of the Latest Practicable Date. Despite the lack of certain title certificates of our leased properties, those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisor, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. For details, see “Business — Properties” in this document. We cannot assure you that the landlord of these properties have the right to lease the relevant property to us. As advised by our PRC Legal Advisor, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

We may be subject to fines for failure to register some of our leases.

As of the Latest Practicable Date, we had not obtained proper lease registration for 20 leased properties, primarily due to the difficulty of procuring our lessor’s cooperation to register the lease. As advised by our PRC Legal Advisor, the non-registration of the property lease will not affect the validity of the lease contract and relevant legal rights under the contract, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 as a result of the non-registration for each of the property. For details, see “Business — Properties” in this document.

We may be subject to fines for using leased properties in a manner that differs from the purpose of title certificate.

As of the Latest Practicable Date, one of the properties we leased, with a total GFA of 88.68 square meters is being used for commercial purposes, which differs from the usage stated in the title certificate, where the property is recorded as residential. According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisor, properties with a change in usage cannot be leased; otherwise, a fine of up to RMB5,000 may be imposed, and if there is illegal income, a fine of between one to three times the illegal income may be imposed, not exceeding RMB30,000. Therefore, the lessor faces the risk of being required to rectify the situation within a specified period and being fined, and we face the risk of being unable to continue using the leased property. For details, see “Business — Properties” in this document.

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Any dispute or claim in relation to these properties could result in us having to relocate and obtain alternative accommodation for certain of our employees. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas listings issued by PRC government authorities.

On February 17, 2023, the CSRC issued 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》) and five supporting guidelines, which came into effect on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. The Overseas Listing Regulations stipulate that such issuer shall fulfill the filing procedures within three working days after it makes an application for offering and listing in an overseas stock market. According to the Overseas Listing Regulations, we, as a PRC domestic company seeking to [REDACTED] and [REDACTED] securities in overseas markets, are required to fulfill the filing procedure with the CSRC within three working days after submitting the [REDACTED] to the overseas supervisory authorities and report relevant information. For details, see “Regulatory Overview — Laws and Regulations Relating to Overseas Issuance/Listing of Securities” in this document.

The Overseas Listing Regulations may subject us to additional compliance requirements in the future, and we cannot assure you that we will be able to get clearance of our filing procedures under the Overseas Listing Regulations on a timely basis, or at all. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our ability to continue to sell our securities to investors, cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

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RISKS RELATING TO THE [REDACTED]

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

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. There can be no guarantee that an active [REDACTED] market for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the Joint Sponsors and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be traded following completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] and [REDACTED] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] for our H Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, 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 mainland China-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short-term following the [REDACTED] may be significantly affected. These factors may significantly affect the [REDACTED] and volatility of our H Shares, regardless of our actual operating performance.

You may incur immediate and significant dilution and may experience further dilution if we issue additional H Shares in the future or if the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per H Share.

If the [REDACTED] of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible book value. If we issue additional H Shares in the future, purchasers of our H Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

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Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our other PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in certain respects from the calculation under IFRS. In addition, as stipulated by our Articles, distributable profits are recognized as our net profit determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. For details, see “Financial Information — Dividends” in this document and Note 11 to the Accountants’ Report in Appendix I to this document.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at a Shareholders’ meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [REDACTED] from the [REDACTED], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

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

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the

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interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders’ interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. We cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the [REDACTED] of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing [REDACTED] of the Shares.

Facts, forecasts and statistics in this Document relating to the PRC and global economy and the energy storage industry derived from various official government sources may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate are obtained from various official government sources that we believe are reliable. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Joint Sponsors nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy. Therefore, you should not unduly rely upon the industry facts, forecasts and statistics contained in this document.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific

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time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

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

Our Shares held by our Controlling Shareholders are subject to certain lock-up periods. For details, see “[REDACTED]” in this document. However, there is no assurance that after the restrictions of the lock-up periods expire, our Controlling Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the [REDACTED], or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our H Shares.

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

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED]” in this document. However, our management will have discretion as to the actual [REDACTED] of our net [REDACTED]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [REDACTED] from this Global [REDACTED].

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] market for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our H Shares or publishes inaccurate or unfavorable research about our business, the [REDACTED] for our H Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] for our H Shares to decline.

You should read the entire Document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the

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[REDACTED] subsequent to the date of this Document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, our Company, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] disclaim responsibility for it, and you should not rely on such information.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought and has been [granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and the substantial majority portion of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

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

- (a) we have appointed Ms. He Rong (賀蓉)(an executive Director) and Mr. Tam Ka Lung (譚家龍)(a joint company secretary of the Company) as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. Mr. Tam Ka Lung (譚家龍) is ordinarily resident in Hong Kong. The Authorized Representatives will act as our Company’s principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;
- (b) when the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. We [have provided] the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange;
- (d) we have appointed Orient Capital (Hong Kong) Limited as our compliance advisor (the “**Compliance Advisor**”) upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available; and
- (e) meetings between the Hong Kong Stock Exchange and our Directors can be arranged through the Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

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

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

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

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under Note 1 to Rule 3.28 of the Listing Rules) nor Relevant Experience (as defined under Note 2 to Rule 3.28 of the Listing Rules) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. He Rong (賀蓉) (“**Ms. He**”) our executive Director, chief financial officer and secretary of the Board, as one of our joint company secretaries. She has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Tam Ka Lung (譚家龍) (“**Mr. Tam**”), a fellow member of the Association of Chartered Certified Accountants, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. He for an initial period of three years from the [REDACTED] to enable Ms. He to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Given Mr. Tam’s professional qualification and experience, he will be able to explain to both Ms. He and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Tam will also assist Ms. He in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Tam is expected to work closely with Ms. He and will maintain regular contact with Ms. He. In addition, Ms. He will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. She will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. He does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such Ms. He may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Ms. He must be assisted by Mr. Tam who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules; and (b) the waiver will be revoked immediately if and when Mr. Tam ceases to provide assistance to Ms. He as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. He will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. He, having benefited from the assistance of Mr. Tam for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and will continue to engage in certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules upon [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has] granted us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for such continuing connected transaction. For details, see “Connected Transactions” in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Dr. Yang Rui (楊銳)	Room 701, Building 10 Meihao Jiayuan, No.298 Nanjing Road Jiangyan District Taizhou City, Jiangsu Province PRC	Canadian

Dr. Yang Baofeng (楊寶峰)	Room 105, Building 57 Zhongtian Yuyuan Sanshui Street, Jiangyan District Taizhou City, Jiangsu Province PRC	Chinese

Ms. He Rong (賀蓉)	Flat 8-1206, Phase 1 China Resources International 99 Gulou South Road Hailing District Taizhou City, Jiangsu Province PRC	Chinese

Non-executive Director

Mr. Qian Shan’gao (錢善高)	Group 17 Liangxu Zhenjiang Village Hailing District, Taizhou City Jiangsu Province PRC	Chinese

Independent non-executive Directors

Dr. Yin Junming (殷俊明)	Room 1802, Building 5 Huijing International No. 50 Yue’an Street Jianye District, Nanjing City Jiangsu Province PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Dr. Wang Jin (王進)	Room 202, Unit 3 2nd Floor, Building 2 No. 39 Landianchang South Road Haidian District Beijing PRC	Chinese
Dr. Wang Xi (王熹)	Flat D 51/F Tower 11, The Palazzo 28 Lok King Street Sha Tin New Territories Hong Kong	Chinese

SUPERVISORS

Mr. Lou Zhiqiang (樓志強)	Room 1105, Building 13 Dongfang Buye Cheng Jiangyan District Taizhou City, Jiangsu Province PRC	Chinese
Ms. Sun Caiyun (孫彩雲)	Room 01, Building 16 Meihao Jiayuan, No.298 Nanjing Road Jiangyan District Taizhou City, Jiangsu Province PRC	Chinese
Mr. Huang Xuegong (黃學工)	Room 204, Building 3 Houbao Xinyu, Shengao Town Jiangyan City, Jiangsu Province PRC	Chinese

For details, see “Directors, Supervisors and Senior Management” in this document.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited

29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

62/F, The Center
99 Queen’s Road Central
Hong Kong

CCB International Capital Limited

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

[REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

O’Melveny & Myers

31/F, AIA Central

1 Connaught Road Central

Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC law:

JC Master Law Offices

9/F, National Water Resources Building
Qingjiang South Rd. No. 70
Nanjing, Jiangsu Province
PRC

As to International Sanctions laws:

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88 Queensway
Hong Kong

**Legal Advisors to the Joint
Sponsors and [REDACTED]**

As to Hong Kong and U.S. laws:

Latham & Watkins LLP

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

As to PRC law:

Zhong Lun Law firm

22-31/F, South Tower of CP Center
20 Jin He East Avenue, Chaoyang District
Beijing
PRC

**Auditors and Reporting
Accountants**

Ernst & Young

Certified 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 [REDACTED]

Industry Consultant

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

Room 2504, Wheelock Square
1717 West Nanjing Road
Jing'an District
Shanghai
PRC

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 999 Tianmu West Road Jiangyan Economic Development Zone Taizhou City, Jiangsu Province PRC
Headquarters and Principal Place of Business in the PRC	No. 999 Tianmu West Road Jiangyan Economic Development Zone Taizhou City, Jiangsu Province PRC
Principal Place of Business in Hong Kong	Room 504, 5/F Cheong Tai Commercial Building 60-66 Wing Lok Street, Sheung Wan Hong Kong
Company Website	<u>www.shuangdeng.com.cn</u> <i>(Information contained on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. He Rong (賀蓉) Flat 8-1206, Phase 1 China Resources International 99 Gulou South Road Hailing District, Taizhou City, Jiangsu Province, PRC Mr. Tam Ka Lung (譚家龍) <i>(Fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants)</i> Room 504, 5/F Cheong Tai Commercial Building 60-66 Wing Lok Street Sheung Wan Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Ms. He Rong (賀蓉)

Flat 8-1206, Phase 1

China Resources International

99 Gulou South Road

Hailing District, Taizhou City Jiangsu Province,

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Mr. Tam Ka Lung (譚家龍)

(Fellow member of the Association of Chartered

Certified Accountants and member of the Hong Kong

Institute of Certified Public Accountants)

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Cheong Tai Commercial Building

60–66 Wing Lok Street

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Hong Kong

Audit Committee

Dr. Yin Junming (殷俊明)(*Chairman*)

Dr. Wang Jin (王進)

Mr. Qian Shan’gao (錢善高)

Remuneration Committee

Dr. Wang Jin (王進) (*Chairman*)

Dr. Yang Rui (楊銳)

Dr. Yin Junming (殷俊明)

Nomination Committee

Dr. Wang Jin (王進) (*Chairman*)

Dr. Yin Junming (殷俊明)

Dr. Yang Rui (楊銳)

Strategy Committee

Dr. Yang Rui (楊銳)(*Chairman*)

Dr. Yang Baofeng (楊寶峰)

Dr. Wang Xi (王熹)

Compliance Advisor

Orient Capital (Hong Kong) Limited

28/F-29/F

100 Queen’s Road Central

Central, Hong Kong

CORPORATE INFORMATION

[REDACTED]

[REDACTED]

Principal Bankers

Agricultural Bank of China Taizhou Shuangdeng Branch
Building 32, Commercial Street
Jiangyan District
Taizhou City, Jiangsu Province
PRC

INDUSTRY OVERVIEW

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, supervisors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We have engaged Frost & Sullivan, an independent market research consultant, to analyze the global and China energy storage market and prepare a report for use in this document, for which we have agreed to pay an engagement fee of RMB[REDACTED]. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan has also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables. The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and mainland China is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

Unless otherwise stated, all data and forecasts contained in this section have been derived from the Frost & Sullivan Report and were based on desktop research, expert interviews, and analysis and estimates by Frost & Sullivan. Our Directors confirm that, having exercised reasonable care, there have been no adverse changes in market information, taken as a whole since the date of the Frost & Sullivan Report, that would materially limit, contradict, or adversely affect these data.

INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL AND CHINA ENERGY STORAGE MARKET

Definition and Classification of Energy Storage

Energy storage refers to the storage of electric energy, encompassing technologies and measures that use chemical or physical methods to store electricity and release it when needed.

Energy storage technologies mainly encompass electrochemical and mechanical energy storage technologies. Electrochemical energy storage technologies can be further categorized into lithium-ion battery, lead-acid battery, sodium-ion battery, and other types. Mechanical energy storage technologies can be further divided into flywheel energy storage and compressed air energy storage. Energy storage technologies have broad applications in telecom and data center side, as well as in the electrical side, which is further divided into the power side and user side.

In 2024, the market size of the global energy storage market by added installed capacity reached approximately 268.3 GWh. Electrochemical energy storage technologies such as lithium-ion batteries, lead-acid batteries, and sodium-ion batteries, dominate the market by occupying over 99% of the energy storage market share by added installed capacity.

Overview of Energy Storage Batteries by Product

Different characteristics align lithium-ion and lead-acid batteries with distinct downstream market segments in the energy storage market. While lead-acid batteries remain a safe, reliable and cost-effective choice for traditional applications, the performance characteristics of lithium-ion batteries are driving their adoption in more diversified scenarios.

Differing requirements of core customers in telecom base stations and data centers drive the distinct usage and applications of lithium-ion and lead-acid batteries, as each technology aligns with specific performance characteristics suited to their needs. Lead-acid batteries, with high safety level and mature recycling value chain, dominate traditional applications like emergency backup power. Meanwhile, lithium-ion batteries, with their advantages in energy density, life cycle, and adaptability, are increasingly being adopted for high energy consuming base stations and evolving data center energy needs, especially for sustainable electricity supply.

Energy Storage Industry Value Chain

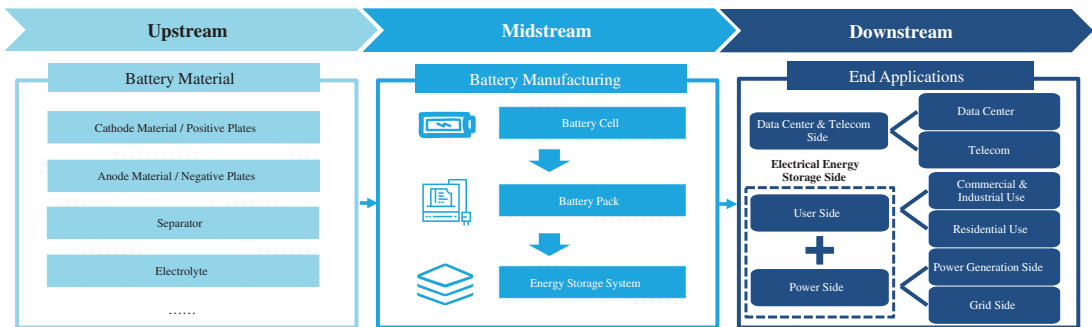
The upstream of the energy storage industry primarily focuses on lithium-ion and lead-acid battery raw materials, including cathode material/positive plates, anode material/negative plates, separator, electrolyte, and other key elements. These materials significantly influence the overall quality and performance of batteries.

INDUSTRY OVERVIEW

The midstream of the energy storage industry mainly involves battery cells, battery packs, and energy storage systems. Battery manufacturing is a multi-step process that includes electrode manufacturing, cell assembly, training, aging and testing. Battery cells are assembled through notching, stacking and pouch assembly. Battery packs are assembled from these cells, incorporating additional components for safety and performance. Energy storage systems involve developing backend systems to precisely control and monitor batteries, ultimately integrating these systems with battery packs into final products.

The downstream segment covers end applications, including the data center, telecom, and electrical energy storage. For data centers and telecom applications, these new information infrastructures are characterized by high power consumption and stable power supply, thus boosting energy storage demand. Among the electrical energy storage side, commercial, industrial, and residential use can effectively achieve power supply and demand balance and reduce the load pressure from the power side.

Value Chain Analysis of Energy Storage Market

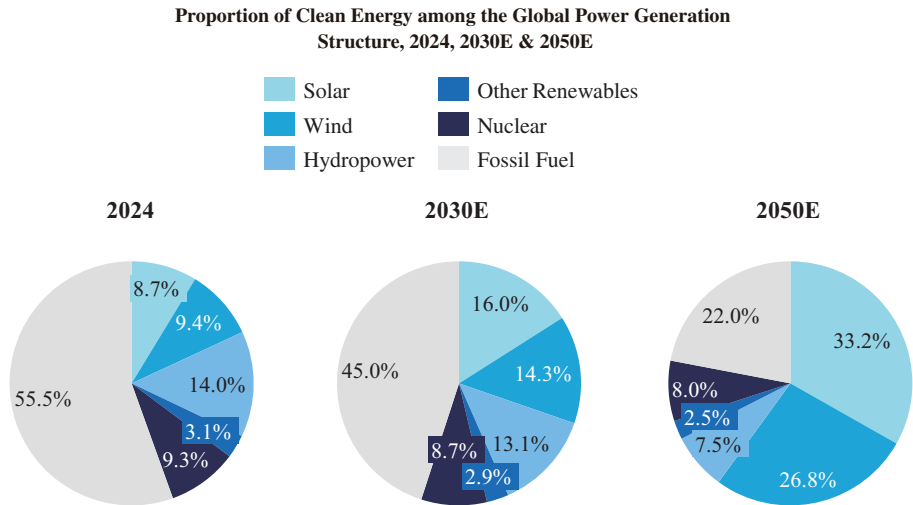


Source: Frost & Sullivan

Market Size of Global and China Energy Storage Market by Added Installed Capacity

Under the global coalition for carbon neutrality, reducing greenhouse gas emissions and promoting the development of renewable energy has become an international consensus. At the same time, geopolitical tensions and fluctuations in fossil fuel prices have also prompted countries to seek more stable and sustainable energy supplies. With continuous technological advancements, the cost of renewable energy has been steadily decreasing in recent years, further driving market demand for renewable energy. In 2024, the proportion of renewable energy power generation surpassed 35% of the global total power generation for the first time. Looking ahead, with the accelerating of energy structure transformation to solar and wind energy and continuous development of renewable energy technologies, it is projected that the market share of renewable energy power generation among the global power generation structure will reach over 45% by 2030 and approximately 70% by 2050, respectively.

INDUSTRY OVERVIEW

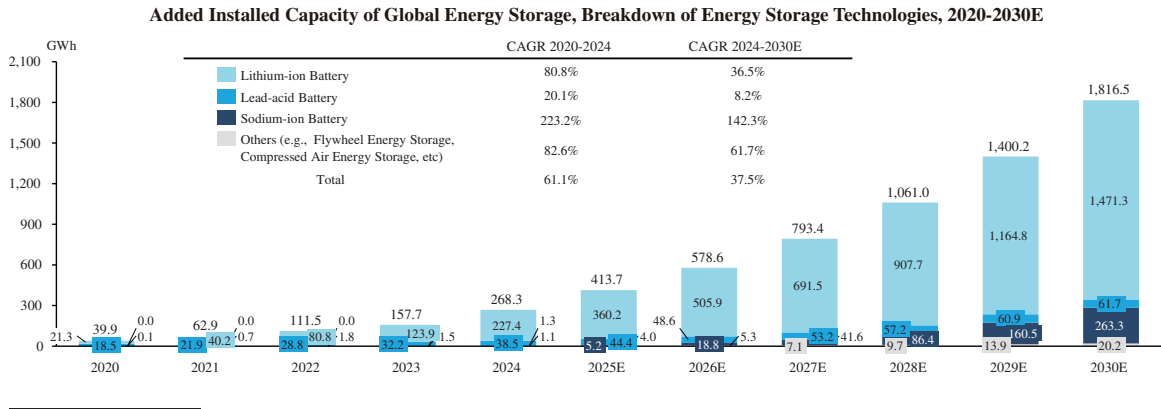


Source: International Energy Agency (IEA), Frost & Sullivan

The market size of global energy storage by added installed capacity increased from 39.9 GWh in 2020 to 268.3 GWh in 2024 at a CAGR of 61.1%. Energy storage plays a key role in many countries’ energy strategy by meeting the demands for stability, cost-effectiveness, and environmental sustainability. It strengthens energy self-sufficiency, flexibility, and security, while also contributing to lower electricity costs. As such, driven by the supportive government policies, cost reduction of energy storage batteries, the growing adoption of renewable energy, as well as the heightened awareness of energy storage, it is forecasted that the market size of global energy storage by added installed capacity will increase from 268.3 GWh in 2024 to 1,816.5 GWh in 2030, representing a CAGR of 37.5%.

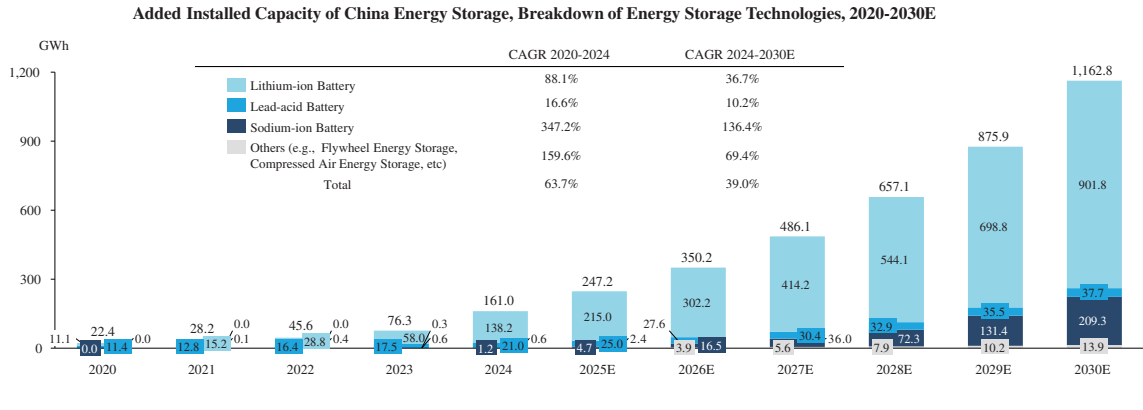
In 2024, energy storage market in Asia Pacific (excluding mainland China) and EMEA regions reached added installed capacity of 26.5 GWh and 35.0 GWh, occupying 9.9% and 13.0% of the total global market, respectively. Countries in these regions have introduced and implemented multiple measures to promote the development of the energy storage market. For example, India has launched a subsidy program worth up to 4 GWh to enhance the flexibility of its energy system and facilitate a higher integration of renewable energy into the grid. While Southeast Asia has made significant strides in renewable energy generation, the region’s power grid infrastructure has been relatively slow to develop. Thus, energy storage batteries are necessary to provide grid regulation and expansion. In the European market, lithium-ion energy storage battery has been increasingly dominating the market. For the Nordic market, the initiative of European countries sharing reserve capacity effectively utilizes energy storage systems, which will reduce costs for both energy storage system operators and consumers, thereby promoting the development of the Nordic energy storage market. For the African market, energy storage market is still in its infancy. African abundant renewable energy resources will facilitate the rapid growth of the energy storage industry.

INDUSTRY OVERVIEW



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

Supported by the massive downstream demand, mature industrial chain layout and favorable policies, China has solidified its position as the global leader in energy storage installation, boasting an impressive added installed capacity of 161.0 GWh in 2024, which constituted approximately 60.0% of the total added installed capacity worldwide in the same year. Looking ahead to 2030, China is projected to maintain its dominance, accounting for approximately 64.0% of the total added installed capacity of energy storage globally.



Source: China Energy Storage Alliance (CNESA), Frost & Sullivan

INDUSTRY OVERVIEW

Supply-demand Dynamics of Energy Storage Battery

The upstream industries of lithium-ion and lead-acid energy storage battery providers involve with the supply of main raw material including lithium carbonate and lead ingots, respectively. Lithium carbonate production is primarily driven by downstream demand, and most companies adopt a make-to-order model. With the surging demand for downstream new energy vehicles and energy storage systems, China’s lithium carbonate production volume witnessed a significant increase from 171 thousand tons in 2020 to 379 thousand tons in 2022, primarily driven by robust downstream demand. At the beginning, the growth rate of production capacity is lower than demand, and the supply shortage led to an increase in the price from RMB48.0 thousand per ton in 2020 to over RMB482.4 thousand per ton in 2022. In 2023, China’s lithium carbonate production volume further increased to 518 thousand tons, while price decreased to RMB272.3 thousand per ton following with the balance between supply and demand. Furthermore, the growth momentum continued in 2024, with lithium carbonate production volume amounted to 696 thousand tons in 2024. The production of lead ingots is primarily influenced by national policies, the release of smelting capacity, and downstream demand. With the establishment of a nationwide lead resource recycling system and a recycling lead system, China’s lead ingot production volume has shown a steady year-on-year growth trend. In 2023, China’s lead ingot production volume reached approximately 6.6 million tons, compared with 5.6 million tons in 2020, representing a CAGR of 5.6% from 2020 to 2023. The price remained relatively stable within the range from RMB14.0 thousand per ton to RMB17.5 thousand per ton. In 2024, global capacity contraction of mining and smelting led to the increase of lead ingot price to RMB16.9 thousand per ton compared to RMB15.6 thousand per ton in 2023.

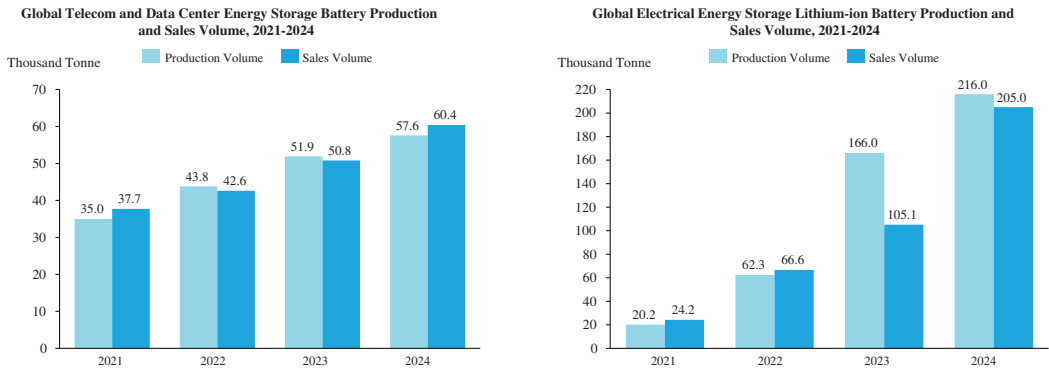
The downstream market demand for lithium-ion and lead-acid energy storage batteries in the energy storage industry is primarily driven by the energy transition to a low-carbon energy system, the growth in the number of telecom base stations and data center racks. During the energy transition, energy storage technologies play a crucial role in minimizing energy waste caused by fluctuations in renewable energy supply. In 2024, the proportion of renewable energy power generation surpassed 35% of the global total power generation for the first time. Looking ahead, with the accelerating of energy structure transformation to solar and wind energy and continuous development of renewable energy technologies, it is projected that the market share of renewable energy power generation among the global power generation structure will reach over 45% by 2030. Thus, fueled by the sustained growth in market demand of transition to low-carbon energy system, it is forecast that the market size of global electrical energy storage by added installed capacity will increase from 207.9 GWh in 2024 to 1,506.8 GWh in 2030, representing a CAGR of 39.1%.

INDUSTRY OVERVIEW

In the telecom industry, since the inception of 5G telecom base stations, they have rapidly become the mainstream in global telecom base station market, depending on its faster speeds, lower latency, increased capacity as well as enhanced connectivity. Thus in 2024, the cumulative volume of global 5G telecom base stations has reached 6.5 million units, presenting a CAGR of 56.5% from approximately 1.1 million units in 2020. Till 2030, the cumulative volume of global 5G telecom base stations is expected to reach 22.4 million units, presenting a CAGR of 22.8% from 2024. As the demand for replacement of existing telecom base stations rises, the added installed capacity of global telecom energy storage is expected to reach 100.2 GWh in 2030, representing a CAGR of 14.8% from 43.9 GWh in 2024.

The surge in demand for data center energy storage batteries is propelled by the proliferation of artificial intelligence (AI) and big data analytics, driven by the increasing complexity and scale of AI algorithms. Consequently, the global number of data center racks surged from 12.5 million units in 2020 to 33.9 million units in 2024, exhibiting a CAGR of 28.3%. With the rapid advancement of AI technology and increase in computational capacity from data center racks, it is anticipated that the global number of data center racks will reach 181.3 million units by 2030, growing at a CAGR of 32.3% from 2024. To ensure reliable power supply and enhance energy efficiency through sustainable energy supply, added installed capacity of global data center energy storage is expected to further increase to 209.4 GWh by 2030 from 16.5 GWh in 2024, representing a CAGR of 52.7% from 2024 to 2030.

The following chart sets forth the amount of demand and supply of energy storage batteries in global market during the years indicated.



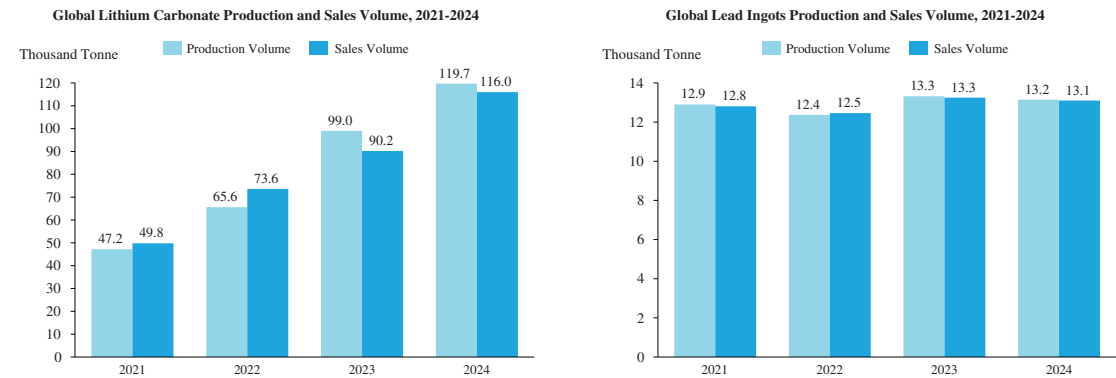
Notes: Proportion for global production volume and sales volume of electrical energy storage lead-acid battery is relatively small.

Source: China Energy Storage Alliance (CNESA), Interviews with Industry Experts, Frost & Sullivan

INDUSTRY OVERVIEW

Within the telecom base and data center energy storage segment, the ratio of sales volume to production volume (“sale-to-production ratio”) remained above 97% during the Track Record Period. For electrical energy storage lithium-ion batteries, the sale-to-production ratio varied during this period, with a notable dip in 2023. This was primarily due to supply expansion driven by strong demand growth in prior years, coupled with a lag in adjusting production levels to align with the slower demand growth seen in 2023. Additionally, timing mismatches related to the construction cycle contributed to the lower ratio. This supply-demand dynamic gradually returned to normal in 2024, as evidenced by the sales-to-production ratio reaching 94.9% in the 2024.

The following chart sets forth the amount of demand and supply of primary raw materials in global market during the years indicated.



Source: National Bureau of Statistics, China Non-Ferrous Metals Fabrication Industry Association (CNFA), Shanghai Metals Market (SMM), Interviews with industry experts, Frost & Sullivan

OVERVIEW OF GLOBAL AND CHINA TELECOM AND DATA CENTER ENERGY STORAGE MARKET

The telecom and data center industries are highly interrelated in terms of technological foundation, application scenarios, and market demand, mutually supporting each other to drive the development of the modern information society. The telecom industry is responsible for data transmission and exchange, ensuring that information is transmitted quickly and reliably, while data center processes and analyzes these large volumes of data. Both telecom and data center require extensive infrastructure, high bandwidth, and low-latency network support, and rely on technological innovation and security protection. With the increase in smart devices and internet users, market demand drives the development of these two industries, which together support intelligent decision-making, optimize network performance, and improve service quality. The development of telecom and data center energy storage industry is crucial for various purposes, including (i) ensuring the stable operation of data centers and telecom networks, preventing data loss and communication interruptions; (ii) enhancing energy efficiency and reducing energy waste; (iii) lowering operating costs by storing electricity during off-peak hours and using it during peak times; supporting the application of renewable energy by providing stable power supply, thus contributing to green development; responding to emergencies and unexpected situations to ensure business continuity and reliability; and (iv) promoting the development of smart grids, enabling flexible power scheduling and management to provide more reliable power guarantees for the telecom and data center industries.

INDUSTRY OVERVIEW

Overview of Global and China Telecom Energy Storage Market

Telecom energy storage refers to the use of energy storage systems to provide backup power or supplementary energy to ensure the continuous operation of telecom base stations. Energy storage solutions, especially energy storage systems, are crucial for maintaining communication networks during power outages or fluctuations, ensuring uninterrupted connectivity and reliable communication services. With the rapid proliferation and iterative advancement of technologies such as mobile communication, the Internet of Things (IoT), big data, AI, and 5G, user demand for telecom networks continues to grow. In 2024, the cumulative volume of global 5G telecom base stations has reached 6.5 million units, presenting a CAGR of 56.5% from 2020. China alone accounted for 65.1% of the cumulative volume of global 5G telecom base stations in 2024. In line with the expansion of telecom base stations, power demand also increases dramatically. In recent years, some countries and regions have faced issues with unstable power supply, including power outages and voltage fluctuations, impacting the normal operation of telecom base stations. To ensure the reliability, stability, and continuity of telecom networks, the demand for stable and reliable power supplies for base stations has also increased.

Specifically, as the main driver of global 5G base stations' growth, the construction of China's new 5G base station experienced a decline from 2022 to 2024 according to MIIT, falling from 887 thousand units to 874 thousand units. This led to a decrease in added installed capacity of energy storage for newly built 5G telecom base stations in China, slowing down the growth of China's 5G telecom base station energy storage markets.

Market Size of Global and China Telecom Energy Storage Market

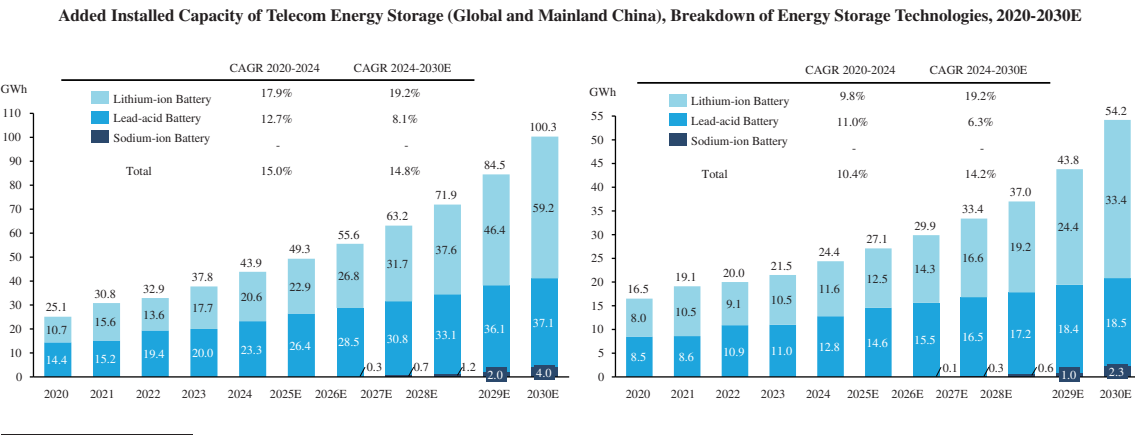
The added installed capacity of global telecom energy storage increased from 25.1 GWh in 2020 to 43.9 GWh in 2024, representing a CAGR of 15.0%. By 2030, the added installed capacity of global telecom energy storage is expected to reach 100.2 GWh, representing a CAGR of 14.8% from 2024. China is a significant market in telecom energy storage industry, driven by its extensive telecom infrastructure and rapid technological advancements. In 2024, China alone accounted for 55.8% of the global increase in added installed telecom energy storage capacity.

The added installed capacity of China telecom energy storage increased from 16.5 GWh in 2020 to 24.5 GWh in 2024, representing a CAGR of 10.4%. By 2030, the added installed capacity of China telecom energy storage is expected to reach 54.2 GWh, representing a CAGR of 14.2% from 2024. Among this market, the added installed capacity of energy storage for newly built 5G telecom base stations in China fell from 15.3 GWh in 2022 to 12.8 GWh in 2024. This caused the growth of this sector in China to be slower than the global market, with China's share dropping from 68.1% in 2022 to 59.6% in 2024 and thus resulting in China's share of added installed capacity of telecom energy storage in global market declining from 60.8% in 2022 to 55.8% in 2024.

INDUSTRY OVERVIEW

In populous Asia Pacific nations like India and Indonesia, telecom energy storage is indispensable given the impending rapid deployment of telecom base stations and the inadequacy of existing power grids. Thus, the added installed capacity of telecom energy storage in Asia Pacific excluding mainland China is expected to increase from 10.9 GWh in 2024 to 27.9 GWh in 2030, representing a CAGR of 16.9%.

In the EMEA market, the development of 5G and overall telecom industry in Europe is mature and gradually advancing, while other EMEA regions are still in the early stages of 5G commercialization, possessing significant development potential. Thus, the added installed capacity of telecom energy storage in EMEA is expected to increase from 5.4 GWh in 2024 to 11.6 GWh in 2030, representing a CAGR of 13.7%.



Source: China Energy Storage Alliance (CNESA), Interviews with Industry Experts, Frost & Sullivan

In terms of technical routes, lead-acid batteries have previously taken a larger share of the market for global telecom energy storage with relatively good reliability and temperature tolerance. Recently, with the fast construction of 5G telecom base stations, the proportion of lithium-ion batteries is increasing steadily to meet the needs of 5G base station construction with higher speed and larger capacity. Lithium-ion batteries generally have higher energy density, faster charging speeds, and lower self-discharge rate. Looking ahead, lead-acid batteries, with strengths in wide temperature range adaptability, good reliability, high safety level, and mature technology, are projected to grow alongside with lithium-ion batteries in the telecom energy storage industry. The established recycling system of lead-acid batteries supports its shift towards low-carbon development. By 2030, it is forecasted that lithium-ion batteries will account for 59.1% of the global telecom energy storage market by added installed capacity, while lead-acid batteries will maintain with market share of 37.0% in global market.

Thus, in the telecom energy storage market, lithium-ion batteries are increasingly implemented in base stations requiring high discharge rate and high energy consuming application scenarios. Lead-acid batteries still maintain its position in telecom energy storage market especially in some central area depending on their safety, reliability and maturity. In 2024, the market shares of lithium-ion batteries and lead-acid batteries in China’s telecom energy

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storage market by added installed capacity reached 47.5% and 52.5%, respectively. By 2030, the market shares of lithium-ion batteries and lead-acid batteries by added installed capacity in China are expected to reach 61.7% and 34.1%, respectively.

Overview of Global and China Data Center Energy Storage Market

The development of data center energy storage is significantly shaped by the increasing energy demands of data centers, fueled by the rise of AI and big data analytics. The escalating complexity and scale of AI algorithms necessitate immense computational resources, leading to heightened energy consumption across traditional and modern computing platforms like cloud and edge computing.

The global number of data center racks surged from 12.5 million units in 2020 to 33.9 million units in 2024, exhibiting a CAGR of 28.3%. With the rapid advancement of AI technology and its expanding applications across various industries, it is anticipated that the global number of data center racks will reach 181.3 million units by 2030, growing at a CAGR of 32.3% from 2024. China, serving as a primary driver of global data center expansion, accounted for 32.2% of global number of data center racks in 2024. With additional support from the government, it is projected that the number of data center racks in China will reach 61.3 million by 2030, representing a CAGR of 33.3%.

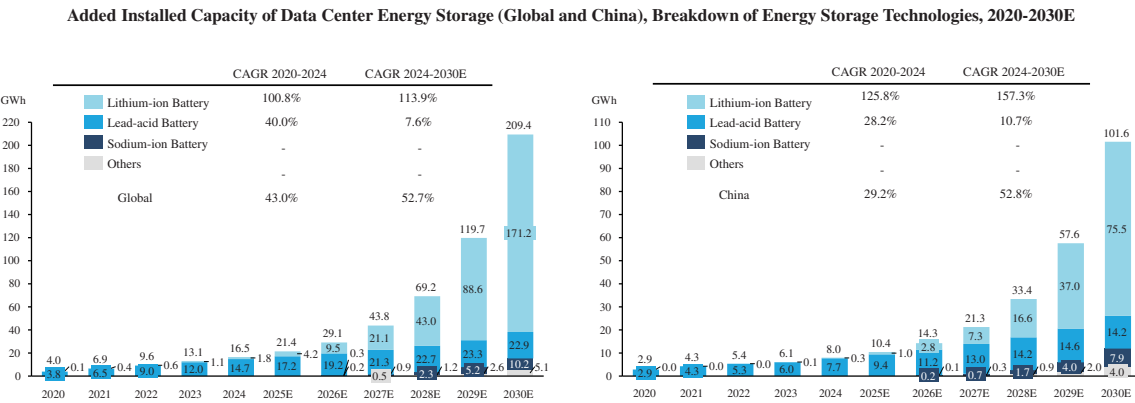
The increase in computational capacity from data center racks has exerted significant pressure on the energy requirements for data centers. The proportion of data center electricity demand in the global electricity demand is expected to increase from 4.0% in 2024 to 10.1% in 2030. Such a surge in energy needs poses challenges to existing energy supply systems, necessitating the adoption of energy storage technologies to ensure the stability of the power supply and enhancing energy efficiency within data centers. As the focus within the data center sector shifts towards addressing these energy challenges alongside computational demands, energy storage supports data center operations and contributes to broader goal of sustainable electricity supply by improving energy efficiency and facilitating integration with renewable energy sources. The growth of the data center energy storage sector is thus essential for the sustainable development of data center infrastructure.

Market Size of Global and China Data Center Energy Storage Market

In the data center industry, there's a growing emphasis on deploying energy storage solutions to ensure reliable power supply and enhance energy efficiency through sustainable energy supply. Added installed capacity of global data center energy storage increased from 4.0 GWh in 2020 to 16.5 GWh in 2024, representing a CAGR of 43.0%, and it is expected to further increase to 209.4 GWh by 2030, representing a CAGR of 52.7% from 2024 to 2030. The added installed capacity of China data center energy storage increased from 2.9 GWh in 2020 to 8.0 GWh in 2024, representing a CAGR of 29.2%, and it is expected to further increase to 101.6 GWh by 2030, representing a CAGR of 52.8% from 2024 to 2030. The accelerated deployment of data centers and enhanced demand for sustainable energy supply will further fuel the robust

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growth of the data center energy storage market in Asia Pacific excluding mainland China and EMEA. The added installed capacity of data center energy storage in Asia Pacific excluding mainland China and EMEA is expected to increase from 1.7 GWh and 1.3 GWh in 2024 to 22.1 GWh and 10.9 GWh by 2030, representing CAGRs of 52.7% and 42.8%, respectively.



Source: Interviews with Industry Experts, Frost & Sullivan

Lead-acid batteries are relatively mature in technology and industry value chain with high safety level compared to other battery types, making them suitable for multiple application scenarios in data centers, especially under the scenario with high instantaneous discharge rate. In 2024, lead-acid batteries still dominated the data center energy storage market, with global market share of 89.2% by added installed capacity. Looking ahead, the global data center energy storage market is poised for significant expansion. The accelerating global demand for data center, together with lead-acid battery’s high technological maturity and superior instantaneous discharge, will continue to drive steady market growth of lead-acid batteries, achieving the CAGR of 7.6% in the global data center energy storage market by added installed capacity from 2024 to 2030. By 2030, proportion for added installed capacity of lithium-ion battery among data center energy storage market is expected to account for 81.8% globally, driving by renewable energy initiatives utilization for electricity peak shaving and valley filling. Besides lithium-ion batteries, other battery types, such as sodium-ion batteries, which are still in the early stages of adoption but offer benefits like abundant resources and lower costs, show promising potential as technology advances.

Therefore, in the data center energy storage market, lead-acid batteries are valued for their high safety level and mature technology to provide reliable backup power, particularly for large-scale data center applications. Lithium-ion batteries are valued for their longer life cycle to handle peak shaving and valley filling, supporting the sustainable electricity supply. In 2024, the market shares of lithium-ion batteries and lead-acid batteries in China’s data center energy storage market by added installed capacity reached 3.3% and 96.7%, respectively. By 2030, the market shares of lithium-ion batteries and lead-acid batteries by added installed capacity in China are expected to 74.3% and 14.0%, respectively.

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OVERVIEW OF GLOBAL AND CHINA ELECTRICAL ENERGY STORAGE INDUSTRY

The electrical energy storage industry includes (i) the power side, including power generation side and grid side, and (ii) the user side, including commercial, industrial, and residential uses. Power generation and grid-side energy storage have higher capacity and larger scales, and they have experienced rapid development over the past few years as their economies of scale have been readily formed. User-side energy storage features low capacity and is usually applied with distributed power generation equipment. Meanwhile, user-side energy storage generally requires precise management, which can adapt to the different consumption habits of the downstream users and enhance energy consumption efficiency.

In line with the development trend of global energy storage industry, the market size of global electrical energy storage by added installed capacity increased from 10.8 GWh in 2020 to 207.9 GWh in 2024 at a CAGR of 109.5%. It is forecast that the market size of global electrical energy storage by added installed capacity will increase to 1,506.8 GWh in 2030, representing a CAGR of 39.1% from 2024 to 2030. The market size of China electrical energy storage by added installed capacity increased from 3.1 GWh in 2020 to 128.6 GWh in 2024 at a CAGR of 153.8%. It is expected that the market size of China electrical energy storage by added installed capacity will increase to 1,007.0 GWh in 2030, representing a CAGR of 40.9% from 2024 to 2030. In the realm of energy storage technologies, lithium-ion batteries will remain as the predominant types, representing 82.4% of the total added installed capacity of the global electrical energy storage industry in 2030, followed by sodium-ion batteries.

MARKET DRIVERS OF GLOBAL AND CHINA ENERGY STORAGE MARKET

Industry Demand from Telecom Networks and Data Centers: In the era of 5G telecom, artificial intelligence (AI), and big data, the industry’s demand for energy storage is driven by the significant increase in power requirements needed for the vast transmission, storage, and processing of data from telecom networks and data centers.

On the one hand, there will be increased demand from telecom networks, driven by its rapid expansion and development. As modern communication infrastructure evolves, the demand for energy increases, necessitating robust solutions to ensure continuous and reliable service delivery. Furthermore, within the telecom energy storage industry, the commercial rollout and expansion of 5G networks have significantly amplified the power requirements of communication bases. Known for its ultra-fast response times and minimal latency (under one millisecond), 5G technology has become the dominant station type in markets like China. By 2030, China is expected to deploy an additional 8.0 million 5G base stations, bringing the total to approximately 12.2 million.

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On the other hand, there will be increased demand from data centers, attributable to the relevant workloads, such as AI and high-performance computing (HPC). Implementing these workloads often requires changes to rack and backup power infrastructure to ensure efficient, secure, and continuous power supply. In the future, with widespread deployment, accelerated adoption, and application of AI will further accelerate the implementation of data centers. It is projected that the global number of data center racks will reach 181.3 million units by 2030, growing at a CAGR of 32.3% from 2024.

Energy Transition: The energy transition aims to shift to a low-carbon energy system by enhancing energy efficiency, decarbonizing power generation, and electrifying the economy to achieve net-zero carbon dioxide emissions. Key pathways involve transitioning from traditional high-pollution energy sources to renewable energy like solar, wind, hydropower, etc.. Energy storage technologies play a crucial role in minimizing energy waste caused by fluctuations in renewable energy supply. The energy transition is a global growing trend. At the end of 2024, more than 150 countries have made commitments to reach carbon neutrality in the mid-21st century, covering over 80% of global carbon dioxide emissions. In particular, China has set the “dual carbon” target, aiming to achieve peak carbon dioxide emissions before 2030 and strive to reach carbon neutrality before 2060. These initiatives taken by multiple countries have accelerated the development of the new energy and energy storage markets. Specifically, in telecom and data center energy storage sector, electricity costs constitute a significant portion of operational expenses for data centers and telecom operations, accounting for approximately 60% and 30% of their total operating costs, respectively. The integration of renewable energy infrastructures, such as PV, is reducing electricity expenses, while energy storage systems ensure uninterrupted operation for base stations and data centers.

Regulatory Support: Regulatory frameworks and government support mechanisms, such as subsidies, tax incentives, and financial incentives for investments in energy storage projects, reduce upfront costs and accelerate market uptake, thus driving the adoption and deployment of energy storage systems. In European Union, energy storage has played an important role in the European Green Deal and the Fit for 55 policy package, a set of policy initiatives aimed at ensuring the steps to carbon neutrality. These measures accelerate the adoption for the installation of renewable energy plants and co-located energy storage. Regulatory reforms in China, such as streamlined permitting processes and grid interconnection standards, further facilitate the deployment of energy storage systems, enabling faster project development and implementation. For example, in August 2021, the PRC National Development and Reform Commission and the National Energy Administration issued the “Notice on encouraging renewable electricity generation enterprises to self-build or purchase peak shaving capacity to increase the grid-connected scale” (《關於鼓勵可再生能源發電企業自建或購買調峰能力增加並網規模的通知》), encouraging power generation enterprises to increase the grid-connected scale of renewable energy power generation installations through self-building or purchasing peak adjusting energy storage capabilities. As of December 31, 2024, more than 20 provinces, autonomous regions, and municipalities in China have issued regional policies related to the mandatory deployment of energy storage alongside renewable energy projects. Operators of telecom base stations and data

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centers, with their extensive site resources and reliance on substantial energy storage for backup power, are poised to reap significant benefits from this policy. Data centers, in particular, are under increasing pressure to address their high energy consumption and rapidly growing demand for computing power by promoting green electricity usage and reducing carbon emissions. Thus, the installed data center energy storage capacity equipped with sustainable electricity supply functions is projected to reach 80.3 GWh by 2030, with a CAGR of 204.9% from 2024. In addition, the bidding policies of the Chinese telecom base station industry have undergone several major changes from 2020 to 2024, which have continued to impact the mechanisms and costs of energy storage projects. Furthermore, government-funded research and development programs spur technological innovation in energy storage technologies, driving down costs and improving performance.

Increased Efficiency and Declining Costs: Increased efficiency and declining costs of electric energy storage technologies are primary drivers behind their increasing adoption and integration into modern energy systems. Technological advancements, including improvements in battery materials & structure, manufacturing processes, and energy management systems, have led to higher efficiency, longer lifespan, and enhanced safety features, contributing to the cost reductions in energy storage products. Driven by growing demand and larger production facilities, economies of scale allow manufacturers to spread fixed costs. For instance, the average price of lithium-ion batteries decreased from RMB1.57/Wh in 2022 to RMB0.63/Wh in 2024, dropped by 64.3%. These declining costs make energy storage solutions increasingly viable for a wide range of applications, accelerating the transition towards a more sustainable, flexible, and resilient energy system.

DEVELOPMENT TRENDS OF GLOBAL AND CHINA ENERGY STORAGE MARKET

AI and Big Data Technology Stimulate Market Demand: Integrating AI and big data technology into various sectors has catalyzed a surge in market demand for computational power and energy, stimulating the growth of the data center energy storage market. The share of global electricity demand attributed to the electricity demand from data centers is expected to rise from 4.0% in 2024 to 10.1% in 2030. AI and big data applications, known for their intensive data processing needs, require vast amounts of computational power and continuous and reliable energy sources to operate efficiently. This dependency on constant power supplies makes energy storage a critical component in the infrastructure supporting these technologies.

Diversification and Parallel Development of Technical Routes: Since lithium-ion batteries boast higher energy density and longer life cycle and lead-acid batteries are relatively more mature in industry value chain, the energy storage industry, especially in data center and telecom sectors, will witness the parallel development of lithium-ion, lead-acid and other multiple battery technologies, providing diversification of battery options and further improving energy storage performance. Lithium-ion battery will contribute to the major growth potential while lead-acid battery will still represent as one of the mainstream applications. Among other technical routes of batteries, sodium-ion batteries are expected to increase their energy storage market share due to their rich raw material resources, suitability for cold regions and high efficiency.

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Continual Improvement on Battery Performance and Cost Reductions Through Technological Advancements: The continuous advancements in technology and corresponding reductions in costs have significantly enhanced the performance and reliability of energy storage technologies, leading to decreased costs. This improvement in competitiveness promotes further market development and the application of energy storage solutions. One of the breakthroughs in this domain is the development of battery discharge rate in different working environment, since the energy storage system in data center requires superior high-rate performance to satisfy instantaneous backup power demand in a short time period. Further, leading market participants engage in the research and development of solid-state battery technology, providing safer, higher energy density and longer life cycle options to meet diverse customer requirements. These technologies help lower energy costs and carbon footprints, supporting the broad application in energy storage markets.

ENTRY BARRIER OF GLOBAL AND CHINA ENERGY STORAGE MARKET

Customer Recognition Barriers: In the energy storage industries, customer recognition barriers can be critical for new entrants, especially when the primary downstream customers in the telecom and data center energy storage market include large telecom state-owned operators and equipment manufacturers, and large technology companies. These organizations command vast customer resources and substantial market shares, setting stringent requirements for their suppliers across multiple dimensions. They expect high product quality, cost-effectiveness, reliable delivery capacities, robust service support, compliance with regulations, and commitment to sustainability. To successfully navigate these barriers and secure trust and collaboration opportunities from such large-scale customers, suppliers must not only offer products and services that meet these high standards but also demonstrate reasonable pricing and cost structures to meet their customized needs.

Capital Investment Barriers: Capital investment barriers in the energy storage industries are primarily due to the substantial financial outlay required for equipment procurement, system integration, and ongoing operations and maintenance. The initial costs associated with setting up production capacity of advanced energy storage systems that can handle the high demands of telecom and data center products are considerable. These systems not only need to be robust to ensure continuity in telecom and data center markets, but they also need to be sophisticated enough to integrate seamlessly with existing digital and energy infrastructures. Additionally, the operational costs, including the maintenance of complex systems that are essential for energy efficiency and reliability, further escalate the investment needed. Consequently, only enterprises with robust financial backing are typically able to enter the market and compete effectively.

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Technological Barriers: The energy storage industry faces significant technological barriers that stem primarily on sophisticated battery technology, energy management systems, and intelligent control algorithms. Companies that possess core technologies and patents enjoy significant competitive advantages in the market, delivering superior high-rate performance with better safety level and cost-effectiveness. Additionally, developing or acquiring these technologies entails substantial investment in research and development, often coupled with the need to navigate global complex patent landscapes and regulatory standards. The integration of these technologies into existing infrastructure demands not only technical adaptability but also compatibility with diverse global energy storage standards. As a result, the technological complexity not only restricts market entry but also challenges the scalability and adaptability of solutions within this sector.

COMPETITIVE LANDSCAPE OF THE GLOBAL ENERGY STORAGE MARKET

Competitive Landscape of the Global Telecom and Data Center Energy Storage Market

According to Frost & Sullivan, the global telecom and data center energy storage battery market is competitive. In 2024, the total global added installed capacity for energy storage batteries in telecom and data center application reached 60.4 GWh, with the top five players holding a combined market share of approximately 40.7%. Our Group achieved a shipment volume of 6.7 GWh, ranking the first among global telecom and data center energy storage battery providers, with the market share of 11.1%.

Top 5 Global Telecom and Data Center Energy Storage Battery Providers, 2024

Ranking	Company	Shipment Volume (GWh)		Market Share
1	Our Group	6.7	-----	11.1%
2	Company A	5.0	-----	8.3%
3	Company B	4.7	-----	7.8%
4	Company C	4.6	-----	7.6%
5	Company D	3.6	-----	6.0%

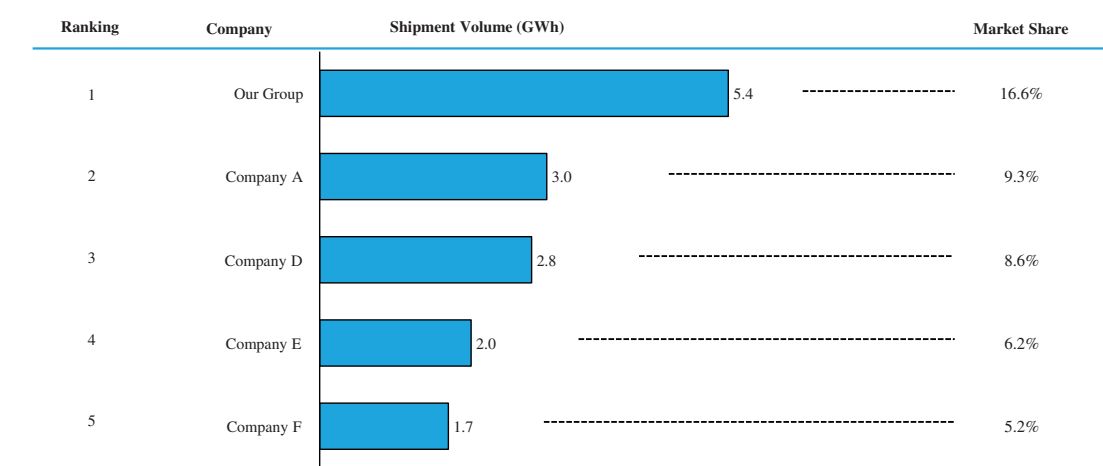
Source: Interviews with Industry Experts, Frost & Sullivan

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According to Frost & Sullivan, the telecom and data center energy storage battery market in China is relatively competitive. In 2024, the total in China added installed capacity for energy storage batteries in telecom and data center application reached 32.4 GWh, with the top five players holding a combined market share of approximately 45.9%. Our Group achieved a shipment volume of 5.4 GWh, ranking the first among telecom and data center energy storage battery providers in China, with the market share of 16.6%.

According to Frost & Sullivan, in 2024, we ranked first in terms of shipment volumes in the global telecom base station energy storage market. In 2024, our market share in the global telecom market reached 9.2%. According to Frost & Sullivan, in 2024, we ranked first among Chinese companies in terms of shipment volumes in the global data center energy storage market. In 2024, our market share in the global data center market reached 16.1%.

Top 5 Telecom and Data Center Energy Storage Battery Providers in China, 2024



- Notes:
- (1) Sales to Chinese energy storage battery customers are counted as shipment volume in China.
 - (2) Established in 1999, Company A is a Chinese company with its shares listed on the Hong Kong Stock Exchange. The company is a global leader in battery manufacturing, focusing on the production of lithium batteries and lead-acid batteries.
 - (3) Established in 1947, Company B is a listed Indian-based company specializing in the production and sales of lead-acid batteries, with its products widely used in automotive, industrial, and renewable energy sectors.
 - (4) Established in 2000, Company C is a U.S.-based company with its shares listed on the New York Stock Exchange, specializing in the design, manufacturing, and sales of lithium-ion and lead-acid batteries and power systems, with its products widely used in telecommunications, data centers, industrial equipment, and renewable energy sectors.
 - (5) Established in 1994, Company D is a Chinese company with its shares listed on the Shenzhen Stock Exchange, specializing in the research, production, and sales of lead-acid and lithium batteries, with its products widely used in power, energy storage, and industrial sectors.
 - (6) Established in 1998, Company E is a Chinese company with its shares listed on the Shenzhen Stock Exchange, specializing in providing backup power, energy storage solutions, power supply systems, and renewable energy system solutions, with its lithium-ion and lead-acid battery products widely used in telecom, data center, and power sectors.
 - (7) Established in 1996, Company F is headquartered in China with its shares listed on the Shanghai Stock Exchange. The company is specializing in integrated power transmission and distribution, with its products focusing on lithium-ion energy storage battery solutions.

Source: Interviews with Industry Experts, Frost & Sullivan

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Competitive Landscape of the Global Electrical Energy Storage Market

The global electrical energy storage market is characterized by a relatively fragmented competitive landscape, with more than 10,000 existing and startup companies in the industry, covering products including energy storage batteries, battery management systems, power conversion system, etc.

Success in this market is driven by several key factors: (i) customer recognition plays a crucial role, as trusted brands in this market are more likely to secure long-term customers; (ii) product reliability is also paramount, as energy storage battery must meet high standards of performance and safety; (iii) maintaining a cost advantage is vital for staying competitive, particularly in a price-sensitive market; and (iv) the ability to expand into international markets is essential for growth, as global demand for energy storage solutions continues to rise, driven by the transition to renewable energy and the need for grid stability.

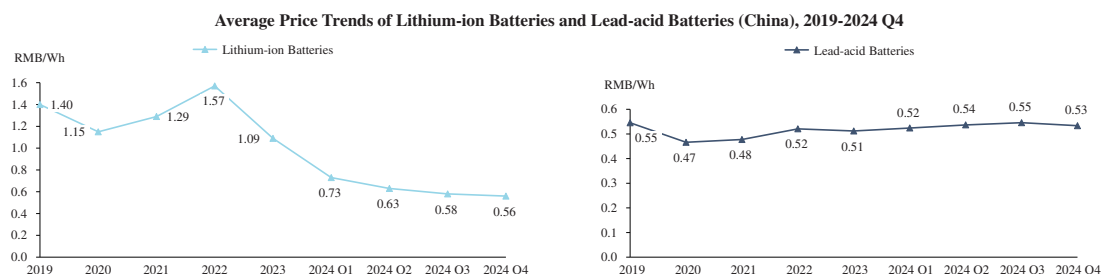
Our Group has established various competitive strengths in the global energy storage market. According to Frost & Sullivan, in 2024, we ranked the twelfth among global energy storage battery providers in terms of added installed capacity, achieving a market share of 2.5%. For details, see “Business — Our Strengths” in this document.

BATTERY AND RAW MATERIALS PRICE ANALYSIS

The price of lithium carbonate significantly affects the average selling price of lithium-ion batteries. Similar to the trend of lithium carbonate, the average market prices of lithium-ion batteries decrease from RMB1.57/Wh in 2022 to RMB0.63/Wh in 2024. In the future, the price of lithium carbonate is expected to be relatively stabilized following with a slight decrease due to softening demand sentiments in the long term. Regarding the future price trend of lithium-ion batteries, more advanced battery technology and improved economies of scale will play a significant role in further reducing costs. Thus, it is expected that the average price of lithium-ion batteries will be at the range from RMB0.55/Wh to RMB0.75/Wh in the next two years, while the price fluctuation trajectory is similar to that of raw materials, especially lithium carbonate.

The price of lead ingots significantly affects the average selling price of the Group’s lead-acid battery products. Similar to the trend of lead ingots, the average market prices of lead-acid batteries fluctuate from RMB0.47/Wh in 2020 to RMB0.54/Wh in 2024. Compared to lithium-ion batteries, lead-acid batteries enjoy a stable recycling supply chain. With current recycling costs of lead-acid batteries remaining at RMB0.25/Wh to RMB0.30/Wh, future prices will be largely influenced by the recycling system and lead ingot prices, thus the price of lead-acid batteries is likely to exhibit a gentle decrease due to its relatively low recycling costs. The average price of lead-acid batteries is expected to be relatively stable and remain at the range from RMB0.46/Wh to RMB0.56/Wh in the next two years, while the price fluctuation trajectory is similar to that of raw materials, especially lead ingots.

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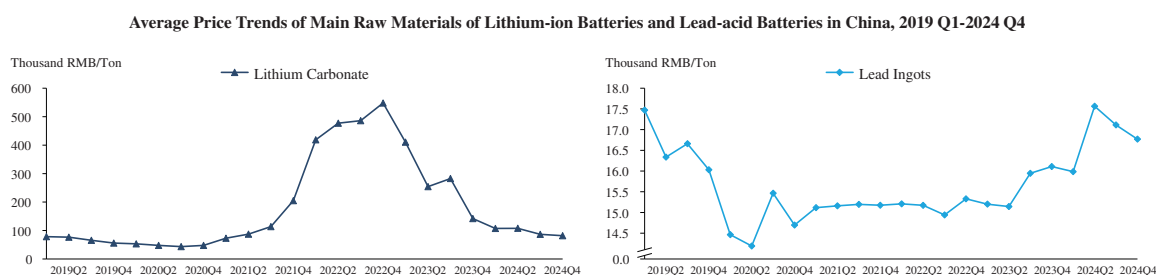


Note: The average price of lithium-ion batteries refer to the average price of 2-hour lithium-ion battery energy storage system.

Source: Frost & Sullivan

The prices of key raw materials are primarily driven by market supply and demand, as well as inventory levels. For lithium carbonate, main raw material of lithium-ion batteries, due to the limited and slow-growing production capacity and surge in demand from ESS and NEVs from 2020 to 2022, the average price escalated from RMB48.0 thousand per ton to over RMB482.4 thousand per ton. The surge in demand for ESS has been driven by a combination of renewable energy transformation and electrification, mature technology and cost decrease, and favorable policies, in both China and overseas. Attributable to the balancing between supply and demand, the average price of lithium carbonate dropped to RMB272.3 thousand per ton in 2023. The price plunged mainly due to the increase in capacity and inventory level of lithium carbonate. Further in 2024, continuous rise in inventory level of lithium carbonate accelerated the drop in average price of lithium carbonate to RMB95.9 thousand per ton. As the supply and demand relationship gradually reaches equilibrium in the future, production capacity utilization rates of this industry will rise. Under the premise of economic stability, the price of lithium carbonate will tend to be stabilized and decrease slightly, and it is expected to fluctuate within the range of RMB70 thousand per ton to RMB110 thousand per ton in the next two years.

Lead ingots, the primary raw material of lead-acid battery, account for nearly 60% of the total cost of lead-acid batteries, substantially influencing the price of lead-acid battery. After the short-term price drop of lead ingots in 2019, from 2020 to 2023, the price of lead ingots has shown a steady increase and price of lead ingot maintained at the price range from RMB14.0 thousand per ton to RMB17.5 thousand per ton. In 2024, due to the tight supply-demand relationship of lead ingots and the continued growth of lead demand in the battery industry, rise in the average price of lead ingots to RMB16.9 thousand per ton led to the increase in the price of lead-acid batteries. With the continuous establishment of the lead recycling system, the price of lead ingots is projected to decrease steadily and revert to the price level between 2020 and 2023.



Source: Frost & Sullivan

REGULATORY OVERVIEW

We are subject to PRC laws, regulations and regulatory documents that affect various aspects of our business. This section summarizes (i) a description of the principal PRC governmental authorities that have jurisdiction over our current business; and (ii) the principal PRC laws, regulations and regulatory documents that we believe are relevant to our business activities.

Major Regulatory Organizations

We are principally engaged in the research and development, production and sale of energy storage batteries, mainly lead-acid energy storage batteries and lithium-ion energy storage batteries, which are mainly used in the fields of telecommunications base station energy storage, data center energy storage and power storage. In addition to being subject to the supervision and management of the organizations that generally regulate companies in the PRC, our business activities in the PRC are mainly regulated by the National Development and Reform Commission of the People’s Republic of China (“**NDRC**”) and the Ministry of Industry and Information Technology (“**MIIT**”) and the National Energy Administration of the People’s Republic of China.

The NDRC provides macro guidance and regulation on the development of the industry, and is mainly responsible for formulating and organising the implementation of national economic and social development strategies, medium and long-term plans and annual plans, as well as proposing objectives and policies on national economic development, price level regulation and optimization of major economic structures.

The MIIT carries out industrial planning and supervision over the development of the industry, it is mainly responsible for formulating and implementing various industrial plans and regulations, promoting the development of major technology and equipment and independent innovation, promoting strategic adjustment and upgrading of industrial structure, formulating and organizing the implementation of technical norms and standards for the industry, as well as monitoring the daily operation of the industry.

The National Energy Administration (“**NEA**”) provides policy guidance and direction for the development of the industry, and is mainly responsible for formulating and organising the implementation of energy development strategies, plans and policies, promoting the reform of the energy system and formulating the relevant reform proposals, and co-ordinating major issues in energy development and reform.

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Major Industrial Policies Relating to our Business Activities in the PRC

According to the “Standard Conditions for Lead Storage Battery Industry”(《鉛蓄電池行業規範條件》) promulgated by the MIIT on December 10, 2015 and effective from December 25, 2015, the lead-acid battery industry in China is regulated to promote the sustainable, healthy and coordinated development of the lead-acid battery and its lead-containing parts and components production industry in China and to regulate investment of the industry, among which, the production projects for the new types of lead storage battery such as coiled type, bipolar type, and lead-carbon batteries (super batteries), or the production projects using continuous type (expanded mesh, punched mesh, continuous casting and rolling, etc.) electrode plate manufacturing process, are not subject to the restriction of production capacity.

In order to smoothly implement the “Standard Conditions for Lead Storage Battery Industry”, the MIIT promulgated on December 10, 2015 and put into effect on December 25, 2015, the “Measures for the Administration of the Announcement of the Standard for Lead Storage Battery Industry”(《鉛蓄電池行業規範公告管理辦法》), which stipulates that the competent departments of industry and information technology at the provincial level are responsible for accepting the announcement applications submitted by lead-acid battery enterprises in their respective regions in accordance with the “Standard Conditions for Lead Storage Battery Industry” as well as the provisions of relevant laws, regulations and industrial policies, as well as conducting preliminary examination of the application materials submitted by the enterprises, and reporting the results of the preliminary examination to MIIT, which is responsible for the management of the lead-acid battery industry standardization announcement in the whole country.

According to the “14th Five-Year Plan” for the Development of the Information and Communications Industry (「十四五」《信息通信行業發展規劃》) promulgated and implemented by the MIIT on November 1, 2021, the world’s largest 5G independent network will be built during the “14th Five-Year Plan” period, and full coverage of cities and towns, basic coverage of administrative villages, and key application scenarios will be deeply achieved, and basic coverage of cities and villages by gigabit fiber optic network.

According to the “Standard Conditions for Lithium-Ion Battery Industry”(《鋰離子電池行業規範條件》) promulgated by the MIIT on June 18, 2024 and effective from June 20, 2024, lithium-ion battery enterprises and projects should comply with the requirements of the national laws and regulations on the exploitation and use of resources, ecological and environmental protection, energy conservation management, safe production, etc., and the requirements of the national industrial policy and relevant industrial planning and layout, as well as the requirements of the local national spatial and ecological environmental protection special planning.

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In order to smoothly implement the “Standard Conditions for Lithium-Ion Battery Industry”, the “Administrative Measures for the Announcement of Standard Conditions for Lithium Ion Battery Industry (2024 Edition)” (《鋰離子電池行業規範公告管理辦法(2024年本)》) were promulgated by the MIIT on June 18, 2024 and effective from June 20, 2024, which stipulate that the competent departments of industry and information technology at the provincial level shall be responsible for the acceptance, verification and reporting of the announcement of the lithium-ion battery industry in the local region, and shall supervise and inspect the implementation of the standard conditions. The MIIT is responsible for the management of the national lithium-ion battery industry standard announcement, organising the review, sampling, publicity and announcement of the application materials reviewed and recommended by the provincial competent departments of the industry, as well as the dynamic management of the list of lithium-ion battery industry standard announcement.

According to the “Implementation Plan for the Development of New Energy Storage in the 14th Five-Year Plan” (《「十四五」新型儲能發展實施方案》) promulgated by the NDRC and the NEA and put into effect on January 29, 2022, the key tasks of new energy storage development in the 14th Five-Year Plan are deployed in the key areas of technological innovation, pilot demonstration, large-scale development, institutional mechanism, policy protection and international cooperation. It is planned that by 2025, the new type of energy storage will move from the early stage of commercialization to the stage of large-scale development, with conditions for large-scale commercial application, a basically complete standards system, an increasingly complete industrial system, and a basically mature market environment and business model. Among them, the performance of electrochemical energy storage technology will be further improved, and the system cost will be reduced by more than 30%; by 2030, the new energy storage will be fully marketed and developed.

On January 3, 2023, the MIIT, the Ministry of Education, the Ministry of Science and Technology, the People’s Bank of China, the China Bank Insurance Regulatory Commission (withdrawn), and the NEA promulgated and implemented the “Guiding Opinions on Promoting the Development of Energy Electronics Industry” (《關於推動能源電子產業發展的指導意見》), where the opinion urged to strengthen the new type of energy storage batteries industrialization technology research, and to promote the application of advanced energy storage technologies and products on a large scale. Research breakthroughs in ultra-long life and high security battery system, large-scale large-capacity high-efficiency energy storage, mobile energy storage for vehicles and other key technologies, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen storage/fuel cells and other new batteries.

According to the “Key Points of Energy Regulation in 2023” (《2023年能源監管工作要點》) promulgated and implemented by the NEA on January 4, 2023, it is required to further give full play to the function of the electricity market mechanism. The market will play a decisive role in resource allocation, effectively reflect the time and space value of electricity resources, continuously expand the scale of new energy participation in market-based trading, and continuously guide the participation of virtual power plants, new types of energy storage and other new types of entities in system regulation.

REGULATORY OVERVIEW

According to the “Work Plan for Stable Growth of Light Industry (2023-2024)” (《輕工業穩增長工作方案(2023-2024年)》) promulgated and implemented by the MIIT, the NDRC and the Ministry of Commerce (MOFCOM) on July 19, 2023, the plan accelerates the research and application of key technologies and materials in the fields of lead storage batteries, lithium-ion batteries, primary batteries, and other fields, focusing on the enhancement of energy density of batteries and the reduction of thermal runaway. High-security lithium-ion batteries, lead-carbon batteries, sodium-ion batteries and other products shall be vigorously developed, and their application in new energy vehicles, energy storage, telecommunications and other fields shall be expanded. A platform for industrial supply and demand co-operation will be built and the battery industry and the downstream industries, such as electric bicycles will be promoted to strengthen the connection of technology, products and services, and to promote the integration and development.

According to the “Guiding Catalogue for Industrial Structural Adjustment (2024 Edition)” (《產業結構調整指導目錄(2024年本)》) (“**Catalogue (2024 Edition)**”) promulgated by the NDRC on December 27, 2023 and effective from February 1, 2024, the Catalogue (2024 Edition) consists of three categories of encouraging, restricting and eliminating, among which lithium-ion batteries, sealed lead storage batteries with new structures (bipolar, lead-cloth, coiled, tubular, etc.), are listed as the encouraged category in the Catalogue (2024 Edition).

Laws and Regulations Relating to Foreign Investment

The Standing Committee of the National People’s Congress promulgated the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “**Company Law**”) on December 29, 1993, which came into effect on July 1, 1994, and the Company Law has been through the 1999 amendment, 2004 amendment, 2005 amendment, 2013 amendment, 2018 amendment and 2023 Amendments for a total of six amendments. The latest round of amendments to the law was passed on December 29, 2023 and implemented on July 1, 2024. The Company Law provides for the registration of companies, the establishment and organisation of limited liability companies, the transfer of equity of limited liability companies, the establishment and organisation of joint stock limited companies, the issuance and transfer of shares of joint stock limited companies, the special provisions on the organisation of state-funded companies, the qualifications and obligations of directors, supervisors and senior management of a company, corporate bonds, the company’s finance, accounting, mergers, divisions, capital increases, capital reductions, dissolution and liquidation of the company, branches of the foreign company, and legal liabilities. Unless otherwise provided by the law on foreign investment, the Company Law shall also apply to foreign-invested companies.

REGULATORY OVERVIEW

On March 15, 2019, the National People’s Congress (“NPC”) promulgated the “Foreign Investment Law of the People’s Republic of China” (《中華人民共和國外商投資法》), which came into force on January 1, 2020. On December 26, 2019, the State Council promulgated the “Implementation Rules 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》), which came into force on January 1, 2020. The MOFCOM and the State Administration for Market Supervision (SAMS) issued the “Measures for the Reporting of Foreign Investment Information” (《外商投資信息報告辦法》) on December 30, 2019, which came into effect on January 1, 2020. Commencing from January 1, 2020, in the event a foreign investor conducts investment activities directly or indirectly within the PRC, the foreign investor or foreign-invested enterprise shall report investment information to the competent department of commerce in accordance with the laws and regulations on foreign investment.

According to the “Provisions on Guiding the Orientation of Foreign Investment” (《指導外商投資方向規定》) issued by the State Council on February 11, 2002 and effective on April 1, 2002, the “Special Administrative Measures for Foreign Investment Entry (Negative List) (2024 Edition)” (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the Ministry of Commerce on September 6, 2024 and effective from November 1, 2024, and the “Encouraging Foreign Investment Industries Catalogue (2022 Edition)” (《鼓勵外商投資產業目錄(2022年版)》) issued by the NDRC and the Ministry of Commerce on October 26, 2022 and effective from January 1, 2023, there are four types of foreign investment projects. Foreign investment projects can be classified into four categories: encouraged, permitted, restricted and prohibited.

Laws and Regulations Relating to Outbound Investment

On September 6, 2014, the Ministry of Commerce promulgated the “Administrative Measures for Outbound Investment” (《境外投資管理辦法》), which came into effect on October 6, 2014. According to the Administrative Measures for Outbound Investment, outbound investment refers to the act of an enterprise established by law within the territory of the PRC to own a non-financial enterprise or to acquire the ownership, control, operation and management rights and other interests in an existing non-financial enterprise through new establishment, merger and acquisition or other means. Outbound investment by enterprises involving sensitive countries and regions as well as sensitive industries shall be subject to approval and management. For enterprises in other cases of outbound investment, file management shall be implemented. Local enterprises shall report to the competent provincial departments of commerce for record. The Ministry of Commerce and the provincial competent department of commerce shall issue the “Certificate of Enterprise Outbound Investment” (《企業境外投資證書》) to the enterprises that have been filed or approved.

REGULATORY OVERVIEW

On December 26, 2017, the NDRC promulgated the “Administrative Measures for Outbound Investment of Enterprises”(《企業境外投資管理辦法》), which came into effect on March 1, 2018. According to the Administrative Measures for Outbound Investment of Enterprises, outbound investment refers to investment activities in which a domestic enterprise in the PRC, directly or through a foreign enterprise it controls, obtains ownership, control, operation and management rights and other relevant interests in a foreign country by way of investment of assets, interests or provision of financing and guarantee. When an investment entity launches an outbound investment, it should fulfil the procedures for approval and filing of outbound investment projects, report relevant information and cooperate with supervision and inspection. The NDRC promulgated the “Catalogue of Sensitive Industries for Outbound Investment (2018 Edition)” (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018, which came into effect on March 1, 2018, detailing the catalogue of sensitive industries.

Laws and Regulations Relating to Environmental Protection

According to the “Environmental Protection Law of the People’s Republic of China”(《中華人民共和國環境保護法》) promulgated by the Standing Committee of the NPC on December 26, 1989 and last amended on April 24, 2014, production operators shall prevent and reduce environmental pollution and ecological damage, and shall bear the responsibility for the damage caused in accordance with the law. According to the “Environmental Protection Law” and the “Regulation on Administration of Discharge Permits”(《排污許可管理條例》) issued by the State Council on January 24, 2021 and effective from March 1, 2021, enterprises, institutions and other production operators implementing the administration of discharge permits shall discharge pollutants in accordance with the requirements of the discharge permits; and shall not discharge pollutants without obtaining the discharge permits. The competent authorities in charge of environmental protection impose different administrative penalties on individuals or enterprises in violation of the Environmental Protection Law.

According to the “Environmental Impact Assessment Law of the People’s Republic of China”(《中華人民共和國環境影響評價法》), which came into effect on September 1, 2003 and was amended on July 2, 2016 and December 29, 2018 respectively, and the Regulations on Environmental Protection Management of Construction Projects, which came into effect on November 29, 1998 and was amended on July 16, 2017, in the event the implementation of a construction project is likely to affect the environment, the construction unit shall submit an environmental impact report (form) or environmental impact application form to the environmental protection department concerned. For construction projects that are required by law to prepare an environmental impact report (form), the environmental impact assessment document of the construction project should be approved by the administrative department in charge of environmental protection, otherwise the construction shall not commence. Upon completion of the construction project, the construction unit shall, in accordance with the standards and procedures stipulated by the administrative department in charge of environmental protection, carry out acceptance of the ancillary environmental protection facilities and prepare an acceptance report.

REGULATORY OVERVIEW

Laws and Regulations on Work Safety

According to the “Safety Production Law of the People’s Republic of China”(《中華人民共和國安全生產法》), which came into effect on November 1, 2002 and was last amended on June 10, 2021 and came into effect on September 1, 2021, production and operation units must strengthen the management of production safety, establish and improve the system of responsibility for safety, and ensure a safe production environment. China establishes and implements a system of accountability for production safety accidents. If a production and operation unit fail to comply with the provisions of the Safety Production Law of the People’s Republic of China, the safety and production supervision and management department may order rectification, impose a fine, or order it to suspend production and business for rectification, or revoke the relevant license.

Some of the chemical raw materials required for the production of the Company’s products, such as anhydrous ethanol and sulphuric acid, are dangerous chemicals. According to the “Regulations on the Safety Management of Hazardous Chemicals”(《危險化學品安全管理條例》)(which came into effect on March 15, 2002 and was amended on March 2, 2011 and December 7, 2013 respectively), the production, storage, use, operation and transportation of dangerous chemicals shall comply with the safety management regulations. Dangerous chemical units should have the safety conditions required by laws, administrative regulations, national standards and industrial standards, establish and improve safety management rules and regulations and post safety responsibility systems, and provide safety education, legal education and post technical training for employees.

Laws and Regulations Relating to Product Quality

According to the “Civil Code of the People’s Republic of China”(《中華人民共和國民法典》), which came into effect on January 1, 2021, Chapter IV – Product Liability of “Part VII – Tort Liability” stipulates that if a defective product causes damage to another person, the producer of the product shall be liable for the infringement. Including: “If the defective products cause damage to others, the infringed person may claim compensation from the producer of the products, or from the seller of the products”; “If the defective products are caused by the producer, the seller shall have the right to recover the damages from the producer after the compensation is made.”

According to the “Product Quality Law of the People’s Republic of China”(《中華人民共和國產品質量法》), which came into effect on September 1, 1993 and was last amended on December 29, 2018, the production and sale of products within the territory of the People’s Republic of China must comply with the Law. Producers and sellers shall establish a sound internal quality management system, strictly implement the post quality standards, quality responsibility and corresponding assessment methods, and bear the responsibility for the quality of products in accordance with the provisions of the Law.

REGULATORY OVERVIEW

Laws and Regulations Relating to Import and Export of Goods

According to the “Administrative Provisions of the Customs of the People’s Republic of China on Record-filing of Customs Declaration Entities”(《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, which came into effect on January 1, 2022, the consignees and consignors of imported and exported goods and the declaration enterprises applying for the filing of declaration entities shall obtain the qualification of market entities; among them, the consignees and consignors of imported and exported goods applying for the filing of declaration entities shall also obtain the filing of declaration units of operators of foreign trade. If the consignee or consignor of imported or exported goods or the declaration enterprise has already applied for the filing of declaration entities, its branch organizations meeting the conditions in the preceding paragraph may also apply for the filing of declaration entities.

Laws and Regulations Relating to Employment

According to the “Labour Contract Law of the People’s Republic of China”(《中華人民共和國勞動合同法》), which came into effect on January 1, 2008 and was last amended on December 28, 2012 and came into effect on July 1, 2013, and the “Implementation Regulations of the Labour 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》), which came into effect on September 18, 2008, the establishment of labour relationship between employers and workers, as well as the conclusion, performance, termination and variation of labour contracts, etc., are stipulated in the regulations accordingly. When a labour relationship is established, a written labour contract shall be concluded. If a labour relationship has been established but a written labour contract has not been concluded at the same time, the employer shall conclude a written labour contract within one month from the date of employment.

According to the “Social Insurance Law of the People’s Republic of China”(《中華人民共和國社會保險法》) which came into effect on July 1, 2011 and was amended on December 29, 2018, the “Provisional Regulations on the Collection of Social Insurance Premiums”(《社會保險費徵繳暫行條例》) which came into effect on January 22, 1999 and was amended on March 24, 2019, the “Provisional Measures for Maternity Insurance of Employees of Corporations”(《企業職工生育保險試行辦法》) which came into effect on January 1, 1995, the “Regulation of Insurance for Labour Injury”(《工傷保險條例》) which came into effect on January 1, 2004 and was amended on December 20, 2010, and the “Regulations on the Administration of Housing Provident Fund”(《住房公積金管理條例》) which came into effect on April 3, 1999 and was amended on March 24, 2002 and March 24, 2019 respectively. Employers are required to pay basic old-age insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund for their employees. Employers that do not apply for the relevant procedures or do not pay in full on time, relevant administrative departments shall order to make corrections or make supplemental payments. Employers who fail to make corrections within the prescribed period for social insurance registration, the employer will be fined. Employers who fail to pay the social insurance premiums within the prescribed

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period, the relevant administrative department shall impose a fine. Employers who fail to register for the housing provident fund or who fail to apply for the establishment of housing provident fund accounts for their employees, shall be fined. Employers who fail to pay the housing provident fund after the deadline, may be subject to the People’s Court compulsory execution.

Laws and Regulations Relating to Intellectual Property Rights

Copyright and Software Registration

The Standing Committee of the NPC promulgated the “Copyright Law of the People’s Republic of China”(《中華人民共和國著作權法》) in 1990, which was amended in 2001, 2010 and 2020. The Copyright Law of the People’s Republic of China provides that Chinese citizens, legal persons or unincorporated organizations shall enjoy copyright in their works (including computer software) in accordance with this Law, regardless of whether they are published or not. The Copyright Law of the People’s Republic of China aims to encourage the creation and dissemination of works that are beneficial to the construction of socialist spiritual civilization and material civilization, and to promote the development and prosperity of socialist culture and science.

The “Regulations on the Protection of Computer Software”(《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and amended in 2001, 2011 and 2013 respectively, aims to protect the rights and interests of the copyright owners of computer software, regulate the interests in the development, dissemination and use of computer software, encourage the development and application of computer software, and promote the development of the software industry and the informatization of the national economy. According to the Regulations on the Protection of Computer Software, Chinese citizens, legal persons or other organizations shall enjoy the copyright of the software developed by them, regardless of whether it is published or not, in accordance with this Ordinance. Software copyright holders may apply for registration with the software registration organizations recognised by the copyright administration department of the State Council. The certificate of registration issued by the software registration organisation is the preliminary proof of registration.

The “Measures for the Registration of Computer Software Copyrights”(《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration (NCA) on February 20, 2002, which came into effect on the same day, provide for the registration of software copyrights and the registration of software copyright licensing contracts and transfer contracts. The NCA, as the competent authority in charge of the administration of software copyright registration in China, recognises the China Copyright Protection Centre as the software registration authority. China Copyright Protection Centre issues registration certificates to the computer software applicants for computer software in line with the “Measures for the Registration of Computer Software Copyrights” and “Regulations on the Protection of Computer Software.”

REGULATORY OVERVIEW

Trademark

Trademarks are protected by the “Trademark Law of the People’s Republic of China”(《中華人民共和國商標法》) a promulgated on August 23, 1982 and last amended on April 23, 2019, and the Regulations for the Implementation of the “Trademark Law of the People’s Republic of China”(《中華人民共和國商標法實施條例》) promulgated on August 3, 2002 and amended on April 29, 2014 by the State Council. The Trademark Office handles the registration of trademarks and grants the registered trademarks for a period of ten years, which may be renewed for another ten years upon application by the trademark owner. Trademark licence agreements must be filed with the Trademark Office. The Trademark Law of the People’s Republic of China adopts the “first-to-file” principle for trademark registration. For the same or similar goods or services, if the trademark applied for registration is identical or similar to another trademark that has been registered or preliminarily approved for use, the application for trademark registration may be rejected. Anyone who applies for trademark registration shall not infringe upon the existing prior rights of others, nor shall he or she use improper means to preempt the registration of a trademark that has already been used by others and has a certain degree of influence.

Patents

The “Patent Law of the People’s Republic of China”(《中華人民共和國專利法》) was promulgated by the Standing Committee of the NPC on March 12, 1984 and last amended on October 17, 2020. Inventions, utility models and designs for which patents are granted shall fulfil the three conditions of novelty, creativity and utility. Patents are not granted for scientific discoveries, rules and methods of intellectual activity, methods of diagnosis and treatment of diseases, species of animals and plants, or substances obtained by nuclear transformation. The Patent Office of the State Intellectual Property Office receives, examines and approves patent applications. The term of a patent for an invention is 20 years, the term of a patent for a utility model is 10 years, and the term of a patent for a design is 15 years, counting from the date of application. Unless otherwise provided by law, third party users must obtain the permission of the patent owner or an appropriate licence to use the patent, otherwise it will constitute an infringement of the patent holder’s rights.

Domain Name

According to the “Administrative Measures for Internet Domain Names”(《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, domain name registration services are in principle subject to the principle of “first application, first registration.” Domain names registered and used by any organisation or individual shall not contain any content prohibited by laws and administrative regulations. Applicants for domain name registration shall provide domain name registration information such as true, accurate and complete identity information of the domain name holder to the domain name registration service provider.

REGULATORY OVERVIEW

Laws and Regulations Relating to Foreign Exchange

According to the “Administrative Regulations of the People’s Republic of China on Foreign Exchange”(《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008, as well as various regulations promulgated by the State Administration of Foreign Exchange (“SAFE”) and other PRC regulatory authorities, foreign currencies can be converted or paid into or out of two different kinds of accounts, namely, the current account and the capital account. For payment of current account items (including foreign exchange transactions relating to goods, trade and services and other current payments), RMB can be converted into foreign currency without the approval of the SAFE, subject to certain procedural requirements, including the production of relevant supporting documents for the transactions. The conversion of RMB into foreign currencies and the remittance of foreign currencies out of the PRC for capital account items (such as direct equity investments, loans and recovered investments) must be approved by or registered with the SAFE or its local authorities in advance.

According to the “Circular of SAFE on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment”(《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) issued by the SAFE on November 19, 2012 and last amended on December 30, 2019, the opening of multiple special purpose foreign exchange accounts does not require the approval of SAFE. In addition, the same entity may open multiple capital accounts in different provinces. Reinvestment of legitimate income of foreign investors in the PRC is no longer required to be approved or verified by the SAFE, and foreign exchange purchases and remittances resulting from capital reduction, liquidation, prior recovery of investment or transfer of shares of a foreign-invested enterprise are no longer required to be approved by the SAFE.

According to the “Circular on Further Simplifying and Improving the Policies for Foreign Exchange Administration for Direct Investment”(《關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015 and last revised on December 30, 2019, the foreign exchange registration of inward direct investment and outward direct investment will be reviewed and processed by the banks directly, and the SAFE and its branches should indirectly supervise the foreign exchange registration through the banks.

REGULATORY OVERVIEW

Laws and Regulations Relating to Taxation

Enterprise Income Tax (“EIT”)

Pursuant to the “Enterprise Income Tax Law of the PRC”(《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018 respectively, and the “Implementing Rules of the Enterprise Income Law of the PRC (2024 Revision)”(《中華人民共和國企業所得稅法實施條例》(2024修訂)), formulated by the State Council on December 6, 2024, which came into effect on January 20, 2025, resident enterprises shall be subject to EIT at a rate of 25% on their income derived from sources within or outside the territory of the PRC. Foreign-invested enterprises in the PRC that are classified as resident enterprises shall be subject to an EIT rate of 25% on their income derived from sources within or outside the PRC. High-tech enterprises supported by the State shall be subject to a reduced EIT rate of 15%. A non-resident enterprise which has not set up any organisation or establishment in the PRC, or which has set up any organisation or establishment but the income derived from it has no actual connection with the organisation or establishment, shall pay enterprise income tax at a rate of 10% on its income derived from within the PRC.

Value-Added Tax (“VAT”)

According to the “Provisional Regulations on Value-added Tax of the PRC”(《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the “Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax”(《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993 and amended on December 15, 2008 and October 28, 2011, unless otherwise specified, all enterprises and individuals selling products, providing processing, repair and assembly labour, selling services, intangible assets, immovable assets and importing goods within the territory of the People’s Republic of China are subject to a value-added tax at a rate of 17%.

Pursuant to the “Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner”(《關於全面推開營業稅改徵增值稅試點的通知》), which was issued on March 23, 2016 and came into effect on May 1, 2016, with the approval of the State Council, the trial point for the conversion of business tax into VAT has been comprehensively launched on a nationwide basis with effect from May 1, 2016 onwards.

REGULATORY OVERVIEW

The “Circular of on Adjusting Value-added Tax Rates”(《關於調整增值稅稅率的通知》) issued by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and effective from May 1, 2018 adjusted the applicable tax rate for VAT, with the original 17% and 11% tax rates being adjusted to 16% and 10% respectively for taxpayers engaging in VAT-taxable sales activities or importing goods.

According to the “Announcement on Relevant Policies for Deepening Value-Added Tax Reform”(《關於深化增值稅改革有關政策的公告》), which was issued on March 20, 2019 and became effective on April 1, 2019, when a general VAT taxpayer engages in VAT taxable sales or imports goods, the VAT rate previously applicable to 16% is adjusted to 13%; and the VAT rate previously applicable to 10% is adjusted to 9%.

Laws and Regulations Relating to Overseas Issuance/Listing of Securities

According to the “Trial Measures for Administration of Overseas Issuance of Securities and Listing of Domestic Enterprises”(《境內企業境外發行證券和上市管理試行辦法》)(hereinafter referred to as the “Trial Measures”) promulgated by the CSRC on February 17, 2023, which came into effect on March 31, 2023, and the guidelines for the application of the five regulatory rules, direct overseas issuance and listing of a domestic enterprise refers to the overseas issuance and listing of a company limited by shares and registered and established in the PRC. Domestic enterprises conducting overseas issuance and listings should file with the CSRC in accordance with the Trial Measures, and submit filing reports, legal opinions and other relevant materials, as well as truthful, accurate and complete information of shareholders. Overseas issuance and listing activities of domestic enterprises shall comply with the laws, administrative regulations and relevant state regulations on foreign investment, state-owned assets management, industry supervision and outbound investment, and shall not disrupt the order of the domestic market, nor jeopardise the interests of the state, the public interest of the society and the legitimate rights and interests of the domestic investors. In the case of an overseas initial public issuance or listing of a domestic enterprise, a record shall be filed with the CSRC within three working days after the submission of the overseas application for listing. The Trial Measures stipulate the circumstances under which overseas issuance and listing shall not be permitted, including (1) where the listing and financing are expressly prohibited by laws, administrative regulations or relevant state regulations; (2) where the relevant competent department of the State Council has determined, in accordance with the law, that the overseas issuance and listing may jeopardise national security; (3) where a domestic enterprise, or its controlling shareholders, or the de facto controller of an enterprise, has been involved in corruption, bribery, embezzlement of property or misappropriation of property, or criminal offences against the socialist market economic order; (4) the domestic enterprise is being investigated by the law for suspected crimes or major violations of laws and regulations, and there is no clear conclusion yet; (5) there are major ownership disputes in the shareholdings held by controlling shareholders or shareholders dominated by controlling shareholders or de facto controllers.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our Company was founded in December 2011 by Mr. Yang, one of our Controlling Shareholders, as a joint stock company with limited liability under the laws of the PRC. We focus on the design, R&D, manufacturing, and sales of energy storage battery products and systems.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2011 . .	Our Company was established, and we began establishing partnerships with leading telecom operators and equipment manufacturers in China
2016 . .	We commenced our business on electrical energy storage settings and began developing energy storage batteries in commercial and residential settings
2018 . .	We began establishing partnerships with large tech companies and data center operators
2018 . .	We have successively collaborated with Alibaba, JD.com, Baidu, GDS, and ChinData
2020 . .	We were awarded as “China Light Industry Lead-acid Battery Industry Top Ten Enterprises” by China National Light Industry Council, China Battery Industry Association
2021 . .	We were awarded as “Thirteenth Five-Year Plan” Battery Industry Science and Technology Innovation Advanced Collective” by China Battery Industry Association
2022 . .	We introduced Zaoyang Fund, Hengsheng Zizhu and Xiangyang Investment as our Pre-[REDACTED] Investors
2023 . .	We ranked first in terms of shipment volume in the global telecom base station energy storage market
	We ranked first among Chinese companies in terms of shipment volume in the global data center energy storage market
	We were awarded as “Jiangsu Province First Batch of Innovative Management Intellectual Property International Standard Implementation Pilot Enterprises” by Jiangsu Provincial Intellectual Property Office, Jiangsu Provincial Department of Industry and Information Technology
	We were awarded as “2023 China Energy Storage Industry Best Battery Supplier” by China Chemical and Physical Power Supply Industry Association

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2024 . .	We were awarded as “BNEF Energy Storage Tier 1 Manufacturer” by BloombergNEF
	We were awarded as “GGII Energy Storage Industry TOP 50 Company” by Gaogong Industry Institute
	We were awarded as “GGII Golden Globe Awards” by Gaogong Industry Institute
	We were awarded as “China IDC Industry Innovation Technology Product Award” by China IDC Industry Annual Ceremony

OUR GROUP

As of the Latest Practicable Date, our Group comprised our Company and 9 subsidiaries. For details, see Note 1 to the Accountants’ Report in Appendix I to this document.

We primarily operate our business through our Company and three principal operating subsidiaries, Shuangdeng Front, Shuangdeng Runyoung and Shuangdeng Energy Storage, the details of which are set forth below:

Subsidiaries	Date of incorporation	Place of incorporation	Registered capital	Equity interest attributable to our Group	Principal business activities
Shuangdeng Front . . .	November 13, 2006	PRC	RMB75,466,200	100%	Production, research and development and sales of lithium-ion energy storage batteries
Shuangdeng Runyoung.	July 20, 2007	PRC	RMB56,000,000	100%	Production, research and development and sales of lead-acid energy storage batteries
Shuangdeng Energy Storage	December 23, 2022	PRC	RMB100,000,000	100%	Production, research and development and sales of lithium-ion energy storage batteries

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

ESTABLISHMENT AND DEVELOPMENT OF OUR GROUP

Our Company

(1) Establishment of Our Company and Early Development

Pursuant to the promoters’ agreement dated December 8, 2011 entered into by and among Mr. Yang, Mr. Qian Shan’gao (錢善高), Mr. Zhu Shiping (祝士平), Mr. Zhou Yuezhang (周躍章), Mr. Zhou Ping (周平), Mr. Zhou Weigang (周偉綱) and Mr. Zhai Lifeng (翟立鋒), our Company was established as a joint stock company under the laws of the PRC with an initial share capital of RMB300 million comprising 300 million Shares of RMB1.0 par value each. Other than our Controlling Shareholder Mr. Yang and Director Mr Qian Shan’gao, the other five promoters are Independent Third Parties.

Upon the completion of the establishment on December 28, 2011, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest (%)</u>
Mr. Yang	250,500,000	83.50
Mr. Qian Shan’gao	12,000,000	4.00
Mr. Zhu Shiping	12,000,000	4.00
Mr. Zhou Yuezhang.	12,000,000	4.00
Mr. Zhou Ping	6,000,000	2.00
Mr. Zhou Weigang	6,000,000	2.00
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.50</u>
Total.	<u>300,000,000</u>	<u>100.00</u>

Following its establishment and during the period from 2012 to 2014, the Company acquired certain business related assets, mainly manufacturing equipment, from several entities controlled by Mr. Yang and/or Dr. Yang, at an aggregate consideration of approximately RMB138.1 million which were determined with reference to the book value of such assets as valued by independent valuer. Two of our principal subsidiaries, i.e. Shuangdeng Front and Shuangdeng Runyoung, were also acquired by the Company from the entities which were under control of Mr. Yang and Dr. Yang, respectively. The considerations relating to such acquisitions were all determined with reference to the valuation reports prepared by independent third party valuers. For details, see “— Establishment and Development of Our Group — Our Principal Subsidiaries” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(2) Share Transfer in February 2013

On February 18, 2013, Mr. Qian Shan’gao entered into a share transfer agreement with Mr. Qian Bingqing (錢冰清), son of Mr. Qian Shan’gao. On the same date, Mr. Yang entered into a share transfer agreement with his son Dr. Yang. Pursuant to the relevant share transfer agreements, Mr. Qian Shan’gao agreed to transfer 12,000,000 Shares, representing 4.00% equity interest of our Company, to Mr. Qian Bingqing at nominal consideration and Mr. Yang agreed to transfer 147,000,000 Shares, representing 49.00% equity interest of our Company, to Dr. Yang at nominal consideration.

Upon the completion of such share transfer on March 29, 2013, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of</u>	
	<u>Shares</u>	<u>Equity interest</u>
		(%)
Dr. Yang	147,000,000	49.00
Mr. Yang	103,500,000	34.50
Mr. Qian Bingqing	12,000,000	4.00
Mr. Zhu Shiping	12,000,000	4.00
Mr. Zhou Yuezhang	12,000,000	4.00
Mr. Zhou Ping	6,000,000	2.00
Mr. Zhou Weigang	6,000,000	2.00
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.50</u>
Total	<u>300,000,000</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(3) Share Transfer in February 2014

On February 17, 2014, Mr. Yang entered into a share transfer agreement with Dr. Yang, pursuant to which, Dr. Yang agreed to transfer 147,000,000 Shares, representing 49.00% equity interest of our Company, to Mr. Yang at the consideration of RMB1.00.

The transfer of 49% equity interests in the Company from Mr. Yang to Dr. Yang in February 2013 and, subsequently, the transfer of the same equity interest in the Company from Dr. Yang to Mr. Yang were due to the Dr. Yang’s family wealth succession arrangement. As confirmed with the PRC Legal Adviser, the considerations determined for both transfers were in compliance with applicable laws and regulations in the PRC.

Upon the completion of such share transfer on March 5, 2014, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest</u> (%)
Mr. Yang	250,500,000	83.50
Mr. Qian Bingqing	12,000,000	4.00
Mr. Zhu Shiping	12,000,000	4.00
Mr. Zhou Yuezhang	12,000,000	4.00
Mr. Zhou Ping	6,000,000	2.00
Mr. Zhou Weigang	6,000,000	2.00
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.50</u>
Total	<u><u>300,000,000</u></u>	<u><u>100.00</u></u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(4) Capital Increase in December 2015

On December 24, 2015, the then shareholders of our Company resolved to increase the number of Shares in our Company from 300,000,000 Shares to 330,000,000 Shares with registered capital of our Company increased from RMB300,000,000 to RMB330,000,000. The increased share capital was subscribed by Taizhou Hechuang, a limited partnership ultimately controlled by Mr. Yang, at the total consideration of RMB66,000,000. The consideration was determined with reference to the Company’s net asset value as of October 31, 2015.

Upon the completion of such capital increase on December 29, 2015, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest (%)</u>
Mr. Yang	250,500,000	75.90
Taizhou Hechuang	30,000,000	9.09
Mr. Qian Bingqing	12,000,000	3.64
Mr. Zhu Shiping	12,000,000	3.64
Mr. Zhou Yuezhang	12,000,000	3.64
Mr. Zhou Ping	6,000,000	1.82
Mr. Zhou Weigang	6,000,000	1.82
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.45</u>
Total	<u><u>330,000,000</u></u>	<u><u>100.00</u></u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(5) Share Transfer in December 2015 and January 2016

On December 29, 2015, Mr. Yang entered into a share transfer agreement with Shuangdeng Investment, his controlled entity. Pursuant to which, Mr. Yang agreed to transfer 62,620,000 Shares, representing approximately 18.97% equity interest of our Company, to Shuangdeng Investment at the consideration of RMB137,764,000. The consideration was determined with reference to the Company’s then net asset value.

On January 6, 2016, Mr. Yang further entered into a share transfer agreement with Shuangdeng Investment. Pursuant to which, Mr. Yang agreed to further transfer 46,970,000 Shares, representing approximately 14.23% equity interest of our Company, to Shuangdeng Investment at the consideration of RMB103,334,000. The consideration was determined with reference to the Company’s then net asset value.

Upon the completion of such share transfers on January 6, 2016, the shareholding of our Company was as follows:

Shareholders	Number of Shares	Equity interest (%)
Mr. Yang	140,910,000	42.70
Shuangdeng Investment	109,590,000	33.20
Taizhou Hechuang	30,000,000	9.09
Mr. Qian Bingqing	12,000,000	3.64
Mr. Zhu Shiping	12,000,000	3.64
Mr. Zhou Yuezhang	12,000,000	3.64
Mr. Zhou Ping	6,000,000	1.82
Mr. Zhou Weigang	6,000,000	1.82
Mr. Zhai Lifeng	1,500,000	0.45
Total	<u>330,000,000</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(6) Capital Increase in January 2016

On January 13, 2016, the then shareholders of our Company resolved to increase the number of Shares in our Company from 330,000,000 Shares to 336,600,000 Shares with registered capital of our Company increased from RMB330,000,000 to RMB336,600,000. The increased share capital of 6,600,000 Shares was subscribed by Taizhou Zhongdian Hongtai Investment Center (Limited Partnership)(泰州中電弘泰投資中心(有限合夥)) (“**Zhongdian Hongtai**”), an investor and Independent Third Party, at the total consideration of RMB69,300,000. The consideration was determined based on the arm’s length negotiation among our Company, the then Shareholders and Zhongdian Hongtai.

Upon the completion of such capital increase on January 14, 2016, the shareholding of our Company was as follows:

Shareholders	Number of Shares	Equity interest (%)
Mr. Yang	140,910,000	41.86
Shuangdeng Investment	109,590,000	32.55
Taizhou Hechuang.	30,000,000	8.91
Mr. Qian Bingqing	12,000,000	3.57
Mr. Zhu Shiping	12,000,000	3.57
Mr. Zhou Yuezhang.	12,000,000	3.57
Zhongdian Hongtai	6,600,000	1.96
Mr. Zhou Ping	6,000,000	1.78
Mr. Zhou Weigang	6,000,000	1.78
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.45</u>
Total.	<u>336,600,000</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(7) Capital Decrease in May 2018

On February 28, 2018, the then shareholders of our Company resolved to decrease the number of Shares in our Company from 336,600,000 Shares to 330,000,000 with registered capital of our Company decreased from RMB336,600,000 to RMB330,000,000. The reduced share capital of 6,600,000 Shares was repurchased by our Company from Zhongdian Hongtai at the consideration of RMB75,900,000 and subsequently been cancelled. The consideration was determined based on the arm’s length negotiation among our Company and the then Shareholders.

Upon the completion of such capital decrease on May 15, 2018, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest (%)</u>
Mr. Yang	140,910,000	42.70
Shuangdeng Investment	109,590,000	33.20
Taizhou Hechuang	30,000,000	9.09
Mr. Qian Bingqing	12,000,000	3.64
Mr. Zhu Shiping	12,000,000	3.64
Mr. Zhou Yuezhang	12,000,000	3.64
Mr. Zhou Ping	6,000,000	1.82
Mr. Zhou Weigang	6,000,000	1.82
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.45</u>
Total	<u><u>330,000,000</u></u>	<u><u>100.00</u></u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(8) Share Transfer in July 2019

On July 15, 2019, for the purpose of implementing share incentive scheme, Taizhou Hechuang entered into a share transfer agreement with Taizhou Heying. Pursuant to which, Taizhou Hechuang agreed to transfer 11,400,000 Shares, representing approximately 3.45% equity interest of our Company, to Taizhou Heying, one of our Employee Incentive Platforms, at the consideration of RMB1.0034 for each Share.

Upon the completion of such share transfer, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest</u> (%)
Mr. Yang	140,910,000	42.70
Shuangdeng Investment	109,590,000	33.20
Taizhou Hechuang	18,600,000	5.64
Taizhou Heying	11,400,000	3.45
Mr. Qian Bingqing	12,000,000	3.64
Mr. Zhu Shiping	12,000,000	3.64
Mr. Zhou Yuezhang	12,000,000	3.64
Mr. Zhou Ping	6,000,000	1.82
Mr. Zhou Weigang	6,000,000	1.82
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.45</u>
Total	<u><u>330,000,000</u></u>	<u><u>100.00</u></u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(9) Share Transfer in April 2020

On April 1, 2020, for the purpose of implementing share incentive scheme, Taizhou Hechuang entered into a share transfer agreement with Taizhou Heying and Taizhou Hexin. Pursuant to which, Taizhou Hechuang agreed to transfer 5,000,000 Shares and 13,600,000 Shares, representing approximately 1.52% and 4.12% equity interest of our Company, to Taizhou Heying and Taizhou Hexin, our Employee Incentive Platforms, at the consideration of RMB1.0034 for each Share.

Upon the completion of such share transfer on June 13, 2020, the shareholding of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Equity interest (%)</u>
Mr. Yang	140,910,000	42.70
Shuangdeng Investment	109,590,000	33.20
Taizhou Heying.	16,400,000	4.97
Taizhou Hexin	13,600,000	4.12
Mr. Qian Bingqing	12,000,000	3.64
Mr. Zhu Shiping	12,000,000	3.64
Mr. Zhou Yuezhang.	12,000,000	3.64
Mr. Zhou Ping	6,000,000	1.82
Mr. Zhou Weigang	6,000,000	1.82
Mr. Zhai Lifeng	<u>1,500,000</u>	<u>0.45</u>
Total.	<u>330,000,000</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(10) Capital Increase in December 2022

On December 19, 2022, the then shareholders of our Company resolved to increase the number of Shares in our Company from 330,000,000 Shares to 358,269,000 Shares with registered capital of our Company increased from RMB330,000,000 to RMB358,269,000. The increased 28,269,000 Shares were subscribed by Zaoyang Changjiang Venture Capital Fund Partnership (Limited Partnership)(襄陽長江創業投資基金合夥企業(有限合夥)) (“**Zaoyang Fund**”), Xiamen Hengsheng Zizhu Equity Investment Partnership (Limited Partnership)(廈門恒盛紫竹股權投資合夥企業(有限合夥)) (“**Hengsheng Zizhu**”) and Xiangyang Gaoqian Entrepreneurship Investment Center (Limited Partnership)(襄陽高謙創業投資中心(有限合夥)) (“**Xiangyang Investment**”) as to 22,000,000 Shares, 6,233,300 Shares and 35,700 Shares, respectively, at the consideration of approximately RMB13.6363 per Share, which was determined through arm’s length negotiation.

Upon the completion of such share transfer, the shareholding of our Company as of December 31, 2022 was as follows:

Shareholders	Number of	
	Shares	Equity interest (%)
Mr. Yang	140,910,000	39.33
Shuangdeng Investment	109,590,000	30.59
Zaoyang Fund.	22,000,000	6.14
Taizhou Heying.	16,400,000	4.58
Taizhou Hexin	13,600,000	3.80
Mr. Qian Bingqing	12,000,000	3.35
Mr. Zhu Shiping	12,000,000	3.35
Mr. Zhou Yuezhang.	12,000,000	3.35
Hengsheng Zizhu	6,233,300	1.74
Mr. Zhou Ping	6,000,000	1.67
Mr. Zhou Weigang	6,000,000	1.67
Mr. Zhai Lifeng	1,500,000	0.42
Xiangyang Investment	35,700	0.01
Total.	358,269,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(11) Equity Transfer in July 2024

On July 30, 2024, Mr. Yang entered into a share transfer agreement with Taizhou Heying. Pursuant to which, Mr. Yang agreed to transfer 2,600,000 Shares, representing approximately 0.73% equity interest of our Company, to Taizhou Heying for the purpose of granting awards to Dr. Yang under the Employee Incentive Schemes, our Employee Incentive Platform, at the consideration of RMB6.24 for each Share. The consideration was determined based on the net asset of the Group as of June 30, 2024.

Upon the completion of such share transfer, the shareholding of our Company was as follows:

Shareholders	Number of Shares	Equity interest (%)
Mr. Yang	138,310,000	38.61
Shuangdeng Investment	109,590,000	30.59
Zaoyang Fund.	22,000,000	6.14
Taizhou Heying.	19,000,000	5.30
Taizhou Hexin	13,600,000	3.80
Mr. Qian Bingqing	12,000,000	3.35
Mr. Zhu Shiping	12,000,000	3.35
Mr. Zhou Yuezhong.	12,000,000	3.35
Hengsheng Zizhu	6,233,300	1.74
Mr. Zhou Ping	6,000,000	1.67
Mr. Zhou Weigang	6,000,000	1.67
Mr. Zhai Lifeng	1,500,000	0.42
Xiangyang Investment	35,700	0.01
Total.	358,269,000	100.00

Our Principal Subsidiaries

(1) Shuangdeng Front

Shuangdeng Front was established in the PRC as a limited company on November 13, 2006 with a registered capital of USD10,000,000. At the time of establishment, Shuangdeng Front was primarily engaged in R&D, production and manufacturing of lithium battery and owned by Jiangsu Haifu Investment Co., Ltd. (江蘇海富投資有限公司)(formerly known as Jiangyan Chuangxin Electronics Co., Ltd. (姜堰市創新電子有限公司)) (“**Haifu Investment**”) and New Energy Technology Limited (新能源技術有限公司) (“**New Energy Technology**”) as to 75% and 25%, respectively. Haifu Investment was controlled by Dr. Yang’s spouse at the time of establishment of Shuangdeng Front.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On November 20, 2007, Haifu Investment transferred its entire equity interest in Shuangdeng Front to Shuangdeng Cable at the consideration of USD7,500,000. On October 22, 2009, Shuangdeng Cable transferred its entire equity interest in Shuangdeng Front to Haifu Investment at the consideration of USD7,500,000. On July 2, 2010, New Energy Technology transferred its entire equity interest in Shuangdeng Front to Heng Feng (China) Technology Limited (“**Heng Feng Technology**”), at the consideration of USD2,800,000. In December 2014, Shuangdeng Front was owned by Haifu Investment and Heng Feng Technology as to 75% and 25%, respectively, and Haifu Investment was controlled by Mr. Yang at that time. The Company and its then wholly-owned subsidiary Fu Shuang Investment Limited (富雙投資有限公司)(“**Fu Shuang Investment**”) together acquired entire equity interests in Shuangdeng Front from Haifu Investment and the other shareholder at the considerations of approximately RMB96.0 million and RMB32.0 million, respectively. The considerations were determined with reference to the valuation report prepared by an independent valuer. Upon the completion of such acquisition, Shuangdeng Front has been a wholly subsidiary of the Group.

On March 16, 2020, Fu Shuang Investment transferred 25% equity interest of Shuangdeng Front to our Company at the consideration of RMB36,500,000. The registered capital of Shuangdeng Front was converted to RMB75,466,200 at the exchange rate on the date of remittance and there is no changes in the shareholding of Shuangdeng Front since then.

(2) Shuangdeng Runyoung

Shuangdeng Runyoung is one of our principal operating subsidiaries engaging in the production, research and development and sales of lead-acid energy storage batteries. Shuangdeng Runyoung was established in the PRC as a limited company on July 20, 2007 with a registered capital of RMB12,000,000. At the time of establishment, Shuangdeng Runyoung was primarily engaged in lead-acid battery manufacturing and owned by Shuangdeng Front and Mr. Chen Hailong (“**陳海龍**”), an Independent Third Party, as to 97% and 3%, respectively.

As a result of several subsequent capital increase from February 2008 to May 2008, the registered capital of Shuangdeng Runyoung was increased from RMB12,000,000 to RMB36,000,000. On April 27, 2010, Mr. Chen Hailong transferred his entire equity interest in Shuangdeng Runyoung to Shuangdeng Front at the consideration of RMB0.36 million which was determined with reference to the then paid registered capital of Shuangdeng Runyang. Upon the completion of such equity transfer, Shuangdeng Runyang became a wholly owned subsidiary of Shuangdeng Front. On October 15, 2013, our Company entered into an equity transfer agreement with Shuangdeng Front, pursuant to which, Shuangdeng Front transferred entire equity interest of Shuangdeng Runyoung to our Company at the consideration of RMB50,129,239.50 which was determined with reference to the audited net asset value of Shuangdeng Runyoung. Upon the completion of such equity transfer, Shuangdeng Runyoung became a wholly-owned subsidiary of our Company. The registered capital of Shuangdeng Runyoung was further increased to RMB56,000,000 on March 27, 2015 and there is no changes in the shareholding of Shuangdeng Runyoung since then.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(3) Shuangdeng Energy Storage

Shuang Energy Storage is one of our principal operating subsidiaries engaging in the production, research and development and sales of lithium-ion energy storage batteries. Shuangdeng Energy Storage was established in the PRC as a limited company on December 23, 2022 by our Company with registered capital of RMB100 million. Since its establishment, there is no changes in the shareholding of Shuangdeng Energy Storage.

Deregistration and Deconsolidation

In order to streamline our corporate and business structure, during the Track Record Period, we have deregistered certain subsidiaries which have no operations, including, Chinashoto France SAS, Fu Shuang Investment, Anhui Shuangdeng New Energy Co., Ltd. (安徽雙登新能源有限公司) and Shoto Energy Pakistan (SMCPPRIVATE) Limited which were all solvent prior to their respective deregistration.

In December 2021, due to the capital injected by other shareholders of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. (雙登天鵬冶金江蘇有限公司) (“**Tianpeng Metallurgical**”), our Company’s equity interest in Tianpeng Metallurgical decreased from 51% to 18%. As a result, Tianpeng Metallurgical ceased to be a subsidiary of our Company since then.

Huifeng Juneng Technology (Huai’an) Co., Ltd. (慧峰聚能科技(淮安)有限公司) (“**Huai’an Huifeng Juneng**”), a former subsidiary of the Group, is primarily engaged in photovoltaic industry which is not part of our principal business. To further streamline our business line, in July 2024, Huifeng Juneng, the immediate sole shareholder of Huai’an Huifeng Juneng and a wholly owned subsidiary of our Company, entered into an equity and asset transfer agreement (the “**Huifeng Juneng Agreement**”) with Huai’an Liangzhixu Technology Co., Ltd. (淮安亮之旭科技有限公司) (“**Liangzhixu**”), an Independent Third Party. Pursuant to the Huifeng Juneng Agreement and subject to the closing condition of completion of payment of the consideration of RMB6 million by Liangzhixu, Huifeng Juneng shall transfer its entire equity interest in Huai’an Huifeng Juneng to Liangzhixu. The consideration was determined with reference to a valuation report issued by an independent valuer. On August 30, 2024, Liangzhixu fully paid the consideration to the Group. Accordingly, the transfer of entire equity interests in Huai’an Huifeng Juneng was completed on September 25, 2024. We recorded an impairment loss of RMB15.7 million from the disposal of Huai’an Huifeng Juneng. For detail, please refer to Note 25 of Appendix I to this document. This disposal would have no material adverse impact on our business operation and financial performance.

Our Directors confirmed that each subsidiary that deregistered or deconsolidated during the Track Record Period and up to the date of Latest Practicable Date did not involve in any material non-compliance or subject to any potential liabilities prior to their respective deregistration or deconsolidation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our employees and to incentivize them to further promote our development, Taizhou Heying and Taizhou Hexin were established as our Employee Incentive Platforms.

Taizhou Heying was established in the PRC as a limited partnership on July 15, 2019. Taizhou Hechuang, ultimately controlled by Mr. Yang, is the sole general partner of Taizhou Heying and is responsible for the management of Taizhou Heying. Thus, all management power and voting rights of Taizhou Heying reside with Taizhou Hechuang. As of the Latest Practicable Date, Taizhou Heying had 39 limited partners including Dr. Yang Rui (楊銳)(chairman of the Board, executive Director and chief executive officer) with 14.16% partnership interest, Dr. Yang Baofeng (楊寶峰)(executive Director and deputy general manager) with 16.84% partnership interest, Ms. He Rong (賀蓉)(executive Director, chief financial officer and secretary of the Board) with 8.95% partnership interest, Mr. Lou Zhiqiang (樓志強)(chairman of supervisory committee and technical director of the technical center) with 7.89% partnership interest, Mr. Qian Youwang (錢友綱)(deputy general manager) with 7.89% partnership interest, Mr. Wang Zhaobin (former supervisor) with 7.89% partnership interest, Mr. Zhong Yihua (鐘義華) with 7.89% partnership interest and Mr. Dai Jun (戴駿) with 7.89% partnership interest and 31 existing employees of our Company with an aggregate of 20.53% partnership interest and non of whom has more than 5% partnership interest in Taizhou Heying.

Taizhou Hexin was established in the PRC as a limited partnership on March 17, 2020. Taizhou Hechuang, ultimately controlled by Mr. Yang and is the general partner of Taizhou Hexin. Thus, all management power and voting rights of Taizhou Hexin reside with Taizhou Hechuang. As of the Latest Practicable Date, Taizhou Hexin had 47 limited partners including Dr. Yang Rui (楊銳)(chairman of the Board, executive Director and chief executive officer) with 10.37% partnership interest, Ms. Sun Caiyun (孫彩雲)(supervisor and deputy general manager of manufacturing and delivery center) with 1.47% partnership interest, Mr. Mu Lianzhou (穆連洲) with 11.03% partnership interest, Mr. Li Meng (李猛) with 11.03% partnership interest and Mr. Hu Longwen (胡龍文) with 7.35% partnership interest and 42 existing employees of our Company with an aggregate of 52.06% partnership interest and non of whom has more than 5% partnership interest in Taizhou Hexin.

As of the Latest Practicable Date, the awards under the Employee Incentive Platforms have been fully granted and all grantees have paid respective amount of exercise price.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENT

Overview

Our Company has obtained investments from Zaoyang Fund, Hengsheng Zizhu and Xiangyang Investment through the capital increase in December 2022. For details, see “— Establishment and Development of Our Group — (10) Capital Increase in December 2022” in this section.

Principal Terms of the Pre-[REDACTED] Investment and Pre-[REDACTED] Investors’ Rights

The following table summarizes the key terms of the Pre-[REDACTED] Investment to our Company made by the Pre-[REDACTED] Investors:

Amount of consideration paid (RMB) (<i>approximation</i>)	385.48 million (among which RMB300.00 million by Zaoyang Fund, RMB85.00 million by Hengsheng Zizhu and RMB0.48 million by Xiangyang Investment)
Date of payment of full consideration	December 19, 2022
Date of agreements ⁽¹⁾	November 22, 2022 December 16, 2022
Post-money valuation of our Company (RMB) (<i>approximation</i>)	4,885.46 million
Cost per Share paid under the Pre-[REDACTED] Investment (RMB) (<i>approximation</i>)	13.6363
Discount to the [REDACTED] (<i>approximation</i>) ⁽²⁾	[REDACTED]%
Basis of determination of the valuation and consideration	The valuation and consideration for the Pre-[REDACTED] Investment were determined based on arm’s length negotiations between our Company and the Pre-[REDACTED] Investors after taking into consideration the timing of the investments and the business, operations and status of our business and operating entities.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Lock-up period	Pursuant to the applicable PRC law, all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them within 12 months following the [REDACTED].
Use of proceeds from the Pre-[REDACTED] Investment	We utilized the proceeds from the Pre-[REDACTED] Investments for the principal business of our Company, including but not limited to research and development activities, the growth and expansion of our Company’s business and general working capital purposes. As of the Latest Practicable Date, 100% of the net proceeds from the Pre-[REDACTED] Investment paid to our Company had been utilized.
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-[REDACTED] Investment, our Directors were of the view that our Company could benefit from the additional funds provided by the Pre-[REDACTED] Investors’ investments in our Company and the knowledge and experience of the Pre-[REDACTED] Investors.

Notes:

- (1) On November 22, 2022, our Company entered into an investment agreement with Zaoyang Fund. On December 16, 2022, our Company entered into investment agreements with Xiangyang Investment and Hengsheng Zizhu, respectively.
- (2) The discount is based on the indicative price of HK\$[REDACTED] (being the mid-point of the indicative [REDACTED] of as stated in this document) and the indicative exchange rate of RMB1 = HK\$1.0840.

Pre-[REDACTED] Investors’ Rights

Pursuant to relevant subscription agreements during the Pre-[REDACTED] Investment, the Pre-[REDACTED] Investors had been granted certain special rights, including, among others, pre-emptive right, right of first refusal, divestment right and anti-dilution right. Pursuant to the relevant supplemental agreements entered into and among relevant Shareholders in December 2022 and as confirmed by our Directors, all special rights entitled to the Pre-[REDACTED] Investors ceased to be effective since December 30, 2022. As such, the Company did not record any redemption liabilities on its balance sheet as of December 31, 2022. The Pre-[REDACTED] Investors’ special rights had no material financial impact on the Company’s financial statements throughout the Track Record Period.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Information About the Pre-[REDACTED] Investors

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

Zaoyang Fund

Zaoyang Fund is a limited partnership established under the laws of the PRC, the general partner of which is Hubei Gaotou Huimeng Entrepreneurship Investment Management Co., Ltd. (湖北高投匯盟創業投資管理有限公司) (“**Hubei Gaotou**”), a wholly-owned subsidiary of Hubei Provincial HIGH Technology Industry Investment Co., Ltd. (湖北省高新產業投資集團有限公司) (“**Hubei HIGH Technology**”) which in turn is controlled by State-owned Assets Supervision and Administration Commission of Hubei Provincial People’s Government (湖北省人民政府國有資產監督管理委員會). As of the Latest Practicable Date, Zaoyang Fund had two limited partners, namely, Changjiang Venture Capital Fund Co., Ltd (長江創業投資基金有限公司) (“**Changjiang Venture**”) and Zaoyang Hanjiang Guangwu New Kinetic Energy Industry Fund Partnership (Limited Partnership) (棗陽漢江光武新動能產業基金合夥(有限合夥)) (“**Zaoyang Hanjiang**”). Changjiang Venture is wholly owned by State-owned Assets Supervision and Administration Commission of Hubei Provincial People’s Government. Zaoyang Hanjiang is owned by Hanjiang Investment Holdings Co., Ltd. (漢江控股發展集團有限公司) (“**Hanjiang Investment**”), Xiangyang Hanjiang Capital Investment Management Co., Ltd (襄陽漢江資本投資管理有限公司) (“**Hanjiang Capital**”) and Zaoyang Guangwu Industrial Investment Co., Ltd (棗陽市光武產業投資股份有限公司) (“**Guangwu Industrial**”). Hanjiang Investment and Hanjiang Capital are ultimately controlled by State-owned Assets Supervision and Administration Commission of Xiangyang Municipal People’s Government (襄陽市人民政府國有資產監督管理委員會). Guangwu Industrial is wholly owned by State-owned Assets Supervision and Administration Bureau of Zaoyang Municipal (棗陽市國有資產監督管理局). To the best knowledge of our Directors, each of Zaoyang Fund, Hubei Gaotou, Hubei HIGH Technology, Changjiang Venture, Zaoyang Hanjiang, Hanjiang Investment, Hanjiang Capital and Guangwu Industrial is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hengsheng Zizhu	Hengsheng Zizhu is a limited partnership established under the laws of the PRC, the executive partners of which are Guangzhou Kailong New Energy Technology Co., Ltd. (廣州凱龍新能源科技有限公司) (“Guangzhou Kailong”) and Jianxin Guomao (Xiamen) Private Equity Fund Management Co., Ltd. (建信國貿(廈門)私募基金管理有限公司) (“Jianxin Guomao”). As of the Latest Practicable Date, Guangzhou Kailong is ultimately controlled by Mr. Liu Kunhao (劉坤浩). Jianxin Guomao is owned by Hangzhou Hanshi Investment Management Services Co., Ltd. (杭州漢石投資管理服務有限公司) (“Hangzhou Hanshi”), Hunan Yunzhou Investment Co., Ltd. (湖南耘州投資有限公司) (“Hunan Yunzhou”) and Zhonghui Tongxin (Xiamen) Enterprise Management Co., Ltd. (眾匯同鑫(廈門)企業管理有限公司) (“Zhonghui Tongxin”) as to 40%, 35% and 25%, respectively. Xiamen Kehua Weiye Co., Ltd (廈門科華偉業股份有限公司) (“Xiamen Kehua”) as the largest limited partner with approximately 35.29% interest in Hengsheng Zizhu. Xiamen Kehua is ultimately controlled by Mr. Chen Chenghui (陳成輝). To the best knowledge of our Directors, each of Hengsheng Zizhu, Guangzhou Kailong, Jianxin Guomao, Mr. Liu Kunhao, Hangzhou Hanshi, Hunan Yunzhou, Zhonghui Tongxin, Xiamen Kehua and Mr. Chen Chenghui is an Independent Third Party.
Xiangyang Investment	Xiangyang Investment is a limited partnership established under the laws of the PRC, the executive partner of which is Mr. Liao Long (廖龍). As of the Latest Practicable Date, Xiangyang Investment has 10 limited partners and the interest held by the limited partners in Xiangyang Investment ranged from approximately 1.82% to 18.18% with Mr. Xia Jinqiang (夏進強) being the largest limited partner of Xiangyang Investment. To the best knowledge of our Directors, each of Xiangyang Investment, Mr. Liao Long and Mr. Xia Jinqiang is an Independent Third Party.

Compliance with the Guide

Based on the documents provided by the Company relating to the Pre-[REDACTED] Investment and on the basis that (i) the considerations for the Pre-[REDACTED] Investment are irrevocably settled more than 120 clear days before [REDACTED]; and (ii) the termination or cessation of special rights granted to the Pre-[REDACTED] Investors as disclosed in “Pre-[REDACTED] Investors’ Rights” above, the Joint Sponsors confirm that the Pre-[REDACTED] Investment is in compliance with the guidance set out in Chapter 4.2 of the Guide.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

The 274,773,300 Shares held by Mr. Yang, Shuangdeng Investment, Taizhou Heying, Taizhou Hexin and Hengsheng Zizhu, representing approximately 76.69% of our total issued Shares as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon exercise of the [REDACTED] in full, will not be considered as part of the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules as these Shares are Unlisted Shares which will not be converted into H Shares and [REDACTED] upon completion of the [REDACTED].

The 22,960,000 Unlisted Shares held by Shuangdeng Investment and Mr. Qian Bingqing, representing approximately 6.41% of our total issued Shares as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon exercise of the [REDACTED] in full, will be converted into H Shares and [REDACTED] upon completion of the [REDACTED]. The Shares are held by our Controlling Shareholder who is a core connected person of our Company, the H Shares held by Shuangdeng Investment will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED]. As the Shares owned by Mr. Qian Bingqing were obtained from his father Mr. Qian Shan’gao, who is a Director and a core connected person of the Company, at nominal consideration. Mr. Qian Bingqing’s acquisition of such Shares are considered as financed by a core connected person pursuant to Rule 8.24 of the Listing Rules. As such, the Shares held by Mr. Qian Bingqing will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The 60,535,700 Unlisted Shares held by Zaoyang Fund, Mr. Zhu Shiping, Mr. Zhou Yuezhang, Hengsheng Zizhu, Mr. Zhou Ping, Mr. Zhou Weigang, Mr. Zhai Lifeng and Xiangyang Investment, representing approximately 16.90% of our total issued Shares as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon exercise of the [REDACTED] in full, are Unlisted Shares which will be converted into H Shares and [REDACTED] upon completion of the completion of the [REDACTED]. As these entities will not be core connected persons of our Company upon the completion of the [REDACTED], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Immediately upon [REDACTED], assuming that (i) [REDACTED] H Shares are allotted and issued in the [REDACTED]; (ii) the [REDACTED] is not exercised; (iii) [REDACTED] Unlisted Shares will be converted to H Shares, and (iv) [REDACTED] Shares are issued and outstanding in the share capital of our Company upon completion of the [REDACTED], [REDACTED] Shares, representing approximately [REDACTED]% of the total number of issued Shares of our Company will be counted towards the [REDACTED]. Therefore, our Company will be able to meet the minimum [REDACTED] requirements under Rules 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this document and the [REDACTED] (assuming the [REDACTED] is not exercised):

Shareholders	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
	Number of Unlisted Shares	Approximate percentage in total issued share capital (%)	Number of H Shares	Approximate ownership percentage in H Shares (%)	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares (%)	Total number of Shares	Approximate ownership percentage in total issued share capital (%)
Mr. Yang	138,310,000	38.61	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shuangdeng Investment .	109,590,000	30.59	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zaoyang Fund	22,000,000	6.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Heying	19,000,000	5.30	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Hexin	13,600,000	3.80	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Qian Bingqing . . .	12,000,000	3.35	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhu Shiping	12,000,000	3.35	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhou Yuezhang . .	12,000,000	3.35	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hengsheng Zizhu	6,233,300	1.74	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhou Ping	6,000,000	1.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhou Weigang . . .	6,000,000	1.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhai Lifeng	1,500,000	0.42	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xiangyang Investment .	35,700	0.01	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investors taking part in the [REDACTED]	-	-	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<u>358,269,000</u>	<u>100.00</u>	<u>[REDACTED]</u>	<u>100.00</u>	<u>[REDACTED]</u>	<u>100.00</u>	<u>[REDACTED]</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PREVIOUS APPLICATION FOR LISTING

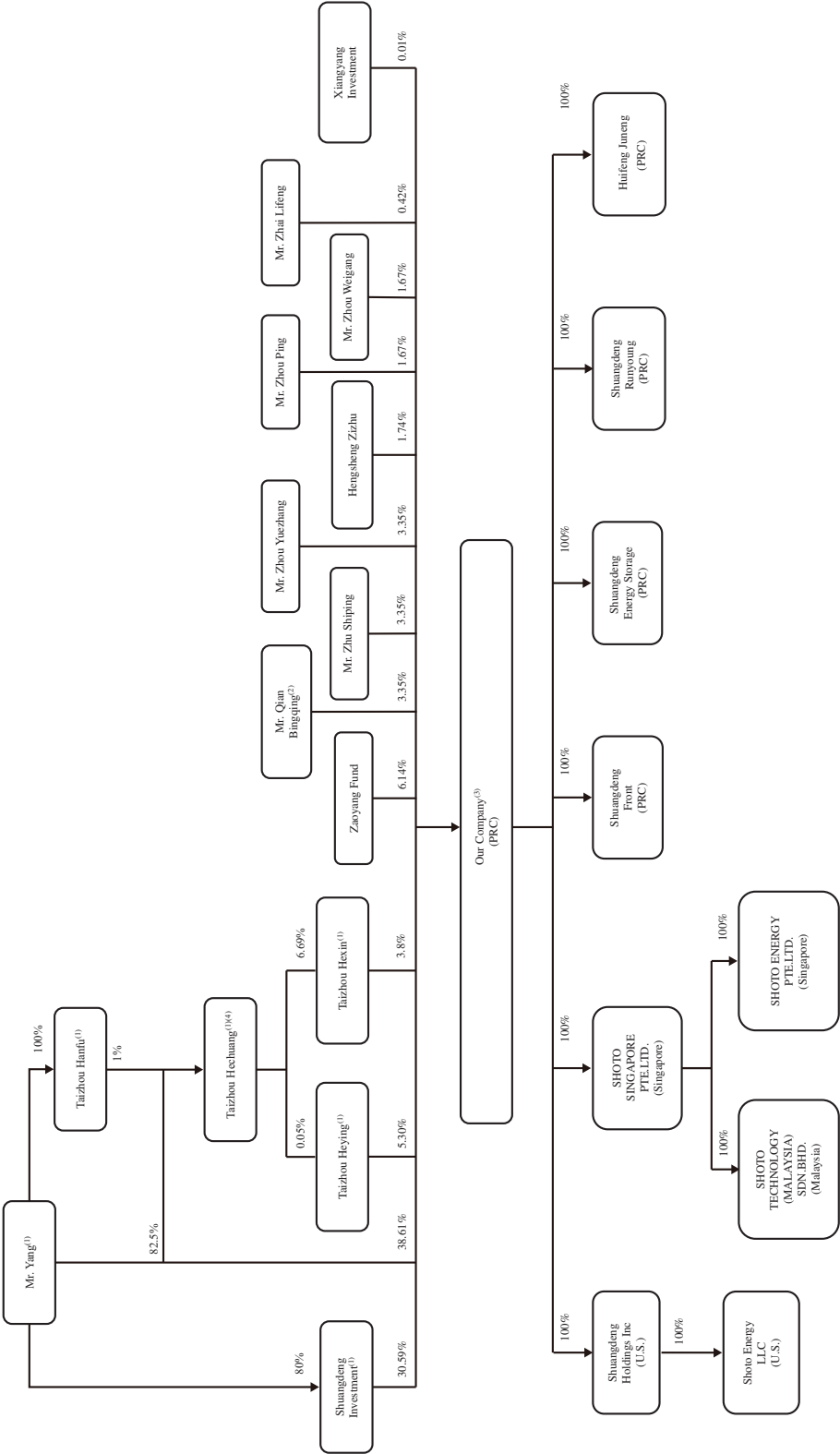
Our Company submitted an application for listing on Shenzhen Stock Exchange on June 28, 2023 and withdrawn the application on April 9, 2024 (the “**A-Share Listing Application**”). The Shenzhen Stock Exchange issued two rounds of vetting comments in respect of the A-Share Listing Application, requesting further details on the Company’s history, financial information, business model description and legal compliance, and our Company provided responses to such comments in November 2023 and January 2024, respectively, which are publicly disclosed. No major comments or issues were raised or identified in the enquiries from the the Shenzhen Stock Exchange that would affect the Company’s suitability for [REDACTED] on the Stock Exchange. As of the Latest Practicable Date, there was no outstanding comment or enquiry from the Shenzhen Stock Exchange in connection with the A-Share Listing Application, nor disagreement between our Company and any professional parties engaged for the A-Share Listing Application. As advised by our PRC Legal Advisor and based on relevant applicable rules and regulations, we, may at our sole and absolute discretion, withdraw our listing application at any time during the A-Share Listing Application and the withdrawal of the A-Share Listing Application did not constitute contravention of regulatory requirements applicable to the A-Share Listing Application. As confirmed by the Directors, (a) there was no disputes or disagreements between the Company and any professional parties engaged for the previous A-Share Listing Application; (b) there was no material matters in relation to the previous A-Share Listing Application which would affect the Company’s suitability for [REDACTED]; and (c) there was no other matters in relation to the previous A-Share Listing Application that need to be brought to the Exchange’s attention.

Due to the general market sentiment and the change in the overall strategic development of our Company and our observation of the successful listing of a number of peer companies on the Stock Exchange, which opened doors to the international capital markets for those market players, our Company decided to withdraw the A-Share Listing Application and pursue the [REDACTED] on the Stock Exchange.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

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

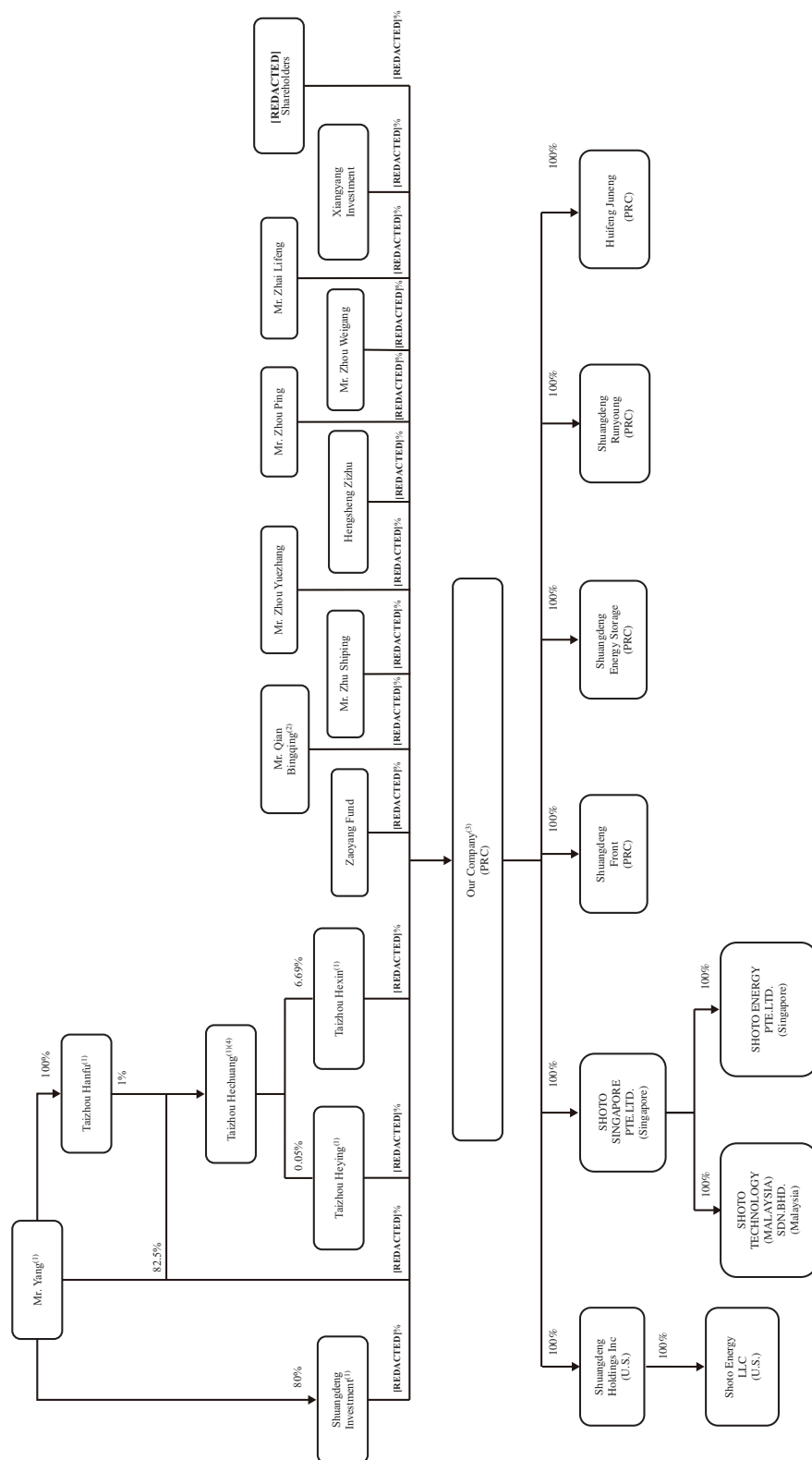


HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) As of the Latest Practicable Date, each of Taizhou Hechuang, Taizhou Hexin and Taizhou Heying is a limited partnership established in the PRC. Taizhou Hechuang is the general partner of Taizhou Hexin and Taizhou Heying. Taizhou Hanfu, a company wholly owned by Mr. Yang, is the general partner of Taizhou Hechuang. Shuangdeng Investment is owned as to 80% and 20% by Mr. Yang and his spouse, Ms. Qian Wuzhen (錢五珍). Thus, Mr. Yang is able to exercise voting rights in our Company through (i) 138,310,000 Shares directly held by him; (ii) 109,590,000 Shares held by Shuangdeng Investment; (iii) 19,000,000 Shares held by Taizhou Heying; and (iv) 13,600,000 Shares held by Taizhou Hexin.
- (2) Mr. Qian Bingqing is the son of Mr. Qian Shan’gao (錢善高), our non-executive Director.
- (3) As of the Latest Practicable Date, we have three branch companies located in Nanjing, Shanghai and Shenzhen respectively.
- (4) As of the Latest Practicable Date, Taizhou Hechuang had seven limited partners including Mr. Yang with 82.50% partnership interest, Mr. Qian Bingqing (錢冰清) with 4.00% partnership interest, Mr. Zhu Shiping (祝士平) with 4.00% partnership interest, Mr. Zhou Yuezhong (周躍章) with 4.00% partnership interest, Mr. Zhou Ping (周平) with 2.00% partnership interest, Zhou Weigang (周偉綱) with 2.00% partnership interest and Mr. Zhai Lifeng (翟立鋒) with 0.50% partnership interest.

The chart below sets out the shareholding structure of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



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BUSINESS

OVERVIEW

Who We Are

We are a leading company in energy storage business for big-data and telecommunication industries. We focus on the design, R&D, manufacturing, and sales of energy storage batteries and systems. Capitalizing on the rich experience we have accumulated over a decade through serving diverse customers operating telecom base stations, data centers, power stations, power grids, and in other energy storage settings, we are well-positioned to capture the vast market opportunities brought up by the big data era, and continue leading the development of the industry. According to Frost & Sullivan, in 2024, we ranked the first among global telecom base station and data center energy storage battery providers in terms of shipment volume, achieving a market share of 11.1%.

Based on our in-depth understanding of industries and customers, we are dedicated to providing customers with energy storage batteries that may properly address their individualized and diversified energy storage needs. In particular, our major customers engage in big data and telecommunication industries, which offer key infrastructure for both digital and real economy, and place a high priority on safety and reliability. We are committed to continuous investment in the development of technology and products with compound technical routes and multi-scenario coverage to fulfill our customers’ need. In addition, capitalizing on our insights into evolving customer demands, especially during an era marked by significant growth in the application of big data and artificial intelligence technology, we have managed to facilitate our customers in securing a high-quality, safe and cost efficient energy supply.

Leveraging our distinguished technology and product strength, robust manufacturing and service capability, as well as our strong brand reputation, we have established long-term business relationship with world-leading telecommunication enterprises, and technology companies, creating a synergy that feature mutual trusts and solid cooperation. This allows us to continuously maintain our market leading position among the global telecom and data center energy storage battery providers for consecutive three years. As of December 31, 2024, we have served five of the world’s top ten telecom operators and equipment manufacturers, nearly 30% of the world’s top 100 telecom operators and equipment manufacturers, and all of China’s top five telecom operators and equipment manufacturers. We served 80% of top 10 Chinese self-owned data center companies and 90% of top 10 Chinese third-party data center companies. We have served our top five customers in 2022, 2023 and 2024 for an average of over ten years.

BUSINESS

The following image showcases some of our scale and achievements:



Notes:

- (1) Top 100 telecom operators and equipment manufacturers are ranked based on the top telecom equipment manufacturers ranking integrated by Frost & Sullivan from multiple open sources, annual report, and research database of Frost & Sullivan, and the top 100 telecom operators ranking provided by Dgtl Infra, a platform for digital infrastructure intelligence providing data on telecom, data centers, fiber, etc. The top 100 telecom operators and equipment manufacturers are selected based on several quantifiable factors including sales revenue, [REDACTED], number of subscribers, number of employees, etc.
- (2) By the definition provided by China Academy of Information and Communications Technology (CAICT), self-owned data center companies are companies build, own and operate their own data centers, mainly telecom operators and cloud services providers. Top 10 Chinese self-owned data center companies are ranked based on CAICT, International Data Corporation (IDC) and research database of Frost & Sullivan. Top 10 Chinese self-owned data center companies are selected based on several quantifiable factors including sales revenue, service range, investment in research and development, etc.
- (3) Top 10 Chinese third party data center companies are ranked based on “Top 10 Data Center Service Providers in China in 2024” launched by CAICT. Top 10 Chinese third party data center companies are selected based on factors including overall scale, capacity building, financial status, international layout, etc.

BUSINESS

Our Market Opportunity

The global energy market is undergoing a profound transformation from fossil fuels to renewable energy. The evolving global trend toward electrification further drives significant collaboration among new energy, energy storage, and smart grids, promoting sustainable development of green economy. In particular, energy storage allow new energy achieve improved power supply stability, thus effectively solving long-lasting challenges in the development of renewable energy industry. From 2023 to 2030, global added installed capacity of solar PV is expected to increase from 345.5 GW to 927.8 GW. During the same period, global added installed capacity of wind power is expected to increase from 116.0 GW to 356.4 GW. Besides the rapid growth of global renewable energy installations, the increase in energy storage duration and ratios of renewable projects equipping energy storage is further accelerating the demand for energy storage batteries. In Europe, for instance, the energy storage ratio in solar PV industry has reached over 65% in 2023, with average storage durations of over 1.5 hours. In China, major provinces and cities have mandated high energy storage ratios of 10%-30% for renewable projects, with extended storage durations of over two hours. Till 2030, there is still significant room for global improvement in energy storage ratio and storage duration, as regions with a high proportion of renewable energy installations are approaching a storage duration of nearly 4 hours. Thus, the global transition to renewable energy will dramatically increase the need for energy storage systems, especially lithium-ion and lead-acid batteries. According to Frost & Sullivan, global energy storage cumulative installed capacity is expected to increase from 746.8 GWh in 2024 to 6,810.1 GWh in 2030.

We are now immersed in an era defined by the transformative power of artificial intelligence and big data, where the transmission, storage and computation of vast amounts of data all require significant supply of power, imposing a key bottleneck on green energy and energy storage sector. In addition, the continuously enhanced interaction and collaboration among data infrastructure, telecom base stations and end users, keep driving power demand to increase in the artificial intelligence and big data era.

- **Telecom base stations:** Telecom base stations, the essential infrastructure to ensure reliable data transmission, constitute an efficient transmission network to facilitate robust computing power. In recent years, along with the rapid global expansion of 5G telecom base stations, the upgrading and development of telecommunication technology are expected to continue to drive robust demand for infrastructure development. According to Frost & Sullivan, the cumulative number of global telecom base stations is expected to increase from 21.0 million units in 2024 to 43.9 million units in 2030, which will drive the global added installed capacity of telecom energy storage to rise from 43.9 GWh in 2024 to 100.2 GWh in 2030.

BUSINESS

- **Data centers:** As the key carriers of latest-generation digital technologies, such as artificial intelligence and cloud computing, data centers experienced a rapid growth in recent years around the world. The advent of the AI era is also accelerating the industry trend towards large-scale and high-computing power data centers. According to Frost & Sullivan, the proportion of global electricity consumption by data centers is expected to increase from 4.0% in 2024 to 10.1% in 2030. In line with this rapid expansion and upgrade, a sufficient power supply at low costs has become one of the core demands. During this process, driven by global pursuit of clean and secure energy source, there has been a rapid growth in market demands for energy storage products. According to Frost & Sullivan, the global added installed capacity of data center energy storage is expected to increase from 16.5 GWh in 2024 to 209.4 GWh in 2030.

Our Journey and Strategic Evolution

Founded in 2011 in Taizhou, Jiangsu Province in China, we have demonstrated reliability and high quality of our batteries and services over the past decade. We have continually expanded our business, established a strong global reputation, and built brand influence, laying a solid foundation for our long-term sustainable development.

- **Energy storage for telecom base stations:** At the outset, we entered the energy storage sector for telecom base stations, establishing long-term cooperative relationship with leading telecom operators and equipment manufacturers in China, including China Mobile, China Unicom, China Telecom, and China Tower. Since 2017, we have continuously expanded our overseas presence, and have successfully entered into supply chains of many world-renowned enterprises to provide energy storage batteries for telecom base stations, including Ericsson, Vodafone, and Telenor.

Based on our highly automated manufacturing capabilities, stringent quality control system, and rapid service response, our energy storage batteries for telecom base stations have garnered an excellent reputation among customers, with successful track record of serving global leading telecom operators around the world. As of December 31, 2024, we had established long-term, in-depth cooperative relationship with world-renowned customers, covering nearly 30 of the top 100 telecom operators and equipment manufacturers in the world.

According to Frost & Sullivan, in 2024, we ranked first in terms of shipment volume in the global telecom base station energy storage market, achieving a market share of 9.2%.

BUSINESS

- **Energy Storage for Data Centers:** With the penetration and promotion of big data technologies, energy storage batteries for data centers have become essential products for ensuring data security and energy security. In 2018, we keenly identified the market demands of the internet era and began establishing cooperative relationship with large tech companies and data center operators. Since 2018, we have successively collaborated with Alibaba, JD.com, Baidu, GDS, and ChinData. In 2022, we innovatively developed the first large-scale dual-function energy storage plan incorporating “backup power + power storage and management” for data centers in China, and supplied our products to the Xiong’an Urban Supercomputing Center, contributing its successful achievement of being recognized as national green data center. Up to the Latest Practicable Date, our energy storage products have been used in hundreds of data centers.

According to Frost & Sullivan, in 2024, we ranked first among Chinese companies in terms of shipment volume in the global data center energy storage market. In 2024, our market share in the global data center energy storage market reached 16.1%.

- **Electrical Energy Storage Settings:** We are committed to expanding our presence in the electrical energy storage settings, where we have successfully captured market opportunities brought up by sectors in large-scale power grid energy storage, and commercial and residential storage settings. In particular, we have participated in, as a key supplier of energy storage products and systems, the development of the State Grid Zhangbei Energy Storage System Project, which started operation since 2011 as the world’s largest new energy power station in terms of installed capacity integrating wind power, solar PV, energy storage systems, and intelligent power transmission as of the Latest Practicable Date. We have subsequently launched energy storage projects across China, as well as in Cambodia, Mongolia, Guinea and Central Africa.

In 2016, we began developing energy storage batteries in commercial and residential settings. As a well-recognized brand, our products are sold in Europe, Africa, Asia, and other regions. According to Frost & Sullivan, in 2024, we are one of the leading Chinese companies in terms of shipment volume of energy storage batteries in commercial and residential settings.

BUSINESS

Building on our extensive battery technology expertise and broad coverage of customers across different industries, we have developed a product matrix that spans the aforementioned three major settings. Through a customer-centric approach, we are committed to continually enhancing the value of our lithium-ion and lead-acid batteries provided to our customers. Our strategic focus on big data and telecom sectors with dual technical routes, combined with our strong R&D capabilities in producing safe, high performance and cost-effective products, as well as our high-quality customer base and strong brand reputation, has enabled us to achieve market leadership. More specifically:

- Strategic focus on big data and telecom sectors with dual technical routes: We have a strategic focus on the energy storage batteries applied in data centers and telecom base stations. With the strong growth in demand for AI computing, 5G network and expansion of IoT related applications, energy storage batteries applied in big data and telecom sectors have great growth potential. Our customers in big data and telecommunication industries place a high priority on safety and reliability. In response to these market demands, we have adopted a dual-tech route, offering both lead-acid and lithium-ion batteries to address diverse needs of customers across different application scenarios: lead-acid batteries for scenarios with high safety requirements, and lithium-ion batteries for growth areas that demand high performance and need integration with new energy solutions. With our dual technical routes to address the evolving needs of customers in our strategic markets, we believe that we are well-positioned to seize the tremendous market opportunities in the downstream markets.
- Safe, high performance and cost-effective products: Through our R&D in advance technology, we are able to produce energy storage batteries that excel in safety, cost-effectiveness and performance. For example, over the past decade, we have never experienced any material dispute or accident caused by our products’ quality, maintaining an excellent record on product safety for our batteries sold and used around the world. Additionally, we are leading the development of the industry standard for “Lithiumiron Phosphate Battery Packs for AC UPS in Data Centers” in China, setting the benchmark for energy storage battery technology in the era of big data.
- Strong brand reputation and high-quality customer base: With over a decade of dedicated industry expertise, we have established a globally leading customer base and a stronger brand reputation. We served nearly 30 of the world’s top 100 telecom operators and equipment manufacturers and have consistently received positive feedback and numerous award from our customers. For example, for four consecutive years of 2021-2024, we have been the only energy storage battery company to receive China Mobile’s Tier-1 Excellent Supplier (A-Level) award. Through our relentless efforts, the “Shoto” brand now stands for exceptional reliability and continuous innovation, enabling us to maintain a leading customer base and market share.

BUSINESS

Our Financial Performance

After years of dedicated efforts, we have achieved strong financial performance. We recorded revenue of RMB4,072.5 million, RMB4,259.8 million, and RMB4,498.5 million, in 2022, 2023 and 2024, respectively. We recorded revenue of RMB1,394.2 million and RMB1,866.6 million in the five months ended May 31, 2024 and 2025, respectively. We recorded gross profit of RMB689.6 million, RMB866.8 million and RMB750.9 million in 2022, 2023 and 2024, respectively. We recorded gross profit of RMB275.1 million and RMB278.6 million in the five months ended May 31, 2024 and 2025, respectively. We recorded net profit of RMB281.0 million, RMB385.2 million, and RMB353.3 million in 2022, 2023 and 2024, respectively. We recorded net profit of RMB139.7 million and RMB126.7 million in the five months ended May 31, 2024 and 2025, respectively.

OUR STRENGTHS

Global leading storage battery company in data center and telecom industries

In the global trend of AI revolution and the era of big data, the demand for energy storage batteries in data centers and telecommunication sectors is poised for explosive growth. According to Frost & Sullivan, global shipments of the energy storage batteries used for telecom base stations and data centers increased from 29.1 GWh in 2020 to 60.4 GWh in 2024, reflecting a CAGR of 20.1%. It is projected to further rise to 309.7 GWh by 2030, with an anticipated CAGR of 31.3% from 2024 to 2030.

With a deep understanding of the industry and customer demand, we have developed industry-leading technologies and multi-pathway products with optimal balance among safety, cost efficiency and performance, which enables us to capture huge growth potential in our industry. Since our inception, we have focused on energy storage technology applied in the telecommunications sectors. We proudly hold prominent positions in various influential industry organizations, such as Vice Chairman of the Battery Branch of the China Electrical Equipment Industrial Association, Council Member of the Data Center Branch of the China Computer Users Association, Vice Chairman of the Zhongguancun Energy Storage Industry Technology Alliance, and Vice Chairman of the first council of the Jiangsu Energy Storage Industry Association. These roles enable us to closely monitor and effectively participant in forming industry standards or driving industrial progress. Our quality management practices under the “Industrial Internet + Intelligent Manufacturing” model have earned us the 2023 National Quality Benchmark recognition from the China Association for Quality. Our energy storage batteries applied for telecom base stations have been awarded the seventh batch of National “Single Champion Products”, in recognition of our leading manufacture technology, prominent market share and excellent product quality.

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At the same time, we are committed to advancing green and low-carbon initiatives, adhering to the principles of “new energy, circular economy, and high technology.” We are dedicated to manage our manufacture in a safe, efficient, and environmental-friendly method, earning the distinction of one of the first “National Green Factories” by the Ministry of Industry and Information Technology in 2017. Additionally, we work closely with our suppliers to minimize environmental impact, and in 2021, we were honored as a “National Green Supply Chain Management Enterprise” by the Ministry of Industry and Information Technology.

Through years of deep involvement in the industry, we have gained a profound insight of the energy storage needs for telecom base stations and data centers, and established strong customer loyalty and extensive brand influence. With our advanced technology, premium customer base, and global brand presence, we hold a competitive edge in the global market. According to Frost & Sullivan, in 2024, we ranked the first among global telecom and data center energy storage battery providers in terms of shipment volume. Our revenues generated from data center segments have also shown rapid growth, increasing from RMB764.8 million in 2022 to RMB1,391.9 million in 2024. In the era of artificial intelligence and big data, we are well-positioned to capture the vast market opportunities of the future.

R&D capabilities in high safety, cost efficiency and superior performance

Our products span diverse application scenarios, including energy storage for telecom base stations, data centers, and the electrical energy storage settings. We continuously expand our technology portfolio to encompass lithium-ion batteries, lead-acid batteries, sodium-ion batteries, and solid-state batteries, ensuring we can provide the most suitable products for various application scenarios and diverse customer use. Our R&D efforts are focused on addressing the needs and pain points of our customers operating telecom base stations and data centers, with a steadfast commitment to ongoing improvements in safety, cost, and performance of our products.

- **Product Safety:** We uphold a safety-first philosophy for our energy storage technologies, which is particularly crucial in fields such as telecommunications and data centers. We conduct comprehensive safety testing across all stages, from cells and modules to pack and systems, ensuring our products meet UL, IEC, and other certification standards. For the past decade, we have never experienced any material dispute or accident caused by our products’ quality, maintaining an excellent record on product safety for our batteries sold and used around the world over ten years. To further enhance the energy safety, we have been actively developing the solid-state battery technology, thereby strengthening our position to capture potential future market opportunities therein.

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- **Product Cost:** Starting from the product design, we adopt dual-component material system to reduce raw material costs and optimize cost efficiency of our batteries. We also pursue supreme efficiency in our production and operational management. During the Track Record Period, through utilizing standardized production procedures in large scale, highly automated production lines and advanced production technique, we keep the comprehensive BOM loss rate at approximately 6.6%, achieve a material pass-through rate of over 98.0%, and maintain a final product qualification rate of 99.8% compared to the industry average BOM loss rate of 6% to 10%, average material pass-through rate of 90% to 99%, average product pass-through rate of 90% to 95%, and average final product qualification rate of 95% to 99%. Furthermore, leveraging our leading market position and long-term business relationship with enterprises along the supply chain, we managed to achieve a stable, high-quality supply with highly competitive price arrangement. We offer a diverse range of products across multiple technology pathways to provide the most cost-effective options that meet customer performance requirements. Since 2020, we have been taking proactive measures in studying development of the sodium-ion energy storage technologies, capitalizing on which, we have successfully launched our first 48V sodium-ion battery system for telecom base stations in 2023. Our sodium-ion batteries have been widely adopted in telecom base stations by telecommunication companies in multiple provinces and regions, including Anhui, Qinghai, Tibet and Gansu. In addition, we have participated in, as one of the leading organizations, preparation of the industry standard for “Sodium-Ion Battery Packs for Communication” in China, which may facilitate continuous cost reduction across the industry.
- **Product Performance:** Our energy storage batteries for telecom base stations can operate within a temperature range of -45°C to 75°C and are able to meet charging and discharging requirements under extreme conditions, including normal operation at altitudes of up to 5,000 meters. Our batteries applied in data centers, utilizing advanced technologies such as continuous grid plate preparation technology, deliver superior high-rate performance. These products achieve discharge rates exceeding 6C, with instantaneous discharge capabilities reaching 10C, making them ideal products to serve customer-specific performance needs across various application scenarios. Additionally, we are leading the development of the industry standard for “Lithium-iron Phosphate Battery Packs for AC UPS in Data Centers” in China, setting the benchmark for energy storage battery technology in the era of big data.

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We have established a technical expert committee led by multiple academicians and comprised of over 30 renowned industry experts. This committee collaborates with distinguished experts from leading institutions such as China Electric Power Research Institute, Tsinghua University, Nanjing University, and Huazhong University of Science and Technology. Together, we have developed a long-term, stable research and communication mechanism, regularly engaging in academic exchanges to stay abreast of cutting-edge technological advancements. Through active collaboration between industry, academia, and research, we continuously optimize our product manufacturing process and technologies, driving ongoing innovation.

During the Track Record Period, our R&D expenses accounted for 2.5%, 2.6%, 2.5%, 3.2% and 3.0% of our total revenues. We protect the scientific achievements and core technologies resulting from our R&D investments through patents and other means. As of the Latest Practicable Date, we held a total of 337 patents, including 106 invention patents.

Outstanding manufacturing and operational capabilities

We are an energy storage battery manufacturer distinguished by optimal production and operational efficiency. Adhering to the principles of lean manufacturing and efficient resource allocation, we achieve cost reduction and efficiency gains while keeping agile in getting adapted to the evolving market conditions.

We boast advanced manufacturing facilities and highly automated production systems, including vacuum paste mixers for high-speed dispersion vacuum mixing processes, coating machines that enable wide-width coating precision automatic extrusion, high-speed automated assembly lines, and a comprehensive digital monitoring and manufacturing execution system for the entire product manufacture lifecycle. These innovations, combined with our highly automated and precise production methods, enable us to achieve a product pass-through rate of 92.5%. Furthermore, we utilize the Manufacturing Execution System (MES) for intelligent and digital management throughout the entire production process. This enhances efficiency and ensures seamless coordination across all departments and stages. By embracing lean production principles, we optimize resource allocation and sharing. Our lithium-ion battery production cycle is only 11 days, and our lead-acid battery production cycle is just 15 days, both of which are industry-leading benchmarks. The average industry production cycle of lithium-ion batteries is 15 to 25 days, and the average industry production cycle of lead-acid batteries is 20 to 40 days. Our factory has also been honored with national recognition for excellence in intelligent manufacturing.

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We are committed to achieving operational excellence. Through meticulous management, we maximize resource utilization efficiency and enhance output effectiveness, enabling us to provide high-quality, cost-effective batteries to our customers. Our agile production planning ensures seamless coordination between manufacturing and sales, allowing us to swiftly adapt to market changes and customer demands, thereby capturing the emerging market opportunities. Our superior supply chain management, characterized by optimized inventory levels, improved logistics efficiency, and advanced supply chain management technologies, enables us to respond quickly and accurately to market needs. Our outstanding management efficiency is reflected in our strong financial performance. Our gross profit margin was 16.9%, 20.3%, 16.7%, 19.7% and 14.9% in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively, and our inventory turnover rates was 6.9, 6.8, 7.8 and 5.9, in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively, which were above industry average, according to Frost & Sullivan.

High-quality customer base with trust and loyalty to our brand

We leverage our technological and market advantages to drive innovation and meet market demands. With over a decade of dedicated industry expertise, we have established a globally leading customer base and brand strength. Upholding the “customer first” philosophy, our extensive industry expertise and customer service efforts have given us a deep insight of customer needs and pain points, which enables us to provide the most suitable products and consistently improve customer experience and satisfaction, fostering trust and loyalty to our brand.

With our unwavering commitment to enhance the market recognition of our brand, we boast a high-quality global customer base. We proudly served nearly 30 of the world’s top 100 telecom operators and equipment manufacturers. In the realm of telecommunication industry, we have forged strong relationship with leading telecom operators and telecommunication equipment manufacturers in China, such as China Mobile, China Telecom, China Unicom, and China Tower, as well as prominent international telecommunication giants like Ericsson, Vodafone, Orange, and Telenor.

With our long-term vision and commitment, we have dedicated ourselves to the energy storage battery industry for over a decade. Through our relentless effort to enhance our brand, the “Shoto” brand now stands for exceptional reliability and continuous innovation, enabling us to maintain a leading customer base and market share. We believe our customers view us as the definitive leader among global telecom and data center energy storage battery providers, placing complete trust in our products and our customer services. Our brand has also been recognized as a key international brand for cultivation and development in Jiangsu Province. For four consecutive years of 2021 to 2024, we have been the only energy storage battery company to receive China Mobile’s Tier-1 Excellent Supplier (A-Level) award. We are awarded the Class I Collaborative Supplier accolade by China Tower in 2023. We are awarded by China Telecom as the Group-Level Excellent Supplier in 2022. We are awarded by Kehua Data as the Excellent Partner in 2023.

BUSINESS

An experienced and visionary management team

We are led by a visionary, stable, and highly experienced management team. Our Chairman, Dr. Yang Rui, brings extensive experience in the energy storage battery industry and a global perspective. He has been honored with multiple accolades, including the 2024 Person of the Year in Energy Storage Battery Industry, and Jiangsu Province Excellent Entrepreneur. His forward-thinking strategic decisions have driven our company’s continuous innovation and growth. Our executive Director and deputy general manager, Dr. Yang Baofeng, is a senior engineer who has received distinguished honors, such as “Jiangsu Province Technology Entrepreneur” and “Innovation and Entrepreneurship Star.” He also serves as Vice Chairman of the China Battery Industry Association and the China Chemical and Physical Power Industry Association. Our senior management team possesses deep expertise in energy storage battery technology and business management. All senior team members have been with us for many years, ensuring effective management collaboration and a unified long-term business strategy.

Our management team implements a flat organizational structure, attracting enterprise teams that share our beliefs and qualities. For over a decade, our management team has maintained unwavering passion and clear objectives, focusing on our key products and core strengths. For instance, during the rapid growth phase of the EV battery industry, we decide not to rush into this field. Instead, we concentrated on deepening our expertise in our existing core products and application scenarios. Under the strategic direction of our core management team, we have expanded our focus from battery for telecom base stations to three major application scenarios and multiple technological pathways, extending our reach from the domestic market to a global presence. Our strategic focus has positioned us optimally to capitalize on the growth opportunities within the the era of big data and artificial intelligence.

OUR STRATEGIES

Further enhance and expand our energy storage business with customer-centric approach

Adhering to our customer-centric approach, we will continue devoting ourselves to deliver the most suitable and premium batteries to our customers across various industries, including telecom operators and tech companies. We have been the absolute leader in energy storage batteries for the telecom and data center industries. We plan to deepen our cooperative relationships with our existing recognized customers and increase our penetration rate. In addition, we plan to expand the application of our products to more scenarios and intend to expand our customer base in China and overseas, thereby increasing our market share in the era of big data and artificial intelligence.

Meanwhile, we seek to further enhance our capability in serving our customers. We have established multi-tiered market and customer service teams across various regions in China and around the globe to meet the diverse needs of our customers, further strengthening their trust and solidifying our market-leading position.

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Further develop our data center business

As artificial intelligence technology ushers in a new era of widespread adoption, the surging demand for computing power will drive unprecedented growth in energy needs. In this landscape, energy storage becomes a pivotal technology within new power systems dominated by renewable energy. As a pioneer in energy storage battery provider for data centers, we leverage our deep industry insights and technological advantages to maintain our leadership in the sector.

In response to the expanding demand for computing power and the increasing energy consumption of data centers, we will maintain our innovative drive to provide comprehensive energy storage functions, including backup power, peak shaving and valley filling, and intelligent management, among others. We aim to seize growth opportunities in the data center sector and cultivate our second growth pillar.

We will continuously update and refine our energy storage battery technologies, to help our data center customers address critical challenges such as power reliability and cost control, thereby consistently supporting the growth of the digital economy and artificial intelligence.

Continue to invest in R&D

Through our R&D in advance technology, we strive to deliver batteries with superior performance, enhanced safety, and greater cost-effectiveness. This commitment enables us to meet the demands of our downstream customers and drive the development of our industry.

We are actively promoting the safe, stable, and efficient operation of energy storage systems. Guided by our iterative approach of “researching one generation ahead, pilot testing the next, and mass-producing the current”, we continue to invest in strategic R&D areas such as the performance of fundamental raw material, system safety monitoring, intelligent management, sodium-ion battery technology, and solid-state battery technology. Leveraging our deep industry understanding, we are committed to providing our customers with the most optimal technologies and products across various application scenarios.

We will keep strengthening our R&D team by allocating more resources to R&D activities and establishing more efficient R&D platforms. By enhancing talent acquisition and development, we aim to recruit high-caliber professionals and elevate the overall quality of our R&D team, providing robust talent support for our technological innovations.

Expand our global presence

By leveraging our products competitiveness and strong brand reputation, we will actively serve and expand our global presence through business cooperation with domestic and overseas customers.

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We will continue to deepen our presence and penetration in existing markets while actively investing in strategic markets such as Europe, Southeast Asia, and Africa. We plan to further expand our domestic and international sales networks to promote our global business.

In addition, we intend to establish more subsidiaries, production facilities, and warehousing centers abroad, seeking to extend our reach to serve more customers worldwide and enhance our brand recognition.

OUR PRODUCTS

During the Track Record Period, we derived revenues mainly from sales of energy storage batteries, including both lithium-ion batteries and lead-acid batteries. Our batteries are standardized standalone products. Our lithium-ion batteries are mainly lithium iron phosphate batteries, the products line of which includes both flexible packaging and square aluminum shell configurations. Our lead-acid batteries include absorbent glass mat batteries, gel batteries, and lead-carbon batteries. Each type of our batteries offers a comprehensive range of features and distinctive advantages, catering to our customers’ diverse requirements in relation to their specific application scenarios under telecom base stations, data centers and electrical energy storage settings.

Leveraging our key technological advantages and robust manufacturing capabilities, our lithium-ion batteries and lead-acid batteries offer stable performance, long cycle lives, enhanced safety and high cost-effectiveness to meet diverse customer’s needs for different application scenarios. We focus particularly on serving our customers’ energy storage needs in telecom base station, data center, and electrical energy storage settings. According to Frost & Sullivan, in 2024, we ranked first in terms of shipment volume in global telecom and data center energy storage markets.

The table below sets forth the revenues breakdown by application scenario for the years and periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Telecom base Station	2,640,989	64.8	2,464,004	57.8	2,299,367	51.1	746,772	53.6	792,785	42.5
Data center	764,815	18.8	899,942	21.1	1,391,898	31.0	397,000	28.4	872,947	46.7
Electrical energy storage settings . . .	302,443	7.4	487,977	11.5	450,840	10.0	132,366	9.5	68,696	3.7
Other settings ⁽¹⁾	281,906	7.0	339,863	8.0	261,105	5.8	86,570	6.2	80,555	4.3
Others ⁽²⁾	82,327	2.0	67,991	1.6	95,312	2.1	31,477	2.3	51,625	2.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

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Notes:

- (1) Primarily include uninterruptible power supply (“UPS”) batteries and start-stop batteries.*
- (2) Primarily include sales of waste including lead slag, used batteries, and electricity sales.*

Energy Storage Batteries for Telecom Base Station

We provide both lithium-ion batteries and lead-acid batteries in the application scenario of telecom base station. Our energy storage batteries for telecom base stations serve as a vital safeguard against power outages and shortages that could lead to network paralysis and communication disruptions, and therefore ensure the reliable operation of telecom base stations. Additionally, our energy storage batteries can be utilized to capitalize on the cost differences between peak and off-peak electricity rates. By storing energy during low-cost off-peak periods and using it during high-cost peak times, our energy storage batteries effectively reduce the overall electricity costs for the operation of telecom base stations.

Along with our insights accumulated from the decade-long history of serving customers in telecom base stations since our inception, we devote ourself to improve the technological performance of batteries to meet the evolving marketing demand and better serve the energy storage needs of our customers. During the Track Record Period, we have established stable relationship with major domestic telecom operators and equipment manufacturers, including China Mobile, China Unicom, China Telecom, and China Tower. According to Frost & Sullivan, in 2024, we ranked first among Chinese companies in terms of shipment volume in the global telecom base station energy storage market.

Lithium-ion Batteries

Our lithium-ion batteries designed for telecom base station not only boast high energy density, long cycle life, and high reliability, but also have features that can meet our customers’ various needs in the setting of telecom base station, such as high adaptability for all kinds of geographical conditions, compact and lightweight design, and other specific requirements from our customers.

In particular, as telecom base stations are often deployed in diverse and challenging geographic conditions, our lithium-ion batteries for telecom base stations are designed with exceptional adaptability for telecom base stations operating in all geographic conditions, including extreme altitudes, high humidity levels, and a wide range of temperatures. Whether used in the heat of deserts, the cold of plateau, or the high humidity of tropical climates, our batteries ensure reliable performance and battery longevity.

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The table below shows the technological specifications of our lithium-ion batteries and some of our key lithium-ion batteries designed for telecom base stations:

Lithium-ion Batteries	
Technological Specifications	Product Key Features
5G-4850 Series  Specific technological specifications: • Cycle Life: 800 – 3500 cycles at 80% Depth of Discharge (DOD) @ 35°C • Charge/Discharge Efficiency: 97% • Operating Temperature Range: -40°C to 60°C	Launched in 2019, our 5G-4850 series features a universal adaptability for all kinds of geographical conditions. With its broad operating temperature from -40°C~60°C, the 5G-4850 series is capable to meet the diverse needs of customers operating 5G telecom base stations in extreme weather and geological conditions, such as deserts, high altitude or extremely cold regions. In addition, it supports various types of installation methods, including wall-mounted, pole-mounted, and flat-mounted options, providing flexible and convenient deployment method to suit different telecom base station sites.
SDA10 Series  Specific technological specifications: • Cycle Life: 3500 cycles at 80% Depth of Discharge (DOD) @ 35°C • Charge/Discharge Efficiency: 97% • Operating Temperature Range: -40°C to 70°C	Launched in 2020, our SDA10 series is designed for customers who prioritize both performance and weight efficiency. With its high mass energy density up to 125Wh/kg, the SDA10 series can store the same amount of energy with significantly less weight and a more compact form. This advanced feature makes the SDA10 series ideal for applications for the telecom base stations where space and weight are critical constraints.

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Smart-Li Series



Specific technological specifications:

- Cycle Life: 4000 cycles at 80% Depth of Discharge (DOD) @ 25°C
- Charge/Discharge Efficiency: 99%
- Operating Temperature Range: -20°C to 60°C

Launched in 2021, our Smart-Li series is characterized by high compatibility. It is not only compatible with lithium-iron batteries from multiple brands and various voltages/technological specifications, but can also seamlessly operate in mixed power storage scenarios and power sources, regardless of lithium-iron batteries and lead-acid batteries.

The Smart-Li Series provides a perfect and flexible solution to our customers’ need to scale up their existing energy storage power systems.

Lead-acid Batteries

Our lead-acid batteries designed for telecom base station are sealed, safe, and reliable, offering stable operation with high energy density. Even in high-temperature environment, our lead-acid batteries can maintain their efficient functionality over an extended lifespans. Our lead-acid batteries also feature low internal resistance, a minimal self-discharge rate, and superior charge acceptance capabilities. In addition, the compact structure of our lead-acid batteries make these batteries an ideal choice for the telecom base stations.

The table below shows the technological specification of our lead-acid batteries and some of our key lead-acid batteries designed for telecom base stations:

Lead-acid Batteries Technological Specifications	Product Key Features
GFM Series 	Launched in 2014, our GFM series is our primary products designed for use in telecom base stations. The GFM series have reliable sealing and uniquely designed monomer structure to guarantee safe and stable operation.

Specific technological specifications:

- Capacity Range: 200Ah – 3000Ah
- Discharge Rate: 0-3C

BUSINESS

6-FMX Series



Launched in 2017, our 6-FMX series is characterized by its compact design and ease of installation. With a length-to-width ratio of 3.75 to 5.00, it is ideal for telecom base stations where space is a critical constraint.

Specific technological specifications:

- Capacity Range: 50Ah – 200Ah
- Discharge Rate: 0 – 3C

Energy Storage Batteries for Data Center

Data centers, which provide mass data storage, processing and interaction services, require continuous power to manage and safeguard vast amounts of data. Our energy storage batteries applied in data centers provide robust defense against the risks of power outages and shortages that can lead to network failures and service interruptions. We provide both lead-acid batteries and lithium-ion batteries for the application scenario of data center.

According to Frost & Sullivan, safety and costs are the key considerations for energy storage batteries applied in data centers. Leveraging our strong technological advantages and decade-long experience in producing energy storage batteries, we keenly identified the market demands for energy storage in data centers in 2017 and established cooperative relationships with tech companies and data center operators. With triple terminal sealing technology and continuous plate preparation technology, our lead-acid batteries applied for data center not only featured high safety, but also provide high power density. Our lithium-ion batteries boast high power density up to 333kW/m³, and are capable to meet the same energy storage requirements for operating data center with less number of batteries. Therefore, our customers can purchase and install fewer cabinets, reducing the weight on support structures and saving space, lowering the overall construction and operational costs of data centers.

In addition to providing emergency power during outages, our storage batteries also enable our customers to optimize the energy usage and reduce utility cost of the data centers by taking advantage of differences in electricity rates during peak and off-peak times. According to Frost & Sullivan, in 2024, we ranked first among Chinese companies in terms of shipment volume in the global data center energy storage market.

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Lithium-ion Batteries

Our lithium-ion batteries designed for data centers can meet our customers’ demand of high energy density, efficiency and reliability. With the highest C-rate performance up to 6C, our lithium-ion batteries offer faster charging and discharging speeds, while also supporting long-term float charging for standby power. Integrated with a multi-level BMS for interactive communication, our lithium-ion batteries enable intelligent battery management with real-time monitoring of voltage, current, and temperature parameters to enhance the safety of the batteries. In addition, our lithium-ion batteries have excellent thermal stability, produce less heat during operation, and provide reliable backup power assurance for data centers.

The table below shows the technological specification of our lithium-ion batteries and some of our key lithium-ion batteries designed for data center:

Lithium-ion Batteries Technological Specifications	Product Key Features
SHVP Series 	Launched in 2022, our SHVP series is featured by its discharge rate performance up to 6C high power range with compact design. With its maximum power range of 400 kW, this series can greatly save the space and costs of our customer operated data centers.

Specific technological specifications:

- Capacity Range: 80Ah – 280Ah
- Charge/Discharge Efficiency: 93%
- Operating Temperature Range: 0°C to 45°C

Lead-acid Batteries

Our lead-acid batteries, designed for data centers, are characterized by high reliability, safety, and cost-efficiency. Meticulously engineered for the high-current, high-power application scenarios typical of data centers, our lead-acid batteries excel in resistance to high currents and over-discharge. The design life of our lead-acid batteries is up to 15 years, reducing the need for frequent replacements and maintenance.

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The table below shows the technological specification of our lead-acid batteries and our key lead-acid batteries designed for data center:

Lead-acid Batteries	
Technological Specifications	Product Key Features
GFMHR Series 	Launched in 2018, our GFMHR series is featured by its high power range and high energy density. With its power range of 320 W ~ 3000W and energy density up to 40Wh/kg, this series is specifically designed for high-current, high-power applications in the data centers.
Specific technological specifications:	
- Power Range: 320W – 3000W - Discharge Rate: 0 – 3C	

Energy Storage Batteries for Electrical Energy Storage Settings

Our energy storage batteries for electrical energy storage settings cover both the power side and the user side. For power side, we provide both lithium-ion batteries and lead-acid batteries for generation-side and grid-side storage settings. On the generation side, our energy storage batteries can store excess energy produced during low-demand periods and release it during peak times, effectively matching electricity production with consumption. In addition, our energy storage batteries can also integrate and store the power generated by renewable energy sources, such as energy generated by wind or solar power, into the grid. On the grid side, these batteries alleviate congestion by providing additional power during high demand, preventing overload and potential outages. By adjusting the balance of supply against demand and offering backup capacity, our energy storage batteries help our customers regulate the system frequency and maintain grid functionality during emergencies.

For user side, we provide lithium-ion energy storage batteries for the user side, including commercial and residential setting. Featured by a stackable design, our batteries embody simplicity and modular flexibility to accommodate a variety of usage scenarios in commercial and residential settings. Our lithium-ion batteries include multiple protection layers, ensuring safety and reliability. In addition, our lithium-ion batteries support smart operations and maintenance, feature Bluetooth functionality, and offer real-time battery status monitoring through our application.

BUSINESS

The table below shows the technological specification of our key lithium-ion batteries and lead-acid batteries designed for electrical energy storage settings:

Lithium-ion Batteries	
Technological Specifications	Product Key Features
SDC10-Box5/Box5 Pro Series 	Launched in 2022, our SDC10-Box5/Box5 Pro series features high charge/discharge efficiency, high cycle life, and high reliability. Along with its industrial aesthetic design, it also offers excellent compatibility and scalability. This series supports integration with major inverter brands, and its system capacity can be expanded up to 81kWh through parallel connections, providing extra flexibility for the energy storage needs in commercial and residential settings.
Specific technological specifications: • Cycle Life: 6000 cycles at 80% Depth of Discharge (DOD) @ 25°C • Charge/Discharge Efficiency: 97% • Operating Temperature Range: -20°C to 50°C • Discharge Rate: 0.5C	
HP-S Series 	Launched in 2023, our HP-S series features high power range, high efficiency, high reliability, and high expandability. With a high energy conversion efficiency of 98%, this series is suitable for various applications such as electricity supply in household, and small scale commercial and industrial energy storage settings.
Specific technological specifications: • Capacity Range: 50Ah • Cycle Life: 6000 cycles at 80% Depth of Discharge (DOD) @ 25°C • Design Life: 15 years • Charge/Discharge Efficiency: 98% • Operating Temperature Range: -20°C to 50°C • Voltage Range: 307.2V – 619V • Discharge Rate: 1C	

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Lithium-ion Batteries
Technological Specifications

Liquid-cooled Containerized Energy Storage System



Specific technological specifications:

- Charge/Discharge Efficiency: ≥94%
- Operating Temperature Range: -30°C to 55°C

Product Key Features

Launched in 2023, our liquid-cooled containerized energy storage system is characterized by its high adaptability to power grids in various geographical conditions. With its broad operating temperature range, it can operate stably in high-temperature and high-humidity environments. Additionally, it can meet our customers’ usage requirements at altitudes of approximately 5,000 meters.

This system employs our dual protection BMS technology, which detects cell anomalies early and provides early warnings to enhance safety.

Energy Storage Batteries for Other Settings

Our energy storage batteries for other settings primarily include UPS batteries and start-stop batteries. Our UPS batteries were first launched in 2012, and are designed to provide reliable backup power during electrical outages for critical devices like computers and servers. Our start-stop batteries were first launched in 2018, and are specifically designed for vehicles with start-stop functionality. With the featured lead-carbon absorbent glass mat technology, our start-stop batteries offer high performance and long idle start-stop life up to 180,000 cycles.

The average lifespan, which is also the designed life, is 15 years for our lithium-ion batteries and lead-acid batteries. The average useful life, the period after which our customers usually will seek replacement, is eight years for lithium-ion batteries and six years for lead-acid batteries. The long lifespan and useful life do not reduce demand for our batteries, as long cycle life is one of our products’ strengths and a key considerations of our customers for choosing our batteries. In addition, we continue to invest in R&D to improve the product longevity to save cost for our customers.

BUSINESS

RESEARCH & DEVELOPMENT

Our Research and Development

The energy storage battery industry is characterized by rapid technological advances, innovation and evolving customer demands. Our competitiveness therefore significantly depends on our ability to develop innovative and advanced technologies that meet evolving customer’s demands and preferences. As a global leading energy storage battery manufacturer, we rely on our in-house R&D to establish and strengthen our market position, and achieve continuous growth.

Throughout the Track Record Period, we pivot our R&D focus and resources along with the industrial trend and advancements in energy storage batteries. Adhering to the principle of “researching one generation ahead, pilot testing the next, and mass-producing the current”, we aim to enhance the market competitiveness of both lithium-ion batteries and lead-acid batteries through our R&D efforts.

We have R&D centers located in Taizhou, Shenzhen, Beijing and Xiangyang. Our R&D centers focus on the research and development of energy storage battery technologies to improve the safety, cost-efficiency and performance of our energy storage batteries.

Certain details of our Taizhou R&D center, Shenzhen R&D center, Beijing R&D center and Xiangyang R&D center are set out as follows:

R&D Center	Major responsibilities and R&D focus
Taizhou R&D Center	Mainly focuses on: - the R&D on energy storage technology, manufacture process improvement, basic research, and production technical support for lithium-ion battery cells and lead-acid batteries; - the R&D on electrochemical energy storage batteries; - responsible for conducting pilot testing of our batteries, drafting R&D guidelines, and managing R&D projects.
Shenzhen R&D Center	Mainly focuses on the R&D of the critical components in the energy storage control systems, including BMS and EMS system.
Beijing R&D Center	Mainly focuses on the R&D of the products applied for electrical energy storage settings.
Xiangyang R&D Center	Mainly focuses on the R&D of the high-rate lithium-ion batteries and lead-acid batteries.

BUSINESS

We place a high emphasis on R&D investment and the reserve of R&D talent. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, our research and development expenses amounted to RMB100.7 million, RMB112.8 million, RMB110.5 million, RMB44.1 million and RMB55.2 million, respectively. As of the Latest Practicable Date, we held a total of 337 patents, including 106 invention patents and has developed multiple core technologies and established a comprehensive technology research and development management policy.

As of May 31, 2025, our R&D team consisted of 245 employees involved in R&D functions, accounted for 10.7% of our total employees. Among our R&D personnel, approximately 23.4% of them hold a master’s degree or above. In addition, our R&D team members have extensive experience in energy storage industry. During the Track Record Period, we have achieved continuous break-through in relation to energy storage battery manufacturing, successfully enhancing the safety, power density, performance stability, life cycle and adaptability of our products.

Besides invention and patents, we have also accumulated rich know-how in serving various and specific demands from customers holding leading industry position in their respective sector, which impose stringent standard on energy storage batteries supplied.

Research and Development Resources

Our technical team has actively participated in the formulation of national and industry-related standards on multiple occasions, demonstrating our strong technological credibility and influence in the industry. As of May 31, 2025, we have participated in the formulation of one international standard issued by International Electrotechnical Commission (IEC), 10 national standards and 21 industry standards issued by the Ministry of Industry and Information Technology of the People’s Republic of China and the Standardization Administration of China.

In addition, we actively pursue collaborative R&D partnerships with external entities to co-develop innovative technologies and products that align with dynamic market needs. We are convinced that these strategic collaborations enrich our understanding of industry trends and cutting-edge technologies, enabling us to streamline our ongoing R&D initiatives effectively.

We work closely with leading experts in the energy storage industry and have formed an external technical expert committee, which was led by academician from the Chinese Academy of Engineering and Chinese Academy of Sciences, and jointed by more than 30 industrial expert to support and advise on our technical innovation. Through regular meetings, our technical expert committee provides us with insights into the latest scientific research and technological advancements, as well as strategic advice on our R&D focus and future market trends, enhancing our competitive advantage in innovation.

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During the Track Record Period, we have established profound partnerships with leading universities, research institutions and industry expert. These collaborations have facilitated a series of projects focused on pioneering new technologies, offering crucial technical insights that underpin our future product development strategies. This integrated approach not only enhances our technological base but also strengthens our competitive edge in the market. As of the Latest Practicable Date, we have not utilized intellectual property rights co-developed with other partners in our batteries and these intellectual property rights are primarily reserved as technical assets for our further R&D and products.

For example, during the Track Record Period, we have entered into a joint development agreement with Tianmu Lake Institute of Advanced Energy Storage Technologies (天目湖先進儲能技術研究院有限公司) on the development of high-conductivity solid-state electrolytes. As of the Latest Practicable Date, the joint R&D project has completed development of the key materials, and achieved the fabrication of 100Ah solid-state lithium-ion batteries, which laid a solid foundation for our future R&D on the technology and manufacture of solid-state battery.

The major terms and content of our joint technology development agreement typically include the following:

Major terms	Content
Ownership of intellectual property rights	The new intellectual property rights and related rights and interests jointly developed by both parties shall be shared by both parties. For new intellectual property rights created by the researchers based on the joint development project at their own expenses, we would have the right of first refusal.
Confidentiality	Any information obtained during joint development shall not be disclosed to any other third party. The confidentiality obligation under the agreement shall not be affected by termination or lapse of the agreement.
Term and termination	The term of the agreements varies from 1 to 4 years.
Development progress	Each party shall inform the other one the progress in development of the relevant products.
Allocation of costs	We bear the cost of the joint development projects.

Although every joint technology agreement varies, for joint technology development agreements with external entities such as institutes and universities with industry expertise, we generally specify in the agreement as to the specific types and the specifications of the products. Such agreements are legally binding and have not been subject to material breaches during the Track Record Period.

BUSINESS

Our Key Technology

Devoting ourselves to the continuous R&D of the latest and advanced technologies that can improve safety, cost-efficiency and performance of our batteries, we have developed a broad portfolio of key technologies that are used in our batteries to address the needs and pain points of our customers.

Battery Cell Technology

- **Activated carbon micropore protection technology.** This technology effectively improves the utilization rate of micropores in activated carbon in the manufacturing process of lithium-ion batteries, and subsequently enhances the capacitance characteristics, and improve the performance of lithium-ion batteries.
- **Triple terminal sealing technology.** This technology employs a combination of welding and adhesive sealing to ensure the reliability of terminal sealing. First, the lead sleeve of lead-acid battery is welded to the terminal post. A sealing adhesive is then applied, followed by a marking adhesive after curing. This technology ensures terminal seal is safe and improves the reliability of our lead-acid batteries.
- **Corrosion-resistant grid and alloy technology.** This technology enhances the uniformity of current distribution and improves the corrosion resistance lifespan of the grid plate. By reducing the corrosion rate of the grid plate and constructing a uniform current transmission network, it greatly improves the cycle life of our batteries and reduced cost for our customers.
- **Electrode group winding technology.** This technology improves the shock-resistant, fast-charging capabilities, and performance of our batteries.
- **Continuous grid plate preparation technology.** This technology uses highly corrosion-resistant alloys. The cathode grid plate is manufactured through continuous rolling and punching, resulting in a denser crystal structure and superior corrosion resistance compared to traditional gravity casting. The anode grid plate uses continuous casting, increasing production efficiency by three times over gravity casting. Additionally, a continuous coating process with film coating technology effectively addresses the issue of coating dust.

BUSINESS

Integration/Application-related

- **5G telecom power supply technology.** This technology enables wireless connection from our lithium-ion battery to the telecom base station management platform, and it also facilitates the nearfield Bluetooth connections with handheld devices, allows for real-time monitoring of the power supply and operation status of the battery.
- **Liquid-cooling energy storage technology.** This technology employs efficient thermal management capabilities and intelligent control, to more evenly dissipate the heat generated by the batteries, ensuring that the lithium-ion battery operates within the optimal temperature range. Together with the digital and intelligent management system that can monitor key parameters of battery status and ambient temperature in real-time, this technology greatly improves the safety and maintainability of our batteries.
- **Dual Protection BMS technology.** This technology employs dual-channel and dual protection mechanisms to monitor the battery’s status and connects the BMS with a circuit breaker to prevent potential hazards such as overcharging, over-discharging, and overheating. It prevents thermal runaway risks in the event of a protection function failure, reducing the overcharge safety risk and improving the safety of the battery system.

New Batteries

- **High-performance sodium-ion battery.** For sodium-ion battery, we employ surface coating, doping, and passivation treatments for active materials to develop high-capacity, highly stable battery active materials. With pre-fabrication technology for artificial SEI (Solid Electrolyte Interphase) films on electrode surfaces, this materials greatly enhance the compatibility of active materials with electrolytes and the stability of electrode interfaces, and improve the safety and performance of the sodium-ion battery.
- **High-safety long-lifespan solid-state Battery.** For solid-state battery, we develop composite solid electrolyte materials featuring high ionic conductivity, a wide electrochemical window, and high ion transference numbers. We also develop an in-situ preparation technology for solid electrolytes induced by thermal and chemical methods, which achieves perfect compatibility with the existing lithium battery industrial systems, and surface modification technologies for active materials and electrodes, which enhances the stability of electrode interfaces and reducing interface impedance.

BUSINESS

Our Key R&D Projects

In addition to dedicating our R&D resources to improving the performance and production of our existing products, we have also been investing in R&D projects of the next generation of products and materials, which we consider crucial for us to maintain our leading industry position and achieve sustainable development.

The table below illustrates our key R&D programs, and key features:

No.	Product	Key Features
1	Lithium-ion battery cell R&D project	The project focuses on introducing suitable materials and optimizing the production process to enhance the energy density and cost efficiency of individual battery cells, improve product performance, and increase overall cost-effectiveness.
2	Lithium-ion battery communication system	This system adopts flat cell design, high-energy-density cell configuration, long-lifespan cell design, and a standardized BMS interface, and supports optional features such as antitheft modules, protocol matching, and fire protection modules, enhancing and optimizing its functionality.
3	BMS	The new generation of BMS is capable to intelligently manage and maintain each battery cell, monitor the operation status, and prevent overcharging and over-discharging to extend the battery’s lifespan.
4	Data center standardized lithium-ion batteries	The standardized lithium-ion batteries aim to address the demand of our customers from domestic and overseas markets by developing a series of batteries with standardized specifications, such as 10-minute and 15-minute backup power scenarios.
5	Liquid-cooled container energy storage system	The liquid-cooled container energy storage system uses various high-capacity, safe lithium-ion batteries. It features an intelligent liquid cooling design, enhanced level of system integration and high energy density. It improves space use efficiency and the economic viability of the energy storage system.
6	High-Rate sodium-ion cells	The high-rate sodium-ion batteries can support a 10C discharge rate and exhibit excellent low-temperature performance, capable of discharging at -30°C.

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No.	Product	Key Features
7	100Ah Aluminum-cased solid state battery	The solid state battery has the advantage of superior safety, higher energy efficiency and longer product life.
8	High energy density lead-acid battery	This product is featured by longer cycle life, higher energy density and enhance cost-efficiency.

MANUFACTURING AND PRODUCTION

Production Site

Capitalizing on our rich industry experience and advanced production techniques, we have established three operating production plants featuring premium manufacture equipment, highly automated procedures, stringent quality control and ESG compliance standards.

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The table below sets out production volume, production capacity and utilization rate of our production sites for the years/ periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2022			2023			2024			2025
	Production Volume GWh	Production Capacity ⁽¹⁾ GWh	Utilization Rate ⁽²⁾ %	Production Volume GWh	Production Capacity ⁽¹⁾ GWh	Utilization Rate ⁽²⁾ %	Production Volume GWh	Production Capacity ⁽¹⁾ GWh	Utilization Rate ⁽²⁾ %	Production Capacity ⁽¹⁾ GWh
Plants										
Lithium-ion batteries										
Front Plant	1.13	1.58	71.5	1.41	2.17	65.0	1.43	2.13	67.1	0.89
Lead-acid batteries										
Taizhou Plant	3.73	5.00	74.6	3.32	5.00	66.4	4.25	5.00	85.0	2.13
Runyong Plant	1.34	1.25	107.2 ⁽³⁾	1.30	1.62	80.2	1.62	1.62	99.9	0.67
Subtotal of lead-acid batteries	5.07	6.25	81.1	4.62	6.62	69.8	5.87	6.62	88.7	2.80
										2.76
										101.4

Notes:

- (1) Production capacity is based on the optimal hourly production rate of various machines operating 16 hours a day for operating 360 days for a year (not including time spent on production line upgrade or adjustment).
- (2) Utilization rate is calculated as dividing production volume by the production capacity for the same year.
- (3) Our Runyong Plant recorded a utilization rate more than 100% in 2022 because we operated our plant for more than 16 hours a day to meet the increased market demand for our lead-acid batteries.
- (4) Our Taizhou Plant recorded a utilization rate more than 100% in the five months ended May 31, 2025 because we operated our plant for more than 16 hours a day to meet the increased market demand for our lead-acid batteries.

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Front Plant



Our Front Plant in Jiangsu is situated on a site that spans approximately 126.8 thousand sq.m. The plant is primarily focused on manufacturing lithium-ion batteries. In 2023, our Front Plant was rewarded as the Provincial Industrial Internet Demonstration Project (Benchmark Factory Category) by Jiangsu Provincial Department of Industry and Information Technology.

Taizhou Plant



Our Taizhou Plant in Jiangsu spans an area of approximately 338.7 thousand sq.m.. It broke ground and started commercial production in 2012. It focuses on producing the lead-acid batteries applied for telecom base stations and data centers. With the continuous introduction of premium manufacturing equipment and facilities, and fully automated assembly lines, our Taizhou plant is at the forefront of the industry with advanced process technology and high production efficiency.

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Runyoung Plant



Our Runyoung Plant in Xiangyang, Hubei, is situated on a site that spans approximately 222.3 thousand sq.m. The plant is our main production facility for manufacturing lead-acid batteries and has been awarded the National Green Factory honor by the Ministry of Industry and Information Technology of the People’s Republic of China in 2022.

Xiangyang Plant



BUSINESS

Our Xiangyang Plant in Hubei covers an area of approximately 73.6 thousand sq.m.. It broke ground in May 2023, commenced production in late 2024 and is currently in the ramp-up phase. Its designed production capacity is 2.5GWh. The plant is expected to primarily focus on manufacturing lithium-ion batteries for commercial and residential settings. It is characterized by a high degree of automation, advanced production equipment, an intelligent monitoring system and high green energy efficiency.

Production Equipment

We procure our production equipment from reputable suppliers from China and overseas. The equipment used in our productions were either (i) standard machineries and equipment which are readily available on the market, or (ii) tailor-made equipment produced based on the designs or specific requirement we provided to the equipment suppliers.

During the Track Record Period, we have not encountered any delay in equipment delivery, or suspension or malfunction of our equipment, that caused material and adverse impact to our business operations.

The following table describes our main production equipment for lithium-ion batteries.

Equipment	Function/Usage	Country of Origin
Mixing machine	It uses a high-speed dispersion vacuum stirring process to mix the raw materials into a slurry.	China
Coating machine	It coats the positive and negative electrode slurry onto the current collector evenly.	China
Roller machine	It presses the coated coil to a set thickness, ensuring the coating on the current collector surface makes closer contact.	China
Laser die-cutting machine	It uses laser to cut the edges of the coil into pole lugs.	China
Automatic winder	It interleaves the positive and negative coil and diaphragm into a roll core.	China
High-speed automatic assembling line	It assembles the roll core with the tabs, cover plates, aluminum casing, and other structural components to form the battery cell.	China
Liquid injection machine	It injects the electrolyte into the battery cell.	China

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The following table describes our main production equipment for lead-acid batteries.

Equipment	Function/Usage	Country of Origin
Lead-carbon lead strip machine	It casts lead alloy into formed lead strips according to process requirements.	Italy
Punching machine	It punches the formed lead strips into grid plates.	U.S.A/China
Continuous casting and coating production line	It melt the lead alloy and transport to the continuous casting mold via a specialized lead pump, enabling continuous production of grid plates.	U.S.A/China
Lead powder machine	Formed lead ingots are processed through cold cutting and grinding to produce lead powder.	China
Vacuum paste mixer	It mixes raw materials in a specific ratio and then blended into a slurry using a high-speed dispersion vacuum mixing process.	China
Vacuum acid filling machine	Uses a vacuum method to inject the electrolyte into the battery.	Germany/China

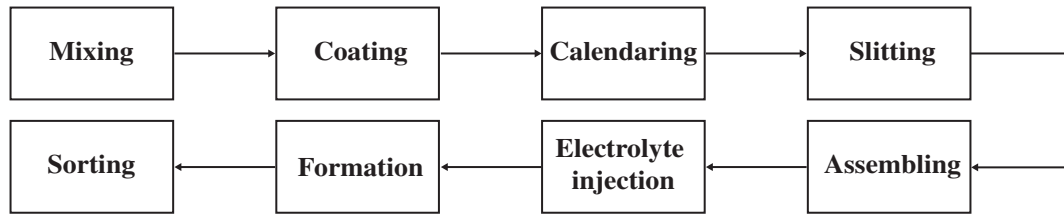
Our major production equipment and machinery have an estimated average useful lives of 10 years and are depreciated at an average annual rate of 9.5%. Depreciation is calculated on a straight-line basis over its estimated useful life. As of May 31, 2025, the remaining useful life of our major equipment and machinery for manufacturing lithium-ion batteries and lead-acid batteries is 33 to 120 months. We regularly inspect and maintain our production equipment and machinery, as well as replace consumable parts and components subject to their wear and tear conditions.

Manufacturing Procedures

Adhering to the lean production philosophy, we implement a comprehensive control process and make efforts to ensure that our manufacturing procedures for lithium-ion batteries and lead-acid batteries meet high standards of quality, and achieve cost reduction and high efficiency at the same time, catering to the demanding needs of our customers. The production cycle for our lithium-ion battery is 11 days, and 15 days for our lead-acid battery.

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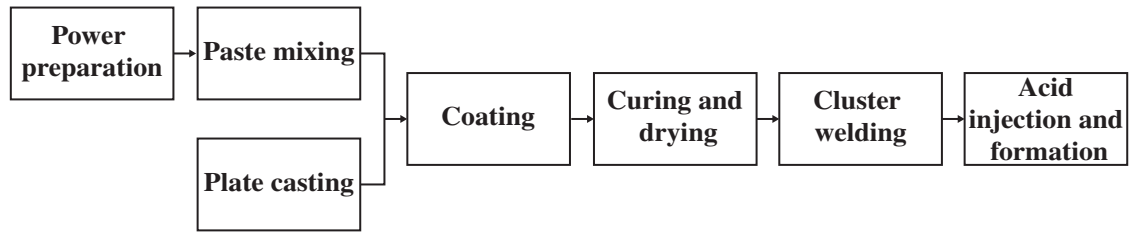
Lithium-ion Batteries



No.	Process Name	Process Description
1	Mixing	Mix the positive and negative active materials, conductive agent, binder, and solvent uniformly to form a slurry.
2	Coating	Coat the slurry uniformly onto the current collector according to process requirements, and evaporate the solvent from the slurry to form the positive electrode roll.
3	Calendaring	Compact the positive and negative electrode sheets to ensure closer bonding between the components of the electrodes.
4	Slitting	Cut the wide electrode rolls, after coating and roll pressing, into the required width according to process specifications.
5	Assembling	Assemble the positive electrode, negative electrode, separator, and casing into a dry cell.
6	Electrolyte injection	Inject the electrolyte into the dry cell.
7	Formation	Charge the cell to activate it.
8	Sorting	Sort the cells based on their performance data to ensure uniformity in usage.

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Lead-acid Batteries



No.	Process Name	Process Description
1	Power preparation	Processing lead ingots into powdered lead.
2	Paste mixing	Mix lead powder, water, sulfuric acid, and additives, stirring them to form a uniform mixture of lead paste.
3	Plate casting	Cast lead alloy into a grid structure with specific strength and shape, make it capable of supporting active material and conducting electricity.
4	Coating	Evenly apply the prepared lead paste (active material) onto the grid.
5	Curing and drying	Cure and dry the plates under specific temperature and humidity conditions.
6	Cluster welding	Melt lead to fuse the positive and negative plates together at the lugs.
7	Acid injection and formation	Inject sulfuric acid electrolyte into the semi-finished battery, then perform formation charging and discharging to activate and charge the battery.

QUALITY CONTROL

Our Quality Control Department

We perform quality control, inspection, testing, identifying defects and irregularities throughout all stages in our production process. Our employees follow our quality control protocols to control and monitor each stage of our operating process, including procurement of components and raw materials, production, and inspection of finished products, to ensure product quality. During the Track Record Period and as of the Latest Practicable Date, there were no material safety issues in relation to our product quality. As of May 31, 2025, we had 64 employees responsible for quality management. Our quality control department is responsible for:

- oversight of the operation management of our company and subsidiaries;

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- quality feedback evaluation and the tracing and handling of quality issues;
- the management of the test center and metrology system and process;
- the entire quality control process on the products;
- quality control of our suppliers;
- management and acquisition of product qualifications and certificates; and
- management and implementation of constructing projects.

Wei Wang, the director of our quality control department, has over 17 years of work experience in the field of quality control field within energy storage battery industry. He is a Six Sigma Black Belt and also a member of the 10th Council of the Jiangsu Applied Statistics Association, and the “Chief Quality Officer” of Jiangyan District enterprises.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any material complaints or product liability claims relating to product quality; (ii) we had not received any material product returns from our customers, or (iii) we had not experienced any product recalls or fatal accidents due to product defects.

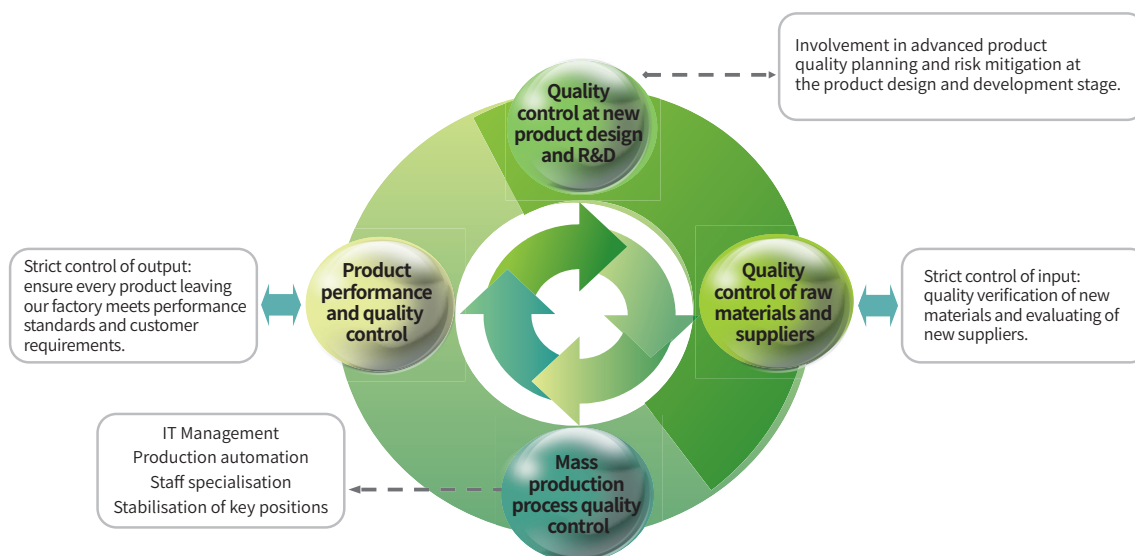
Our Quality Control System

We are dedicated to delivering products of exceptional quality and reliability, continuously striving to enhance customer satisfaction. Our commitment to continuous improvement strengthens our company’s core competitiveness. We have established a comprehensive quality control system that complies with relevant national and international standards, covering supplier quality management, incoming material quality management, manufacture process quality management, shipping quality management, and post-sale quality management to ensure the consistency of our high product quality.

We have managed our suppliers and the procurement process on the basis of a series of supplier management internal control systems and criteria formulated by us. For details, see “— Suppliers — Procurement Arrangement” in this section.

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We have established our product safety and quality management system to implement the safety review, precise monitoring and early warning in all aspects of our new product projects commencing from design to mass production and user consumption. The flow chart of our quality control system is as follows:



Leveraging IT tools such as ERP (Enterprise Resource Planning), MES (Manufacturing Execution System) and OA system, we have developed a data-driven quality control platform. By intelligently processing data and utilizing analysis and mining technologies across sales, production, procurement, and quality control, the MES system enables more efficient decision-making and effective management. During the production process, the ERP system exchanges data with equipment, records manufacturing process data in the database, traces data from production planning to shipment, and controls production quality. The OA system helps to standardize the quality control procedure and manage non-conforming products, new product development, quality reviews, and testing through streamlined workflows. By integrating our quality control protocols and information technology, we enable real-time monitoring, scientific analysis, and enhanced decision-making in plant quality management.

Committed to building digital and intelligent plants, we utilize various technologies to automate management and production processes. We believe this would standardize and streamline the production management, reduce errors, plug loopholes, increase efficiency, and provide decision-making support.

Complementing our meticulously designed quality control system, we have also been installed and are operating advanced production and testing equipment to ensure the highest standards of product quality. We operate a CNAS-accredited testing center with various specialized labs, including chemical analysis, precision testing, environmental adaptation, reliability, system integration for energy storage. The testing center is capable of comprehensive testing from raw material analysis to performance testing of semi-finished and finished products.

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We have a dedicated team responsible for overseeing our quality control processes. They work collaboratively with our customer service teams to provide timely support and after-sale services. Through their combined efforts, we are able to confirm and evaluate customer requirements before sales, monitor and safeguard the fulfillment process during sales, and gathering customer feedback after sales.

This integrated approach allows us to maintain high standards of customer satisfaction and product quality.

Our Quality Accreditations

Our relentless efforts in quality control earned us various authoritative international and domestic certifications, including:

System Certifications

- ISO 9001 Quality Management System certification
- QC 080000 Hazardous Substance Process Management System certification
- ISO 14001 Environmental Management System certification
- ISO 45001 Occupational Health and Safety Management System certification
- ISO 50001 Energy Management System certification
- ISO 10012 Measurement Management System certification

Lithium Batteries

- International certification: UN38.3 certification, CE-EMC certification, UL1973 certification, IEC62619 certification, IEC62620 certification, RoHS certification, UKCA certification, the VDE certification, TÜV Certification, UL 9540A certification
- China’s mandatory inspection certification (GB/T36276), China Classification Society (CCS) Certification

Lead-acid Batteries

- International certification: TLC Product Certification, CE-EMC certification, UL1989 certification, IEC60896 certification
- China Classification Society (CCS) Certification, China Railway Inspection and Certification (CRCC), NM-450 CRCC Product Certification

BUSINESS

SALES, MARKETING AND CUSTOMERS

Our Sales and Service Network

We have an extensive global sales and service network and dedicated sales teams to serve our customers globally. As of May 31, 2025, our sales and service network consisted of our headquarters, and 29 service outlets across various provinces and regions in China, and five oversea subsidiaries in U.S., Singapore and Malaysia. In addition, upon customer’s request, we dispatch sales and technical experts to cover countries such as Uzbekistan, the Philippines, South Africa, Mexico, Italy, Indonesia, Thailand, the United Arab Emirates and Ethiopia.

As of May 31, 2025, we had 267 employees in sales and marketing, focusing on business development, customer service, brand promotion, and industry coverage.

Through our sales and service network, we have dedicated personnel responsible for each of our lithium batteries and lead-acid batteries sold in domestic and overseas market. Our sales and market teams regularly contact our existing and potential customers about our current products and development plans, and gather feedbacks from customers on our products to gain more insight about needs of our customers and future market trends.

The following table sets forth a breakdown of our revenues by region for the year and periods indicated:

	For the year ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000		RMB'000		RMB'000		(unaudited) RMB'000		RMB'000	
	%		%		%		%		%	
Mainland China	3,394,555	83.4	3,330,829	78.2	3,608,974	80.2	1,031,966	74.0	1,546,929	82.9
Overseas	677,925	16.6	928,948	21.8	889,548	19.8	362,219	26.0	319,679	17.1
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Compared to the local suppliers, we boast strong technological advantages in producing energy storage batteries that excel in safety, cost and performance. In terms of performance, our energy storage batteries for telecom base stations can operate within a temperature range of -45°C to 75°C, compared to an average industry temperature range of -30°C to 60°C. In addition, leveraging our strong technology capability to control costs and reduce waste during the production, as well as our advanced logistic management capacity, we also keep a cost advantage compared to the local and global suppliers. With our stronger manufacturing capacity and precise production methods, we achieved a product pass-through rate of 92.5%, higher than the industry average. The production cycle of our lithium-ion battery production cycle is only 11 days, and our lead-acid battery production cycle is just 15 days, both of which are industry leading benchmarks. Capitalizing on such competitive edge, we are able to offer energy storage batteries with superior performance and cost-effectiveness, and at the same time to adopt a dynamic pricing strategy allowing us to set favorable prices for customers or regions that we deem have strategic value while maintaining reasonable profit margin. At the same time, our oversea sales and service

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network enables us to capture the overseas market demand for energy storage batteries and provide timely and comprehensive services to our overseas customers. During the Track Record Period, we have expanded our overseas markets and our overseas sales accounted for 16.6%, 21.8%, 19.8%, 26.0% and 17.1% of our total revenues in 2022, 2023, and 2024 and for the five months ended May 31, 2024 and 2025, respectively. Our market share in telecom and data center energy storage is higher than the that of the local suppliers. According to Frost & Sullivan, in 2024, we ranked the first among global telecom base station and data center energy storage battery providers in terms of shipment volume, achieving a market share of 11.1%.

Among our overseas sales, we primarily sold our batteries to Europe, Southeast Asia, and Africa, including countries such as Sweden, Norway, Indonesia, Vietnam, India and South Africa. Our major overseas customers are primarily international telecom operators and equipment manufacturers, such as Ericsson, Telenor and Nokia. We primarily procured our overseas customers through direct negotiation.

The following table sets forth a breakdown of revenues by regions and major country for the year and period indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Mainland China	3,394,555	83.4	3,330,829	78.2	3,608,974	80.2	1,031,967	74.1	1,546,929	82.9
Asia Pacific excluding mainland China										
Malaysia	8,284	0.2	10,217	0.2	98,553	2.2	38,979	2.8	36,713	2.0
Indonesia	55,310	1.4	37,668	0.9	91,481	2.0	39,161	2.8	25,864	1.4
India	792	–	135,746	3.2	80,603	1.8	16,498	1.2	32,497	1.7
Vietnam	65,894	1.6	88,106	2.1	70,199	1.6	19,972	1.4	33,169	1.8
Others ⁽¹⁾	55,547	1.4	74,896	1.8	70,712	1.5	33,987	2.4	38,816	2.0
Subtotal	185,827	4.6	346,633	8.2	411,548	9.1	148,597	10.6	167,059	8.9
EMEA										
Sweden	186,915	4.6	125,100	2.9	120,375	2.7	36,942	2.6	62,891	3.4
Norway	32,444	0.8	89,001	2.1	75,770	1.7	49,571	3.6	9,335	0.5
Egypt	7,628	0.2	29,305	0.7	26,585	0.6	19,390	1.4	–	–
South Africa	46,364	1.1	42,814	1.0	20,291	0.5	18	–	14,016	0.8
Finland	81,162	2.0	61,422	1.4	17,520	0.4	9,881	0.7	2,568	0.1
Others ⁽²⁾	81,093	2.0	166,149	3.9	134,867	2.9	58,938	4.2	30,594	1.6
Subtotal	435,606	10.7	513,791	12.0	395,408	8.8	174,740	12.5	119,404	6.4
Other Regions										
Brazil	24,406	0.6	33,167	0.8	47,610	1.1	23,664	1.7	11,497	0.6
Guatemala	10,381	0.2	7,103	0.2	10,210	0.2	9,542	0.7	–	–
Others ⁽³⁾	21,705	0.5	28,254	0.7	24,772	0.6	5,675	0.4	21,719	1.2
Subtotal	56,492	1.3	68,524	1.6	82,592	1.9	38,881	2.8	33,216	1.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

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Notes:

- (1) mainly include Hong Kong SAR, Pakistan and Kazakhstan, and Singapore.*
- (2) mainly include UAE, Romania, and Mauritius.*
- (3) mainly include Peru, Mexico, Uruguay and Colombia.*

The revenue generated from our overseas sales increased from RMB677.9 million in 2022 to RMB928.9 million in 2023, primarily due to our continuous effort to expand our overseas sales and global presence. Our revenue generated from our overseas sales decreased from RMB928.9 million in 2023 to RMB889.5 million in 2024, mainly due to the decrease in revenue generated from EMEA as our customer demand in EMEA was gradually stabilized. Our revenue generated from Asia Pacific excluding mainland China increased from RMB346.6 million in 2023 to RMB411.5 million in 2024, mainly due to our business expansion in Southeast Asia, especially Indonesia, and Malaysia.

In 2023, the total added installed capacity for energy storage batteries in Asia Pacific (excluding mainland China) reached 20.3 GWh. We achieved a shipment volume of 0.4 GWh in Asia Pacific (excluding mainland China), with the market share of 1.9%.

In 2023, the total added installed capacity for energy storage batteries in EMEA (Europe, Middle East and Africa) region reached 31.9 GWh. We achieved a shipment volume of 0.5 GWh in EMEA region, with the market share of 1.6%.

After our overseas customers initiate and place a purchase order, we will confirm the order within a certain period of time. After confirming the details of the purchase order, we generally will ship our batteries by Free Carrier (FCA) or Delivery at Place (DAP) in accordance with INCOTERMS 2010, or other shipping terms agreed by our customers in the contracts. Our customers shall make payment within a certain period after the receipt of an undisputed invoice. During the Track Record Period, the products we sold overseas were primarily lithium-ion and lead-acid batteries for telecom base station and electrical energy storage settings.

Sales and Distribution

During the Track Record Period, we primarily sold directly to end customers in China and abroad. To expand the geographic coverage and consumer reach of our products, we complement our direct sales with a distribution network. As of December 31, 2022, 2023 and 2024, we had 124, 114 and 106 distributors, respectively, which contributed to 10.4%, 13.8%, and 7.2% of our total revenues in 2022, 2023 and 2024, respectively. As of May 31, 2025, we had 29 distributors, which contributed to 4.4% of our total revenues for the five months ended May 31, 2025. The revenues from the sales of energy storage batteries, including distributors and direct sales, is recognized when control of the goods is transferred at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods.

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The table below sets forth our revenues by geographic region and sales channel for the period indicated.

	Year Ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited) RMB'000	%	RMB'000	%
Domestic										
Direct Sales	3,126,517	76.8	2,983,933	70.0	3,532,599	78.5	996,689	71.5	1,520,068	81.4
Distributor	268,038	6.6	346,896	8.2	76,374	1.7	35,278	2.5	26,861	1.4
Subtotal	3,394,555	83.4	3,330,829	78.2	3,608,973	80.2	1,031,966	74.0	1,546,929	82.8
Overseas										
Direct Sales	524,473	12.8	685,460	16.1	641,387	14.3	246,975	17.7	266,032	14.3
Distributor	153,452	3.8	243,488	5.7	248,162	5.5	115,243	8.3	53,647	3.0
Subtotal	677,925	16.6	928,948	21.8	889,549	19.8	362,218	26.0	319,679	17.3
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

The table below sets out the total number of distributors and their movements for the period indicated.

	Year ended December 31,			Five Months Ended
	2022	2023	2024	May 31, 2025
Number of distributors at the beginning of the period	134	124	114	106
Number of new distributors for the period ⁽¹⁾	59	51	48	1
Number of terminated distributors for the period ⁽²⁾	69	61	55	78
Net increase/(decrease) in number of distributors for the period	(10)	(10)	(7)	(77)
Number of distributors at the end of the period	124	114	106	29

Notes:

- (1) The number of new distributors represents those distributors from whom we recognize revenues for the year indicated but no revenues recognized for the financial year immediately preceding the year indicated.
- (2) The number of terminated distributors represents those distributors from whom we did not recognize revenues for the year indicated but have revenues recognized for the financial year immediately preceding the year indicated.
- (3) Based on our definitions of new distributors and terminated distributors, the fluctuation in the number of distributors was mainly due to the time when our distributors procured from us and the amount are recognized as revenue. As we maintain a buyer-seller relationship, rather than a principal-agent relationship with our distributors, our distributors place purchase orders from us based on their demand of our batteries in each year or period, which, under our definition, may classify them into new or terminated distributors.

During the Track Record Period, to the best of our Directors' knowledge, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees.

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We maintain a buyer-seller relationship with our distributors. During the Track Record Period, we mainly engaged distributors to support our business expansion, as we strived to enlarge our sales network coverage to provide our batteries to more consumers. According to Frost & Sullivan, our use of distributors is in line with the industry norm. We value the management of our distributors, and maintain a good cooperative relationship with them. We set up policy on management of distributors, according to which, we select our distributors based on a number of factors, including their track record, sales experience, and reputation, among others. We also regularly evaluate our distributors on the basis of their sales performance and channel development ability.

We believe the risk of channel stuffing is remote in our distribution network. We generally require full payment from distributors within 60 days of the shipment of our products. We generally do not allow returns of products sold to distributors, except for defective products. According to Frost & Sullivan, our good return policy with distributors is in line with the industry practice.

We entered into distribution agreement with certain distributors, while other distributors mainly place purchase orders from us from time to time. Our distribution agreement typically includes the following terms:

Major terms	Content
Duration	Typically one year
Payment and credit terms	We generally require our distributor make full payment within 60 days since shipment.
Minimum purchase amount	We may specify an indicated minimum purchase amount in the distribution agreements.
Pricing	We specify the price of each type of products provided to customers in each purchase orders under the distribution agreement, including unit price and total price.
Appointment of sub-distributors	We generally do not allow our distributors to engage any sub-distributor without our consent. The distributor shall get our approval for the sale and the selling price to sub-distributor.
Delivery term	Generally we bear the costs and risks associated with bringing the goods to the named place of destination. This includes transport, insurance, and any other costs up to the point of delivery at the specified place.

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Major terms	Content
Termination	Each party has the right to terminate the agreement if the other party breaches the distribution agreement.
Warranty and return policy	We usually offer a warranty period of 36 months. We bear the cost of product return or replacement in case of defective products.

Marketing

Leveraging our broad product portfolio featuring various technological specifications designed to serve diverse application scenarios and stringent customers’ demands, as well as our rich industry experience and technological capability to capture and solve evolving practical challenges that our customers may encounter in their energy storage needs, we have established and retained long-term relationship with customers with leading industry positions in China and overseas.

As our marketing strategy and effort, we provide our potential customers comprehensive and tailored advisory and analysis for their energy storage needs. Typically, our marketing team will provide:

- **Technical Consultation:** Our sales and marketing team offers expert technical consultation to address potential customer’s inquires and provide insights into our batteries, helping our potential customers understand the technological specifications and application of our energy storage batteries.
- **Energy Storage Plan Design:** Based on the specific energy storage needs and actual application scenarios of our potential customers, our sales and marketing team will help to design tailored and comprehensive energy storage plans, including advising the most suitable product type to use, quantity of batteries needed and the way of installation and arrangement of batteries. Our designs ensure each potential customer’s energy storage needs are addressed with the optimal efficiency and the most suitable products.
- **Product Demonstration:** we also provide product demonstration tailored to our potential customers’ need, showcasing the specific features and technological advancement of our batteries. These demonstrations help our potential customers gain a comprehensive understanding of our products and how they can be integrated into their operations to achieve their energy storage plans.

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- **Prototype Testing:** To facilitate the decision-making process of our potential customers, our sales and marketing team will also offer prototype testing of our products, ensuring they choose the most suitable batteries for their energy storage needs.

In addition, to further advertise and promote our products, we frequently attend and present at various industry conferences and exhibitions around the world to both keep abreast of recent industry trends and showcase our product’s competitiveness in marketing events. For example, in 2024, we were invited to the Intersolar Europe 2024 Exhibition in Germany and the Middle East Energy Conference in Dubai, and co-hosted the ESIE 2024 Conference & Expo (儲能國際峰會暨展覽會), where we launched our new products and gave a lecture on current technological focuses. In 2023, we attended the IDCC 2023 (2023年度中國年度大會), where we were invited to deliver a keynote speech and were granted the 2023 China IDC Industry Innovation Technology Product Award (2023年度IDC產業創新技術產品獎).

Our Customers

During the Track Record Period, we primarily sold our batteries to customers in China. In 2022, 2023 and 2024, and the five months ended May 31, 2025, our five largest customers in each year during the Track Record Period contributed 54.2%, 46.1%, 38.4%, and 34.0%, respectively, to our total revenues in the same year. In addition, our single largest customer in each year during the Track Record Period contributed 24.3%, 21.3%, 13.1%, and 10.2% respectively, to our total revenues in the same year. Except for Customer E, whom we procured through direct negotiation, we became acquainted with and secured sales from each of our major customers through a public tender process.

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

For the Five Months ended May 31, 2025

Customers	Sales Amount	Percentage of total Sales	Commencement of Business		Credit Term	Payment Method	Products sold by our Group	Registered capital/ Issued share capital		Registered place
			Company background	Relationship						
Customer A	RMB '000 189,496	% 10.2%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2015	30 days	Bank transfer	Lithium-ion batteries/Lead-acid batteries	RMB17.6 billion	Beijing	
Customer B	109,846	5.9%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2013	30 Days	Bank transfer/ check	Lithium-ion batteries/Lead-acid batteries	RMB213 billion	Beijing	
Customer C	151,891	8.1%	One of the largest telecommunication companies in the world	2013	30 Days	Bank transfer	Lithium-ion batteries/Lead-acid batteries	RMB300 billion	Beijing	
Customer D	117,441	6.3%	One of the world's largest e-commerce and technology companies	2019	30 Days	Bank transfer	Lead-acid batteries	US\$155 million	Hangzhou	
Customer E	65,866	3.5%	A leading multinational networking and telecommunication company	2020	120 days	Bank transfer	Lead-acid batteries	SEK16,720.8 million	Stockholm	

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For the Year ended December 31, 2024

Customers	Sales Amount	Percentage of total Sales	Commencement of Business		Credit Term	Payment Method	Products sold by our Group	Registered capital/ Issued share capital		Registered place
			Relationship	Company background				Issued share capital	Registered capital	
Customer A	RMB'000 589,642	13.1%	2015	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB17.6 billion		Beijing
Customer B	417,539	9.3%	2013	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	30 days	Bank transfer/ check	Lithium-ion batteries/lead-acid batteries	RMB213 billion		Beijing
Customer C	363,914	8.1%	2013	One of the largest telecommunication companies in the world	30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB300 billion		Beijing
Customer D	200,543	4.5%	2019	One of the world's largest e-commerce and technology companies	30 days	Bank transfer	Lead-acid batteries	US\$155 million		Hangzhou
Customer E	151,617	3.4%	2020	A leading multinational networking and telecommunication company	120 days	Bank transfer	Lithium-ion batteries	SEK16,720.8 million		Stockholm

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For the Year ended December 31, 2023

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Products sold by our Group	Registered capital/ Issued share capital	Registered place
Customer A	RMB'000 907,533	21.3%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2015	30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB17.6 billion	Beijing
Customer C	359,069	8.4%	One of the largest telecommunication companies in the world	2013	30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB300 billion	Beijing
Customer B	303,711	7.1%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2013	30 days	Bank transfer/ check	Lithium-ion batteries/lead-acid batteries	RMB213 billion	Beijing
Customer F	237,583	5.6%	One of the largest international trading companies in China, specializing in building materials and construction products	2020	60 days	Bank transfer/ Bank acceptance	Lithium-ion batteries/lead-acid batteries	RMB300.95 million	Beijing
Customer G	156,617	3.7%	One of the largest telecommunication companies in the world	2013	15-30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB31.0 billion	Beijing

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For the Year ended December 31, 2022

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business		Credit Term	Payment Method	Products sold by our Group	Registered capital/Issued share capital		Registered place
				Relationship	Term				Issued share capital	Registered place	
Customer A	RMB'000 990,257	24.3%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2015	30 days	30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB17.6 billion	Beijing	
Customer C	405,576	10.0%	One of the largest telecommunication companies in the world	2013	30-90 days	30-90 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB300 billion	Beijing	
Customer B	314,113	7.7%	One of the largest telecommunication companies in the world, listed on the Hong Kong Stock Exchange	2013	30 days	30 days	Bank transfer/check	Lithium-ion batteries/lead-acid batteries	RMB213 billion	Beijing	
Customer G	288,709	7.1%	One of the largest telecommunication companies in the world	2013	15-30 days	15-30 days	Bank transfer	Lithium-ion batteries/lead-acid batteries	RMB31.0 billion	Beijing	
Customer E	211,380	5.2%	A leading multinational networking and telecommunication company	2020	120 days	120 days	Bank transfer	Lithium-ion batteries	SEK16,720.8 million	Stockholm	

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

Customer Concentration

In 2022, 2023 and 2024, and the five months ended May 31, 2025, our five largest customers accounted for approximately 54.2%, 46.1%, 38.4%, and 34.0% of our total revenues, respectively.

Customer A accounted for RMB990.3 million, RMB907.5 million, RMB589.6 million and RMB189.5 million of our total revenues in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively, accounting for approximately 24.3%, 21.3%, 13.1% and 10.2% of our total revenues during the same year or period, respectively, while Customer C accounted for RMB405.6 million, RMB359.1 million, RMB363.9 million and RMB151.9 million in 2022, 2023 and 2024, and the five months ended May 31, 2025, representing approximately 10.0%, 8.4%, 8.1% and 8.1% of our revenues during the same year or period, respectively.

As confirmed by Frost & Sullivan, having such a level of concentration is common in the energy storage batteries market due to the high concentration of market players in the telecommunication industry and data center industry. The high concentration of industries of our end customers naturally led to situations where energy storage batteries manufacturers have high concentration in sales.

Our Directors are of the view that despite the concentration of revenues from Customer A and Customer C, the sustainable growth of our business will not be materially affected as our relationship with the relevant customers is unlikely to experience a material adverse change or termination. With our long-term commitment to providing superior products and customer services, we have been the only energy storage battery company to receive Excellent Supplier (A-Level) award from Customer C for four consecutive years of 2021 to 2024, and are awarded the Class I Collaborative Supplier by Customer A in 2023.

Our Customers’ Selection on Suppliers

The major customers of our energy storage batteries used for telecom base stations are leading telecom operators and equipment manufacturers, including China Mobile, China Unicom, China Telecom, China Tower, Ericsson, Vodafone and Telenor. The major customers of our energy storage batteries used for data centers are data center operators, such as Alibaba, JD.com, Baidu, Chindata, and GDS. The major customers of our energy storage batteries used for electrical energy storage settings are power stations, power grids, commercial and household users.

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As leading enterprises in their industries, our major customers have comprehensive, stringent and relative high requirements for selecting their suppliers. In the tender process, we, as supplier, are evaluated on various dimensions of parameters, including our business scale, technological capacity, product quality and certifications, sales and customers service quality, ESG, compliance with national standards and other requirements.

The following table sets forth the revenue breakdown by projects obtained from tenders and direct negotiations and the percentage to the total revenues during the Track Record Period.

	For the year ended December 31,						Five Months Ended May 31,	
	2022		2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Projects obtained from direct negotiations	1,700,225	41.7	1,749,392	41.1	1,725,385	38.4	969,407	51.9
Projects obtained from tenders	2,372,255	58.3	2,510,385	58.9	2,773,137	61.6	897,201	48.1
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,866,608	100.0

Our tender success rates in 2022, 2023 and 2024, and the five months ended May 31, 2025 were approximately 34.8%, 38.0% and 39.5% and 42.1%, respectively.

During the term of our framework agreement with our major customers, our major customers may conduct on-site factory inspection and evaluate our production facilities, equipment and quality control system. If any non-conformities are identified by customers, corrective actions are mandated, and follow-up audits are conducted to ensure issues are resolved satisfactorily. When the framework agreement expires, we will be reevaluated based on the similar parameters and the customers will determine whether to continue cooperation with us based on the evaluation results.

With our strong technological capacity, advanced manufacturing equipment and process, premium product quality, extensive customer service network and high customer service quality, during the Track Record Period, we have successfully reached these requirements on suppliers and maintained relationship with our major customers.

In addition, we have received several awards from our customer in recognition of our premium products and service:

- For four consecutive years of 2021 to 2024, we have been the only energy storage battery company to receive China Mobile’s Tier-1 Excellent Supplier (A-Level) award.
- We are awarded the Class I Collaborative Supplier accolade by China Tower in 2023.
- We are awarded by China Telecom as the Group-Level Excellent Supplier in 2022.
- We are awarded by Kehua Data as the Excellent Partner in 2023.

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During the Track Record Period, the amount of our backlog orders amounted to approximately RMB881.1 million, RMB861.2 million and RMB883.6 million as of December 31, 2022, 2023 and 2024.

The following table sets forth the rolling backlog of our orders by outstanding contract balance during the Track Record Period.

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Outstanding balance at the beginning of the year	551,824	881,117	861,234
Add: Contract value of newly awarded orders	4,838,166	4,716,835	5,149,276
Less: Revenue (VAT inclusive) recognized from sales of lead-acid and lithium-ion batteries during the year*	4,508,873	4,736,718	5,126,863
Outstanding balance at the end of the year	881,117	861,234	883,647

* As the contract value according to the agreement is inclusive of VAT, for the purpose of calculating the backlog order, the revenue recognized during the relevant year also includes VAT.

Sales Agreement

We typically enter into framework sales agreements with our major customers, under which our customers will enter into individual purchase orders with us. Such agreements are legally binding and have not been subject to material breaches during the Track Record Period and up to the Latest Practicable Date.

Our framework sales agreements typically contain the following terms:

Technological Specification	As our business involves the development, manufacture and sales of products and technologies for customers, our customers usually set relevant technical parameters and technological specification of the batteries in the sales contract. Those parameters and technological specification sets out certain characteristics and requirements of the products to be delivered.

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Price and price adjustment mechanism	We specify the price of each type of products provided to customers in the framework sales agreement, including unit price and total price. We have price adjustment mechanism that allow us to adjust the price of the lead-acid battery based on the fluctuations of the main raw materials during a specified period. The market spot price and the proportion of each raw materials serve as the base for calculating the cost of raw material used in the batteries. According to Frost & Sullivan, such price adjustment mechanism is common in the industry.
Payment term	We grant credit period to our customers according to their credit profile, historical performance and procurement amount. We typically grant credit terms of one to six months to eligible customers.
Delivery term	Generally we bear the costs and risks associated with bringing the goods to the named place of destination. This includes transport, insurance, and any other costs up to the point of delivery at the specified place.
Inspection	Product inspection may take place within a specified period after delivery to customer. Our customers may require us to replace the defective products.
Duration, termination and renewal	Generally one to two years.
Minimum purchase requirement	We generally do not have minimum purchase requirements for our customers.
Warranty and return policy	We usually offer a warranty period in accordance with applicable regulations. The warranty period usually ranges from three to eight years during which we bear the cost of product return and provide maintenance service or make replacement free of charge to our customers. For the amount of provision and our provision policy related to product warranty, see Note 31 to the Accountants’ Report in Appendix I to this document.

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Pricing

Our ability to properly price our products is important to our results of operations. We have an effective pricing strategy. We usually use a cost-plus method to price our products based on the fluctuation of raw materials, overhead, expected order volume, prevailing market price, competitors’ pricings, payment methods and specification of products requested by customers. In particular, as our products are primarily used in telecom base stations and data centers, our results of operations are mainly driven and affected by the development, construction schedule or progress of relevant projects, which in turn, were determined by our customers’ business decision, as well as related policies and infrastructure development strategy. As a result, we may adjust our pricing strategy, taking into account various factors in line with our business development strategy, including our long-term cooperation with the relevant customers.

In addition, we have set up a price adjustment mechanism in contracts with major customers that allows us to adjust the price of our batteries based on the price fluctuations of the main raw materials, such as LFP, lead ingots and graphite, during a specified period. During the Track Record Period, the pricing of our batteries fluctuated due to the change in the price of raw materials. Since later 2022, we started to adjust our pricing by introducing price adjustment mechanism terms in our framework sales agreements with our major customers for lithium-ion batteries. The price adjustment mechanism terms only applied to our major customers because we primarily entered into framework sales agreements with major customers. For other customers, we typically entered into purchase and sale agreements in which the price of batteries is determined based on the costs of raw material at the time, and we do not plan to extend such price adjustment mechanism terms to other customers with whom we do not entered into framework sales agreement. For price fluctuation of our batteries during the Track Record Period, see “Financial Information — Description of Major Components of our Results of Operations — Revenues” in this document.

Generally, the price adjustment mechanism stipulated in the contracts with our major customers works as follows:

- (i) The original raw material costs: When signing the framework contract and submit our bidding price, the original material costs are determined based on (a) the average market price of each major raw materials published on the website of Shanghai Metals Market from the previous week and (b) the usage amount of the each major raw material in producing our batteries.
- (ii) The new raw material costs: For certain period of time (generally each month or every three months) in which our customers place purchase orders, we recalculate the material costs by checking the average market price of each major raw materials published on the website Shanghai Metals Market from the previous month.

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- (iii) The price adjustment: At the beginning of each period, we compare the original raw material costs with the new raw material costs. If the new material costs increased/decreased beyond certain threshold (generally 5% or more) from the original raw material costs, the battery price in our customer’s purchase order is allowed to be adjusted by the difference between the new raw material costs and the original raw material costs.

When the prices of certain raw materials experience phased increases beyond a certain threshold, our price adjustment mechanism enables us to adjust our selling prices. As of May 31, 2025, we have entered into agreements that include price adjustment mechanism with over five customers. Such customers contribute to approximately 24.2% of our total revenue in the five months ended May 31, 2025. During the Track Record Period, the percentage of revenue adjusted based on our price adjustment mechanism accounted for 8.9%, 14.2%, 19.2% and 7.7%, respectively, and we recorded gross profit margins of 16.9%, 20.3%, 16.7% and 14.9%, in 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively. To certain extent, the price adjustment mechanism ameliorated our risk exposure to the price fluctuation of raw materials.

The following table sets forth the breakdown of revenue by fixed price contracts and contracts with the inclusion of price adjustment terms and the percentage to the total revenues during the Track Record Period:

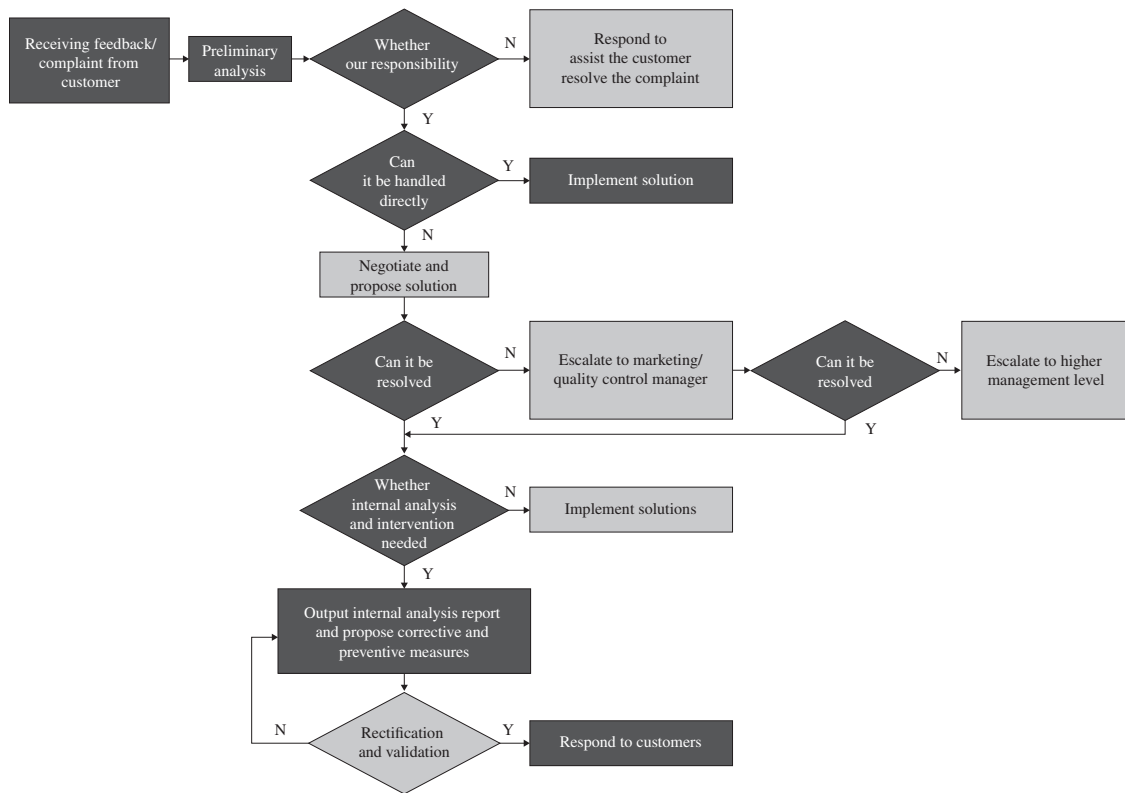
	For the year ended December 31,						Five Months Ended	
	2022		2023		2024		May 31,	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Fixed price contracts	2,271,075	55.8	2,340,118	54.9	2,720,973	60.5	1,415,375	75.8
Contracts with the inclusion of price adjustment terms	1,801,405	44.2	1,919,659	45.1	1,777,549	39.5	451,233	24.2
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,866,608	100

Customer Service

We have established multi-tiered customer service teams across various regions in China and around the globe. As of December 31, 2024, our national service network consisted of 29 outlets across various provinces and regions in China. As one of our key competitive advantage, we have an extensive business and service network that allows us to consistently deliver high-quality services nationwide with flexibility and convenience for our customers in a timely manner. Our initial response time from receiving any customers feedback or complaint is within two hours, and our customers service team is required to reach the site of work designated by the customers within 24 hours.

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The chart below sets forth our customer complaints handling procedure:



For our oversea customers, we generally provide our initial response via phone call or email within 24 hour from receiving any customers feedback or complaint, and communicate our analysis and follow-up steps with our customers within 48 hours. If it is our responsibility, we propose a detailed solution or replacement plan to our customers with a corresponding timeline. If necessary, we also handle the issue on-site per customer’s request. Depending on the visa policies of different countries, the on-site visit is generally completed within 7 working days.

During the Track Record Period and as of the Latest Practicable Date, we have not received any material customer complaints.

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SUPPLIERS

We purchase almost all of our raw materials and key components from third-party suppliers in China, mainly including lithium iron phosphate, lead alloy and lead ingots. We have established stable relationships with our suppliers, enabling us to secure a consistent supply of raw materials at competitive prices. This helps ensure our ability to produce and deliver high-quality products on time, meeting the needs of our customers.

During the Track Record Period, purchase from our top five suppliers amounted to RMB1,273.1 million, RMB1,243.7 million, RMB1,541.4 million and RMB801.8 million, accounting for 42.3%, 43.8%, 47.9% and 50.3% of our total purchase in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. During the Track Record Period, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period, there have been no quality issues with our raw materials that significantly impacted our operations.

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

For the Five Months ended May 31, 2025

Suppliers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship		Credit Term	Payment Method	Products sold by our Group	Registered capital/ Issued share capital		Registered place
Supplier A	RMB '000 404,266	24.2%	A non-ferrous metal producer listed on the Shanghai Stock Exchange	2013		45 days	Bank transfer	Lead alloy	1,090.2	Jiyuan	
Supplier B	148,249	8.9%	An environmental technology company	2023		45 days	Bank acceptance	Lead ingots	5	Nantong	
Supplier C	132,772	7.9%	An alloy technology company	2022		45 days	Bank transfer	Lead ingots	30	Jiyuan	
Supplier D	65,312	3.9%	A plastic component manufacturing company	2018		30 days	Bank transfer	Lead-acid battery shell	3.5	Taizhou	
Supplier E	51,218	3.1%	A commodity wholesale business	2016		45 days	Bank transfer	Lead ingots	3	Shanghai	

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For the Year ended December 31, 2024

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/ Issued share capital	Registered place
	RMB'000							(RMB in millions)	
Supplier A	663,405	20.6%	A non-ferrous metal producer, listed on the Shanghai Stock Exchange	2013	45 days	Bank transfer	Lead alloy	1,090.2	Jiyuan
Supplier C	302,409	9.4%	An alloy technology company	2022	45 days	Bank transfer	Lead ingots	30	Jiyuan
Supplier F	233,945	7.3%	A metallurgical company	2012	45 days	Bank transfer	Lead ingots/lead alloy	10.2	Xiangyang
Supplier B	208,316	6.5%	An environmental technology company	2023	45 days	Bank acceptance	Lead ingots	5	Nantong
Supplier E	133,290	4.1%	A commodity wholesale business	2016	45 days	Bank transfer	Lead ingots	3	Shanghai

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For the Year ended December 31, 2023

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/ Issued share capital	Registered place
	RMB'000							(RMB in millions)	
Supplier A	468,675	16.5%	A non-ferrous metal producer listed on the Shanghai Stock Exchange	2013	45 days	Bank transfer	Lead alloy	1,090.2	Jiyuan
Supplier G	294,046	10.4%	A metal manufacturing company	2023	45 days	Bank transfer	Lead ingots	120	Baoding
Supplier H	193,238	6.8%	A new energy battery manufacturing company listed on the Beijing Stock Exchange	2020	30 days	Bank acceptance	Lithium iron phosphate	611.5	Guiyang
Supplier F	188,016	6.6%	A metal manufacturing company	2012	45 days	Bank transfer	Lead ingots/lead alloy	10.2	Xiangyang
Supplier I	99,689	3.5%	A lithium-ion battery manufacturer listed on the Hong Kong Stock Exchange	2019	60-90 days	Bank transfer and bank acceptance	Lithium-ion battery cells	2,160	Wenzhou

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For the Year ended December 31, 2022

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/ Issued share capital	Registered place
	RMB '000							(RMB in millions)	
Supplier A	527,895	17.5%	A non-ferrous metal producer listed on Shanghai Stock Exchange	2013	45 days	Bank transfer	Lead alloy/lead ingots	1,090.2	Jiyuan
Supplier J	235,609	7.8%	A new energy battery manufacturing company	2020	45 days	Bank transfer	Lithium-ion battery cells	762.49	Shangrao
Supplier K	212,628	7.1%	A metal manufacturing company	2020	45 days	Bank transfer	Lead ingots	9	Baoding
Supplier F	159,978	5.3%	A metal manufacturing company	2012	45 days	Bank transfer	Lead ingot/lead alloy	10.2	Xiangyang
Supplier H	137,005	4.6%	A new energy battery manufacturing company listed on Beijing Stock Exchange	2020	30 days	Bank acceptance	Lithium iron phosphate	611.5	Guiyang

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

Overlapping Customer and Supplier

During the Track Record Period, one of our top five suppliers (being Supplier C), from whom we procure lead alloy and lead ingots, was also our customer procuring lead slag waste from us. In 2022, 2023 and 2024, and the five months ended May 31, 2025, our purchase amount attributable to Supplier C amounted to RMB160.0 million, RMB188.0 million, RMB223.9 million, and RMB18.8 million, which accounted for 5.3%, 6.6%, 7.3% and 1.2% of our total purchases, respectively, and our sales amount attributable to Supplier C amounted to RMB6.6 million, RMB1.1 million, RMB3.9 million, and RMB0.7 million, which accounted for 0.2%, 0.0%, 0.1% and 0.0% of our total sales amount, respectively. From the sale to Supplier C, we recorded, gross loss of RMB0.2 million, gross loss of RMB0.0 million, gross profit of RMB0.1 million and gross loss of RMB0.1 million in 2022, 2023 and 2024, and the five months ended May 31, 2025, and the gross profit margin of sales to Supplier C was negative 3.0%, negative 1.5%, 22.2% and negative 10.6% in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively.

According to Frost & Sullivan, having such overlap is common in the industry. The transactions that we entered into with the overlapping supplier-customer were on an arm’s-length, mutually independent basis under normal commercial terms resulted from public tender processes. The sales and purchases were neither interconnected nor inter-conditional. The key terms of our sales and supply agreements with the overlapping supplier-customer were substantially similar to those with our other customers and suppliers.

Given that (i) our relationship with the supplier-customer is unlikely to materially deteriorate or terminate, and (ii) the sales amount to the supplier-customer was immaterial during the Track Record Period, we believe that the supplier-customer overlap during the Track Record Period would not hinder our business prospects.

Supply and Demand of Raw Material

The major raw materials for lithium-ion batteries are LFP, graphite, separators, electrolyte solutions and shell. The major raw materials for lead-acid batteries are lead ingots, lead alloy, shell, sulphuric acid and fiberglass separators.

In 2022, 2023 and 2024, and the five months ended May 31, 2025, cost of raw materials amounted to RMB2,824.5 million, RMB2,868.8 million, RMB3,097.2 million, and RMB1,357.0 million, respectively, accounting for 83.5%, 84.6%, 82.7% and 85.5% of total costs of sales for the same year or period.

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During the Track Record Period, we have experienced fluctuations in the cost of our raw materials. In particular, the price of lithium carbonate and LFP have experienced considerable fluctuations. According to Frost & Sullivan, in 2022, 2023 and 2024, and for the five months ended May 31, 2025, the market price of LFP was RMB125.0 thousand per ton, RMB72.2 thousand per ton, RMB40.2 thousand per ton and RMB34.1 thousand per ton, respectively. To a lesser extent, the price of other raw materials such as lead and graphite also experienced price fluctuation during the Track Record Period, primarily due to changes in the market supply and demand. During the Track Record Period, we have set up price adjustment mechanism to allow us to adjust our battery price based on the fluctuations of the main raw materials during a specified period. In addition, we closely monitor the prices of raw materials and invest in enhancing our manufacturing efficiency and yield rate by continuously improving our manufacturing technology and optimizing our quality control processes, thereby improving the utilization efficiency of raw materials. During the same years, we did not engage in hedging activities against the fluctuation in raw material prices. For the movements of price of raw materials during the Track Record Period, see “Industry Overview — Battery and Raw Materials Price Analysis,” “Financial Information — Major Factors Affecting Our Results of Operations — Fluctuation in Prices of Raw Materials” and “Risk Factors — Risks Relating to Our Business and Industry — We are exposed to price fluctuations of raw materials, and we may not be able to adjust our prices to fully offset the increased costs of raw materials, which will adversely affect our profit margins, result of operations and financial condition” in this document.

To manage fluctuations of raw material prices and ensure a stable supply of key raw materials, we engage in strategic collaborations with our main raw material suppliers, primarily to secure quantities of these materials at certain price in advance. The key terms of our strategic collaborations arrangement with our main raw material suppliers generally include the following:

Duration	Generally one year
Pricing	The pricing of raw material is locked at certain price agreed upon by both parties.
Payment and credit term	Within 30 days after acceptance
Minimum and Maximum Purchase/Supply Requirement	We shall purchase and the supplier shall deliver at least 80% or at most 120% of the quantity stipulated in the contract. During the Track Record Period, we have no dispute with our suppliers regarding the minimum and maximum purchase/supply requirement.
Warranties	Generally one year after acceptance
Inspection and product returns	Product inspection and acceptance may take place within seven days after delivery of the raw materials to us. We may return to suppliers defective raw materials that do not meet the agreed quality standard, and the suppliers shall remedy the same, including product return and replacement. Our suppliers and us bear responsibility for potential product defects in accordance with industry norm.

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Looking ahead, we do not rule out the possibility of entering into new agreements with our main suppliers to lock in the prices of key raw materials. If we can prudently estimate the fluctuations in raw material prices and lock in prices at advantageous levels, such actions could be beneficial to us.

Procurement Arrangement

During the Track Record Period, we carefully select external suppliers and require them to meet certain evaluation and assessment standards. We only select suppliers listed on our qualified supplier list. To be on the list, all potential suppliers are evaluated and rated comprehensively on key parameters such as qualification, quality, customer service, thoroughness of quality control, production capacity and logistics. We also conduct comprehensive and daily management for our suppliers, classifying and evaluating our suppliers based on the key parameters quarterly and annually. This evaluation helps us establish a merit-based system, promoting the best and phasing out the underperformers, ensuring the quality and cost-effectiveness of our procurement.

Apart from annual framework agreements, we generally do not enter into long-term purchasing agreements with suppliers and place orders as needed. Purchase orders detail the specifications and quality standards of the raw materials, quantities, payment obligations, and delivery methods. Such agreements are legally binding and have not been subject to material breaches during the Track Record Period and up to the Latest Practicable Date. Additionally, during the track record period, we did not enter into any exclusive supply agreements with our suppliers.

The major terms of the framework agreements we enter into with our suppliers generally include the following:

Duration	Generally one to two years
Purchase Order	We typically include purchase amount, the type, specification, unit price, quantity and date of delivery in the purchase order.
Pricing	Depending on the type of raw material and supplier, prices are determined/adjusted taking into account the then prevailing market price when placing orders.

We have price adjustment mechanism for procuring certain raw materials. For LFP, the price is generally determined based on the prevailing market price published on the website of Shanghai Metals Market (www.smm.com) on the date of our purchase order. For lead ingots and lead alloy, the price is determined based on average market price published on the website of Shanghai Metals Market from the 26th of the previous month to the 25th of the month in which our purchase order is placed.

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Payment and credit term	45 – 90 days
Delivery term	Generally our supplier bears the costs and risks associated with bringing the goods to our named place of destination.
Minimum purchase requirement	None
Inspection and product returns	Product inspection may take place within a specified period after delivery of the raw materials to us. We may return to suppliers defective raw materials that do not meet the agreed quality standard, and the suppliers shall remedy the same, including product return and replacement. Our suppliers and us bear responsibility for potential product defects in accordance with industry norm.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
Termination	Terminable upon material breach of the agreement, or insolvency of any party.

THIRD PARTY PAYMENT

Background

During the Track Record Period, certain of our customers (the “**Relevant Customers**”) have settled payments with us through third-party payers (such payer(s), the “**Third-Party Payer(s)**,” and such arrangement(s), the “**Third-Party Payment Arrangement(s)**”).

The Third-Party Payment Arrangement(s) primarily include: (a) settlement by legal representative, actual controller, employees or entities within the same group of the Relevant Customers; and (b) settlement by independent third parties of the Relevant Customers. In 2022, 2023 and 2024 and the five months ended May 31, 2025, there were 29, 38, 38, and 0 Relevant Customers, respectively, and the aggregate amount of Third Party Payment Arrangement was RMB27.4 million, RMB39.8 million, RMB25.5 million, and nil, representing approximately 0.7%, 0.9%, 0.8%, and 0.0% of our total revenues, respectively.

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The following table sets forth the breakdown of approximate amount of the Third-Party Payment Arrangement and the percentage to the total revenues during the Track Record Period:

	Year Ended December 31,						Five Months Ended May 31,	
	2022		2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Settlement by legal representative, actual controller, employees or entities within the same group	10,380.1	0.3	16,949.3	0.4	5,777.1	0.2	–	–
Settlement by independent third parties.	17,020.7	0.4	22,895.0	0.5	19,690.1	0.6	–	–
Total.	27,400.8	0.7	39,844.3	0.9	25,467.2	0.8	–	–

During the Track Record Period and up to the Latest Practicable Date, we had not initiated any Third-Party Payment Arrangements, but only accepted the Third-Party Payments paid by the Third-Party Payers at the request of the Relevant Customers. In addition, during the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements. As advised by our PRC Legal Advisors, our acceptance of payments through the Third Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations.

As advised by our PRC Legal Advisor, the Third-Party Payment Arrangement would not be deemed as constituting the crime of money laundering specified in Article 191 of the Chinese Criminal Law. According to Article 191, money laundering involves actions to conceal or disguise the origins and nature of proceeds from crimes such as drug offenses, organized crime, terrorist activities, smuggling, corruption, financial management disruption, and financial fraud. Our transactions have a substantial and genuine commercial background, and the associated third-party payment arrangements do not meet the definition and criteria for money laundering. Based on the analysis above, our PRC Legal Advisor is of the view that the risk of money laundering related to our business operation and the Third-party Payment Arrangements is remote.

Our Internal Control Consultant has conducted follow-up review of the internal control measures in relation to Third-Party Payments adopted by us following the cessation of the arrangements in August 2024 and did not identify any material deficiencies.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors, (1) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or Third-Party Payer, and (2) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements.

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Reasons for Third-Party Payment Arrangement

The Relevant Customers primarily include, among others, our customers overseas, many of which located in the countries/regions where the local currency is not RMB, USD or Euros. For the Relevant Customers other than our customers overseas, we accepted the third-party payment mainly due to the request of our customers.

The main reasons that there exists Third-Party Payment Arrangement in our business are as follows:

- for overseas customers located in countries/regions where the local currency is not RMB, USD or Euros, and since we only accept a few mainstream currencies, they often opt for third-party payment methods;
- for group companies that control multiple subsidiaries, they typically prefer using Third-party Payment Arrangements with entities or individuals within the same group or designated companies to facilitate their centralized management and control of funds;
- in compliance with the relevant rules of the local governments in China, some of our government and enterprise cooperation programs are settled by government payment centers rather than by the specific cooperating governments agencies; and
- some of our customers prefer using Third-party Payment Arrangement with their debtors or staff to facilitate settlement or debt collection.

Internal Control Measures for Third-Party Payment Arrangements

To safeguard our Group’s interest against risks associated with Third-Party Payment Arrangements, the following internal control measures have been adopted by our Group:

- (1) Since August 23, 2024, we have ceased all Third-Party Payment Arrangements and all new orders placed thereafter by customers can only be settled by customers’ own accounts;
- (2) We circulated notice internally to alert and inform relevant staff members of requirements on identification of, and prohibition on accepting Third-Party Payment Arrangement;
- (3) Our finance department is responsible for maintaining a receipt settlement management ledger, which records, among other information, the customer’s name, content of transaction, payment data, payment sum, payment method and the payer’s name, so as to ensure that relevant payments are made directly by the relevant customer;
- (4) Since August 23, 2024, for all identified payments made by the Third-Party Payers, we will only settle the payment until we receive direct payment from the relevant customers.

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Considering that our revenues generated from these Third-Party Payment Arrangements as a percentage of our total revenues was immaterial, our Directors confirm that the cessation of the Third-Party Payment Arrangements does not have a material adverse impact on our business, financial conditions or results of operations.

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. In preparation for the [REDACTED], we have engaged an independent third-party consultant (the “**Internal Control Consultant**”) to perform a review over selected areas of our internal controls over financial reporting in May 2024 (the “**Internal Control Review**”). The scope of the Internal Control Review performed by the Internal Control Consultant covered, among others, the Third-Party Payment Arrangements. Pursuant to the Internal Control Review undertaken for [REDACTED] purposes, the Internal Control Consultant reviewed the above internal control measures in relation to Third-Party Payment Arrangements adopted by us and did not identify any material deficiencies.

BUSINESS ACTIVITIES WITH CUSTOMERS IN THE RELEVANT REGIONS

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nations and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries subject to International Sanctions.

During the Track Record Period, we had sold our Chinese-origin lithium-ion battery and lead-acid battery products directly to our customers globally. Based on our review on the location of our customers, we have identified customers located in certain countries subject to International Sanctions, the Relevant Regions. Products we sold to the Relevant Regions were mainly battery products for telecom base stations. We engage in the business with these customers primarily through our existing customers, their affiliates or through direct negotiation. The revenue generated from such sales to the Relevant Regions was approximately RMB59.2 million, RMB84.0 million, RMB90.0 million and RMB7.9 million, representing approximately 1.5%, 2.0%, 2.0% and 0.4% of our total revenue in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. These transactions were carried out by our Group entities incorporated in China directly to our customers located in the Relevant Regions, and some payments received by us were denominated in USD or EUR. There was no other nexus to the United States, the European Union, the United Kingdom or Australia, including any persons domiciled or entities incorporated from these regions. While some of our customers were designated on the Entity List maintained by the BIS, none of our customers were designated on other sanctions list maintained by the U.S. or the EU. The revenue generated from such sales to our customers designated on the Entity List was approximately RMB1,220,274, RMB38,556, RMB193,106 and RMB306,723, representing approximately 0.0%, 0.0%, 0.0% and 0.0% of our total revenue in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. As advised by our International Sanctions Legal Adviser, our sales to these customers designated on the Entity List did not represent a violation of the applicable sanctions or export controls, as discussed further below.

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We have engaged Hogan Lovells, our International Sanctions Legal Adviser to perform procedures to assess our compliance with International Sanctions laws and regulations and evaluate our risk of exposure and potential penalties imposed under the International Sanctions laws and regulations.

Primary sanctions

Based on our review on the location of our customers, we have identified customers located in certain countries subject to the International Sanctions, the Relevant Regions. As advised by our International Sanctions Legal Adviser, although the Relevant Regions were subject to various sanctions during the Track Record Period, none of them was a Comprehensively Sanctioned Country. The Comprehensively Sanctioned Countries are subject to a general and comprehensive territorial-based export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction (for instance, transactions in USD and EUR with entities located in a Comprehensively Sanctioned Country is generally prohibited), on the other hand, the Relevant Regions are subject to a more limited set of sanctions, targeting certain designated entities, products, or sectors inside the Relevant Region. As advised by our International Sanctions Legal Adviser, our sales involving the Relevant Regions during the Track Record Period did not represent a violation of applicable sanctions and were not Primary Sanctioned Activities for the purpose of the guidance in Chapter 4.4 of the Guide for New Listing Applicants issued by the Stock Exchange, given that:

- (i) none of our customers located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations; and
- (ii) for the export control restrictions applicable to our customers listed on the Entity List maintained by the BIS, products subject to the EAR are generally prohibited from exporting to any entities designated on the Entity List unless licensed. All products sold to our customers in the Relevant Regions and certain customers listed on the Entity List maintained by the BIS were Chinese-origin lithium-ion battery and lead-acid battery products that does not subject to the EAR. Therefore, our sales to such customers did not require a license nor otherwise violate the export control restrictions applicable to these customers.

Secondary sanctions

The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, certain sectors in the Relevant Regions or provide material support for such activities and sectors, business activities engaging in these defined activities, sector or provide material support for such activities and sectors can be viewed as engaging in Secondary Sanctionable Activities. Among the Relevant Regions, the “manufacturing” sector of Russian economy (together with other four sectors of the Russian economy, architecture, engineering,

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construction and transportation) were designated under EO 14024 on May 19, 2023, providing authority to OFAC to impose sanctions on any person found to “operate in” such designated sectors.

Save for the transactions with Russia, the Group’s transactions in the Relevant Regions did not involve other business activities targeted by extra-territorial provisions (i.e. secondary sanctions) of sanctions law or regulation in the Relevant Jurisdictions. U.S. sanctions do not automatically apply to every company in such designated sectors in Russia, instead, OFAC has to exercise its discretionary authority to designate a particular person or entity for “operating in” such designated sectors for U.S. sanctions to apply. When considering whether an entity is engaged in significant transactions that expose such entity to risks of secondary designation, OFAC would consider a basket of factors, including the size and commercial purpose of the transactions. To our best knowledge, the batteries we sold to Russia were used in data centers, telecom base stations and other application scenarios such as for backup power of hospitals and banks. The revenue generated from our sales to Russia (excluding the Crimea, Kherson, Zaporizhzhia, and LPR/DPR regions) was approximately RMB3.9 million, RMB11.8 million, RMB8.8 million and nil, representing approximately 0.1%, 0.3%, 0.2% and 0.0% of our total revenue in 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. Products we sold to the Relevant Regions (including Russia) were mainly battery products for telecom base stations.

Given the nature of our activities, as advised by our International Sanctions Legal Adviser, it appears unlikely that OFAC would view our Group itself as “operating in” Russia’s manufacturing sector or have materially assisted, sponsored, or provide financial, material or technological support for, or good or services to or in support of architecture, engineering, construction, manufacturing and transportation sectors of Russian Federation economy” under EO 14024 for its business activities with Russia by merely selling the Group’s products to Russia or that OFAC would designate us as an SDN for merely selling the Group’s products to Russia (rather than manufacturing its products in Russia, locally); also, considering that our transactions with the Relevant Regions did not involve other business activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions and the fact that we do not transact with any sanctioned entities located in Russia or otherwise designated under EO 14024, it is unlikely that our activities would result in OFAC using its secondary sanctions authority under EO 14024 and other secondary sanctions authorities to sanction the Relevant Persons. As of the Latest Practicable Date, we are not designated by the secondary sanctions authority under EO 14024 or found by OFAC to “operate in” certain designated sectors in Russia.

Conclusion

Therefore, based on the above, our International Sanctions Legal Adviser has not identified apparent violations of International Sanctions by us. Our International Sanctions Legal Adviser is of the view that our Group is not subject to material sanctions risks, after evaluating the sanctions risks of our historical business activities with customers in the Relevant Regions during the Track Record Period. Our Directors are, thus, of the view that given we are not in violation of the International Sanctions, it is unlikely there will exist any potential penalty that can be imposed on our Group by applicable government agencies including OFAC.

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Our Directors confirmed that during the Track Record Period, we were not subject to any sanctions that would materially affect our business operation or results of operations. Our Directors are of the view that the revenue generated from these business activities with the Relevant Regions are not material given that the revenue contribution from these business represent less than 5% of our annual revenue. Therefore, nothing has come to the attention of the Joint Sponsors that would cause them to cast reasonable doubt on the views of our International Sanctions Legal Adviser and our Directors. Considering that our existing business with the Relevant Regions are not in violation of the International Sanctions, we intend to continue the business with the Relevant Regions in accordance to the International Sanctions and our internal controls and risk management measures set out in below.

Internal Controls

In addition, we have adopted enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks as follows:

- we will set up and maintain a separate bank account upon the [REDACTED], which will be designated for the sole purpose of the deposit and deployment of the [REDACTED] from the [REDACTED] or any other funds raised through the Stock Exchange;
- to further enhance our existing internal risk management functions, our legal specialist is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our legal specialist will hold a meeting biannually to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;
- we will evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Countries subject to International Sanctions or Sanctions Persons. According to our internal control procedures, our legal specialist needs to review and approve all relevant business transaction documentation from customers or potential customers from Countries subject to International Sanctions or Sanctions Persons. In particular, screening process will be implemented to identify if the potential transaction counterparty of the Group is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review will not be proceed. We will monitor revenue contribution derived from business opportunities in Countries subject to International Sanctions, and ensure that the total annual revenue contribution derived from these business opportunities will not be material (5% or more) and not in violations of International Sanctions. At the same time, our legal specialist should, periodically review the existing customers and

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suppliers lists to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- our Directors will continuously monitor the use of [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions;
- our legal specialist will review our internal control policies and procedures with respect to sanctions matters as part of the biannual meeting. As and when our Legal Department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and
- if necessary, we will engage external legal counsel to provide compliance training relating to the international sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group’s business to ensure none of them are Sanctioned Persons. Our external legal counsel will provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally.

Our International Sanctions Legal Advisors have reviewed and evaluated these internal control measures and are of the view that these measures appear adequate and effective for our Company, based on our products and risk assessment, to comply with applicable international sanction laws and our undertakings to the Stock Exchange.

Having taken into account the above advice of our International Sanctions Legal Advisors, our Directors are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of our Shareholders and us.

Undertakings

Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Persons (including but not limited to those located in any of the Relevant Regions), or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the [REDACTED] from the [REDACTED] to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned

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Targets. Our Directors will continuously monitor the use of [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

Further, given the scope of the [REDACTED] and the expected use of [REDACTED] as set out in this document, our International Sanctions Legal Adviser is of the view that the involvement by parties in the [REDACTED] will not implicate any applicable International Sanctions on such parties, including our Company, our potential investors, Shareholders, the Stock Exchange and its listing committee and group companies, and accordingly the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the [REDACTED], [REDACTED] and [REDACTED] of our Shares (including the Stock Exchange, its listing committee and related group companies) is remote.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials, work-in-progress, finished goods and goods in transit. For details, see “Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Inventories” in this document. We have implemented policies to optimize our inventory level, and our inventory management system and storage and transportation capabilities are considered superior within the industry. For details of policy on making provision of inventories, see “Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Inventories” in this document.

We achieve efficient inventory management through carefully considering the inventory impact of our products, aiming to realize inventory control through designs and modularization. Each department provides the safety stock standard value for materials (including spare parts) based on monthly/annual demand, divided into upper and lower inventory alert levels. Warehouse managers monitor inventory according to the safety stock standards provided by each department and give timely warnings and feedback if the standards are exceeded. We are committed to adopting a flexible approach to inventory management, adjusting our inventory levels in response to market demand fluctuations. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. We are therefore able to direct our manufacturing and control the supplier’s delivery to achieve a faster inventory flow. Additionally, we periodically analyze our inventory level so that we are able to deal with slow-moving inventories in a timely manner.

As of the Latest Practicable Date, save as otherwise disclosed in “— Properties” in this section, almost all of our warehouses are owned by ourselves, which allows for greater control and efficiency in our logistics operations. Additionally, our suppliers bear the cost of logistics, which enables us to maintain a cost-effective supply chain.

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INFORMATION TECHNOLOGY

We believe that information technology is crucial for maintaining our competitive position. We utilize multiple information technology systems to manage various aspects of our operations, including but not limited to sales management, material procurement, production, quality control, inventory management, financial reporting, and human resources. Within our integrated information systems, we have multiple systems, including but not limited to ERP system and OA system through out our business operations. Our systems are of vital importance in coordinating among departments and quality control. For details, see “— Quality Control — Our Quality Control System” in this section.

The functionality and stability of our information technology infrastructure are critical to our business operations. The IT department conducts system checks, data backups, system maintenance, and other activities to ensure the continuous operation of critical IT systems and facilities. During the Track Record Period and up to the Last Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

EMPLOYEES

We recognize the importance of talents for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives. We sign non-competition agreement with our senior management or other key employees. Our employees are periodically reviewed on the basis of, among other criteria, their abilities to achieve stipulated performance targets. As a result, we have generally been able to attract and retain qualified employees and maintain a stable core management team.

We adopt a diversified recruitment approach to ensure a sufficient talent pool for key positions. We primarily recruit our employees through on-campus recruitment, online job sites and internal referrals. We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. We also strive to create a multiple-incentive mechanism and a friendly working environment to fulfil our employees’ full potential.

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As of May 31, 2025, we had 2,290 full-time employees, almost all of whom are based in China. The following table sets forth the numbers of our employees categorized by function as of the date indicated:

Employees Categorized by Function	Number of Employees	% of total
R&D and Technical	245	10.7
Production	1,510	65.9
Administrative	231	10.1
Financial	37	1.6
Sales & Marketing	267	11.7
Total	2,290	100.0

We currently have a labor union for our employees. We believe that we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

Dispatched Staff

In addition to direct employment, during the Track Record Period, we entered into labor dispatch agreements with Independent Third Party employment agents whereby the employment agents dispatched suitable staff to fulfill our job requirements on mutually agreed terms, including the number of staff to be dispatched, period of the dispatch and wages and benefits of the dispatched staff. Staff dispatched to us by the employment agent are engaged only in temporary, auxiliary or substitutable positions. Our Directors believe that the labor dispatch arrangements enabled us to maintain a sufficient and flexible level of labor force to meet our operation requirements. Pursuant to the labor dispatch agreements, we pay a combined fee to the employment agent, primarily consisting of service fees of the employment agent and wages and benefits of the dispatched staff. The employment agent is responsible for arranging payment of wages, insurances and other welfare conditions as required by the PRC laws and regulations upon receipt of the combined fee. The dispatched staff are employed by the employment agent, and hence we are not their employer. We apply our human resources policy and codes of our conduct to the workers dispatched to us.

Pursuant to Labor Contract Law of the People’s Republic of China, and the Interim Provisions on Labor Dispatch (勞務派遣暫行規定)(the “**Interim Provisions**”) which came into effect on March 1, 2014, an employer shall strictly control the number of dispatched staff to make sure that it does not exceed 10% of the total number of its workers. In the event of violation of the Interim Provisions, the relevant labor department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribe period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit. In 2022, the total number of dispatched contract workers in our Company exceeded 10% of our Company’s total

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workforce, and the total number of dispatched contract workers in our subsidiary Shuangdeng Front exceeded 10% of its total workforce. We have taken active measures to address this issue by converting labor-dispatched employees into regular employees, thereby reducing the proportion of labor-dispatched workers. Since December 2022 and up to the Latest Practicable Date, the number of dispatched staff of our Company and each of our subsidiaries did not exceed the threshold of 10% as required by the Interim Provisions. These dispatched staff were mainly hired for positions with supporting nature.

Taking into consideration (i) the written confirmation from the relevant labor administration authority, which is the competent regulatory authority to give such confirmation as advised by our PRC Legal Advisor, that we had not been subject to material administrative penalties as a result of violating the applicable labor protection laws and regulations in the PRC; and (ii) as of the Latest Practicable Date, we had not been requested by the relevant labor administration authority to rectify such incident, and (iii) as advised by our PRC Legal Advisor, we have fully rectified the non-compliance incident since December 2022 and therefore, the risk of us being penalized is remote as confirmed by our PRC Legal Advisor. Our Directors are of the opinion that such incident will not have a material adverse impact on our business or results of operations.

Social Insurance and Housing Provident Fund Contributions

We are required to contribute to social insurance and housing provident funds for our employees based in China under applicable PRC laws and regulation. During the Track Record Period and up to the Latest Practicable Date, we used third-party human resources agencies to make social insurance and housing provident fund contributions on behalf of us for some of our employees, and we did not make full social insurance and housing provident fund contribution for certain employees in strict compliance with relevant laws and regulations. In 2022, 2023 and 2024, and the five months ended May 31, 2025, our shortfall of contribution to social insurance and housing provident funds amounted to RMB16.9 million, RMB27.7 million, RMB30.2 million and RMB14.8 million and we have made full provision for the shortfall of contribution to social insurance and housing provident funds.

We were unable to make full social insurance and housing provident fund contributions for such employees primarily because (i) some employees were new hires and could not complete the social insurance and housing provident fund payment procedures in time during the month; and (ii) certain of our employees were not willing to bear the costs associated with social insurance and housing provident funds.

As advised by our PRC Legal Advisor, in the event that (i) the relevant PRC authorities may demand us to pay the outstanding social insurance funds, or (ii) the relevant government authorities find our historical arrangement of engaging the third-party human resources service providers to pay social security funds and housing provident funds for some employees to be non-compliant with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on Management of Housing Fund (《住房公積金管理條例》), the relevant PRC

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authorities may demand us to pay the outstanding social insurance funds within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding amount for each day of delay. We estimate that in the event that we are ordered to make up for the social insurance outstanding contributions during the Track Record Period, the maximum late payment fee would be approximately RMB51.0 million. If we fail to make such payments, we may be liable for a fine of one to three times the amount of the outstanding contributions. In respect of the outstanding housing provident fund contributions, we may be demanded by the relevant PRC authorities to pay the underpaid amount to the housing provident fund within a prescribed time limit, failing which we may be subject to the compulsory enforcement by the People’s Court.

Considering that (i) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; (ii) we have obtained confirmations from the relevant competent government authorities, as confirmed by our PRC Legal Advisors, confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (iii) during the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions, and we had not received any notice from relevant competent government authorities regarding any claim for inadequate contributions of our current and former employees, nor any notifications from the relevant competent government authorities requiring us to pay the shortfalls, and (iv) based on the foregoing, our PRC Legal Advisors advised that (a) the risk of us being conducted centralized collection of our historical social insurance is remote, provided that there are no collective employee complaints and no significant changes in current laws, regulations, or the implementation of local policies, and (b) the risk of us being penalized due to our historical shortfall of contribution to social insurance and housing provident payment is remote, our Directors believe that the non-compliance during the Track Record Period in relation to the payment of social insurance and housing provident fund will not have material adverse effects on our production and business operations. We will continue to communicate with the relevant government authorities to ensure that the calculation and payment methods for our social insurance and housing provident fund contributions comply with the applicable requirements.

As of the Latest Practicable Date, we had not been subject to any administrative penalties for the aforementioned matters, nor were we aware of any material employee complaint or dispute with respect to social insurance or housing provident fund contribution. Nevertheless, we may be exposed to risks in relation to the aforementioned matters. For details, see “Risk Factors — Risks Relating to Doing Business in the Places Where We Operate — Certain of our practices with respect to social insurance and housing provident fund contribution may subject us to penalties” in this document.

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COMPETITION

According to Frost & Sullivan, the global energy storage battery market is competitive. Within the global energy storage battery industry, we participated in the global telecom and data center energy storage battery market, as well as the global electrical energy storage market. In 2024, the total global added installed capacity for energy storage batteries in telecom and data center application reached 60.4 GWh, with the top five players holding a combined market share of approximately 40.7%. Our group achieved a shipment volume of 6.7 GWh, ranking the first among global telecom and data center energy storage battery providers, with the market share of 11.1%.

The global electrical energy storage market is characterized by a relatively fragmented competitive landscape, with more than 10,000 existing and startup companies in the industry, covering products including energy storage batteries, battery management systems, power conversion system, etc. For details, please see “Industry Overview” in this document.

We believe that our competitive position is underpinned by our strengths, including leading market position, exceptional R&D capabilities and technologies, excellent manufacturing and operational capabilities, strong brand power and experienced team and visionary management. For details, see “— Our Strengths” in this section. For risks involving the competitive advantages of our energy storage batteries and targeted markets, see “Risk Factors — Risks Relating to Our Business and Industry — We operate in a competitive industry and many of our competitors may be more established, resourceful or adaptive, we may not be able to effectively compete with other industry players” in this document.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we have received during the Track Record Period.

No.	Year	Award or Recognition	Issuing Authority
1	2024	BNEF Energy Storage Tier 1 Manufacturer	BloombergNEF
2	2024	GGII Energy Storage Industry TOP 50 Company	Gaogong Industry Institute
3	2024	GGII Golden Globe Awards	Gaogong Industry Institute
4	2024	China IDC Industry Innovation Technology Product Award	China IDC Industry Annual Ceremony
5	2023	National Quality Benchmark	China Quality Association

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No.	Year	Award or Recognition	Issuing Authority
6	2023	National Intelligent Manufacturing Pilot Demonstration Action – Excellent Scenario	Ministry of Industry and Information Technology
7	2023	Jiangsu Province First Batch of Innovative Management Intellectual Property International Standard Implementation Pilot Enterprises	Jiangsu Provincial Intellectual Property Office, Jiangsu Provincial Department of Industry and Information Technology
8	2023	2023 Provincial Industrial Internet Demonstration Project (Benchmark Factory Category)	Jiangsu Provincial Department of Industry and Information Technology
9	2023	2023 China Energy Storage Industry Best Battery Supplier Award	China International Energy Storage Conference
10	2023	2023 Greater Bay Area Data Center Product Technology Excellence Award	China Communications Industry Association Data Center Committee, Guangdong Province Data Center Industry Alliance, Shenzhen Digital Economy Industry Promotion Association
11	2022	“Seventh Batch of National ‘Single Champion’ Demonstration Enterprises (Communication Backup Power Supply Products)”	Ministry of Industry and Information Technology
12	2022	First National Advanced Energy Storage Technology Innovation Challenge Benchmark Product Category Competition 2022 “Benchmark Product Award” – Based on Wind-cooled High Safety Technology Data Center Energy Storage System	Ministry of Industry and Information Technology Industry Development Promotion Center

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No.	Year	Award or Recognition	Issuing Authority
13	2022	Jiangsu Province Innovative Leading Enterprise	Jiangsu Provincial Science and Technology Department
14	2022	National Intellectual Property Demonstration Enterprise	National Intellectual Property Administration

SEASONALITY

We were not subject to material seasonality during the Track Record Period. For details, see “Financial Information — Major Factors Affecting Our Results of Operations — Fluctuation in Prices of Raw Materials” in this document.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

We seek to be a responsible corporate in fulfilling environmental, social and governance responsibilities by advancing the use of clean energy, supporting social causes and exploring ways to protect the environment. Our management prioritizes ESG matters, actively develops and enhances our operating procedures, and is focused on continual improvements in this area. We recognize the importance of robust ESG policies and practices in fulfilling our corporate mission and goals, which in turn drives enduring value for our stakeholders.

ESG Policy and Governance

We acknowledge our responsibility on environmental protection and social responsibilities and are committed to complying with the ESG reporting requirements upon [REDACTED]. We believe that it requires the collective effort from our Board to evaluate and manage material ESG issues. Therefore, our Board of Directors is responsible for (i) reviewing and approving our ESG development strategy and targets, major issues, management structure, and management systems, and (ii) reviewing our ESG report. Our Strategy Committee is responsible for (i) researching and formulating our ESG development strategy and targets, major issues, and management systems; (ii) identifying and controlling risks related to ESG daily management; (iii) guiding the daily implementation of ESG work; and (iv) reviewing and submitting our ESG report to the Board of Directors. Our ESG team is responsible for (i) implementing our ESG development strategy and goals, organizing and arranging the execution departments to implement ESG work, and supervising their ESG activities; (ii) preparing the ESG report; (iii) drafting ESG policy documents, related issues, phased work plans, and implementation schemes; and (iv) conducting ESG business training and tracking ESG policy requirements and trends.

We are formulating an ESG management mechanism to ensure comprehensive coverage of ESG work through multi-angle, multi-level specialized inspections, cross-checks, and supervisory inspections, effectively preventing and managing ESG risks.

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We have also been prioritizing ESG topics including environment management capability, energy efficiency, GHG emission control, and product carbon footprint. We expect to update the mechanism and establish an ESG policy (“**ESG Policy**”) in accordance with the standards of Appendix 27 to the Listing Rules to cover, among others, (i) the appropriate risk governance on ESG matters, (ii) ESG governance structure and ESG strategy formation procedures, (iii) ESG risk management and monitoring, and (iv) the identification of key performance indicators (“**KPIs**”), the relevant metrics and mitigating measures upon [REDACTED].

In view of our current practice, our ESG policy will set out the respective responsibility and authority of different parties. We will also establish an ESG committee to implement the ESG Policy, formulate ESG-related goals and organize their implementation. The members of the ESG Committee will be appointed by our Directors and senior management and responsible for managing and supervising our ESG matters and providing advice and assistance to the Board.

The ESG Committee will be mainly tasked with several key roles:

- **Strategy Advisement.** They assess our ESG-related activities based on policies, laws, standards, current trends, and the expectations of our stakeholders. They then advise the Board on setting our ESG strategy;
- **Strategy Monitoring.** They track how well we are implementing our ESG strategies and achieving our goals by assessing how our ESG efforts are affecting stakeholders and suggests ways to improve our ESG initiatives; and
- **Performance Evaluation.** Beyond assessing our ESG performance by communicating with stakeholders, we will hire external agencies to independently review our accomplishments in environmental areas, such as managing waste water, noise, air pollution, and our response to climate change.

We plan to set up metrics and targets for these ESG issues and to review our key ESG performance on a regular basis.

Environment Matters

During our production, waste water, waste gas and solid waste are regularly discharged. Our operations are therefore subject to numerous national and provincial environmental laws and regulations governing the discharge of waste water, gas emission, hazardous chemicals and waste management. For example, we are subject to, among others, the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and 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》). For details, see “Regulatory Overview — Laws and Regulations Relating to Environmental Protection” in this document.

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As advised by our PRC Legal Advisor, we had obtained all relevant pollutant discharged permits during the Track Record Period and up to the Latest Practicable Date and we were in compliance in all material respects with the relevant PRC environmental laws or regulations during the Track Record Period and up to the Latest Practicable Date. If our Group fails to comply with the relevant laws and regulations, we would be subject to fines, suspension of business or cessation of operations. For details, see “Risk Factors — Risks Relating to Our Business and Industry — Environmental, Social and Governance (“ESG”) matters, and unsuccessful management of such matters may impose additional costs and expose us to new risks” in this document.

Our management focuses on ensuring that our production emissions, treatment of waste water, waste gas and solid waste are in compliance with the relevant regulations and policies of national and local governments.

We also perform regular maintenance on our production facilities to ensure the equipment and systems are in good working condition. Further, we have developed a manual of safety code which specified operational procedures during production. As to our future environmental protection plan, we will continue to adopt advanced technology to upgrade our environmental protection standard.

During the Track Record Period and up to the Latest Practicable Date, we had produced the following waste materials and put emphasize on enhancing resources utilization rate:

Waste Water

Waste water is generated during production in our production facilities. We prioritize water resource management and are committed to conserving water resources and ensuring full compliant waste water discharge during our production and operations. From waste water treatment and reuse to employee participation, we are dedicated to achieving sustainable water resource utilization. We have designated waste water treatment personnel who are required to understand the operational procedures and technical requirements of waste water treatment. They must wear appropriate protective equipment and receive relevant certifications before starting to work. In our waste water treatment areas, we display signs outlining the duties of the staff, waste water treatment processes, and emergency response plans for environmental safety incidents. We also require these areas to be kept clean, without unrelated items such as hoses, fire hoses, or submersible pumps present.

We closely monitor the waste water treatment process, requiring staff to maintain accurate daily records, including water quality testing results, chemical usage, discharge volumes, treatment and reuse amounts, and sludge production. Untreated waste water is strictly prohibited from being discharged. Before discharge, water samples must be sent to the monitoring center for analysis, and only after approval from higher management can the waste water be released. Monthly statistics are compiled on external waste water discharges.

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Additionally, we have environmental inspectors who regularly patrol the plant to check for issues such as damaged pipes or facilities, cross-contamination of production waste water, or leaks entering rainwater or sewage systems. They also ensure that waste water collection tanks and pipes operate at low water levels to prevent overflow. We believe that through these concrete and effective measures, we will significantly improve water resource management efficiency and make a positive contribution to protecting precious water resources.

Waste Gas

Waste gas is generated at our production facilities. Our waste gas generated includes, among others, lead and its compounds, sulfuric acid fog, particulate matter and non-methane total hydrocarbons. We require that there are no unrelated items around the waste gas treatment facilities, and no gas or liquid leaks from any production equipment. Our environmental specialists are responsible for daily inspections and regular maintenance of the waste gas treatment systems, ensuring immediate repair or replacement if any issues are detected. Specifically, the water in waste gas treatment systems like shower and spray units must be regularly cycled and replaced to prevent buildup. Dust collection facilities, such as bag and cartridge filters, must have no dust leaks at the discharge points. The pH value of the water used in acid-alkali scrubbers is controlled between 10 and 12. All activities, such as water changes, bag replacements, and chemical additions, are documented. Additionally, our environmental specialists conduct comprehensive self-monitoring of all active lead gas and lead dust emissions once a month.

Solid Waste

We generate solid waste in our production. The solid waste we generated includes, among others, lead-containing waste (waste lead residue, dust collector, lead sludge), lead-containing waste packaging, waste lead batteries, household garbage and NMP waste liquid. We strictly adhere to environmental protection laws, regulations, and requirements applicable to its operations. We have established effective management systems for solid waste generated during production and operations, carrying out stringent pollutant management. We classify solid waste into two categories based on its harmfulness: general waste and hazardous waste. Each type has its own specific labeling and disposal methods. We store general waste separately according to its characteristics and assign dedicated personnel for each category. We strictly follow storage requirements to prevent scattering, leakage, rain exposure, and seepage. For hazardous waste, storage areas must have hardened, corrosion-resistant floors without cracks or damage, and emergency drainage channels must be in place to collect runoff into waste water tanks. Further, we have designated personnel who regularly inspect the generation, storage, and transfer of hazardous waste, with the inspection results recorded in the hazardous waste management log. If hazardous waste is lost or stolen, the responsible staff must promptly investigate the cause, take appropriate measures to prevent pollution incidents, and report to the quality control department. We set annual pollutant management targets and take proactive reduction measures.

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Risks Related to the Environment and Climate

We recognize the potential financial and reputational risks related to the environment, including those stemming from adherence to prevailing environmental regulations and stringent standards. For example, China’s carbon neutrality objective established in 2020, which aims to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060, may lead to increased costs related to energy procurement, as we may be required to incur transition costs in procuring green energy that can be more expensive than energy generated from conventional sources, or bear the costs of purchasing or upgrading our equipment.

We also recognize a certain level of threat that climate-related issues pose to us. Actual and potential climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the physical risk of increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding. As a result, we may be impacted by higher operation and maintenance costs, as well as more insurance premium payable for protection, and the health and safety of employees may also be endangered. In addition, transitional risks may emerge due to climate change and climate-related issues as consumers shift their preferences while regulators require more extensive ESG-related disclosures. Such transitional risks may result in additional operating expenses. With regard to increasing responsibilities on ESG-related disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on pollutant emissions and resource consumption.

- In response to such potential risks, we plan to take measures as follows: to integrate solar power in our production bases and supply chain systems to reduce cost of energy use;
- to introduce energy-saving equipment, and formulate plans to reduce process energy consumption, in turn reducing energy consumption.

Save for the above, up to the Latest Practicable Date, we were not aware of other actual environment or climate-related risks or damages that could adversely affect our business, strategy and financial performance.

Opportunities Related to the Environment and Climate

As an energy storage batteries manufacturer, we believe the increasing awareness of environmental and climate-related issues provide abundant opportunities for our growth.

In addition, as our business aligns with international efforts to reduce carbon emissions and store green energy, our energy storage batteries can be deemed as a preferred solution to reduce carbon footprints, creating substantial growth prospects for our company. Given that we have been continually enhancing the efficiency and reducing the cost of our energy storage batteries, we expect to make energy storage products more accessible and affordable.

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Metrics and Targets on Environmental Impacts

To better assess and manage our environmental footprint, we closely track various metrics related thereto in our production plants. The main metrics concerned, are as follows:

				For the year ended December 31		
				2022	2023	2024
Energy	Electricity (kWh)			134,165,922	134,545,728	153,998,181
	Steam (t)			99,110	115,629	107,682
Air	Greenhouse Gas Emissions (tons CO ₂ equivalent)	Scope 1		4,632	3,471	3,152
		Scope 2		121,725	121,101	121,369
		Scope 3		35,824 ⁽¹⁾	602,725 ⁽²⁾	608,086
Water	Water consumption (t)			394,302	472,263	529,578
	Sewage discharge (t)			59,223	59,056	108,416
	Reuse volume			335,079	413,206	421,162
Solid Wastes . .	Hazardous waste (t)			3,620	4,672	6,661
	Recyclable waste (t)			3,604	4,656	6,631

Notes:

- (1) Calculate based on emissions generated internally by our Group (mainly GHG emissions from business travel).
- (2) Calculate based on emissions generated internally by our Group and by third parties in our supply chain (including GHG emissions from business travel, upstream and downstream logistics transportation, product manufacturing and usage).

From 2022 to 2024, our production increased while overall energy consumption and emissions increased, primarily due to the development and expansion of our operation. In the future, we will uphold the principles of environmental friendliness and green development, promoting green production and reducing energy consumption and emissions.

The upward trend of our GHG emissions from 2022 to 2023 was primarily due to business growth, such as production expansion and increased engagement with suppliers and customers. As we enhance our ESG policy and increasingly put emphasize on green production, our GHG emissions remain stable in 2024.

In addition, the significant increase of Scope 3 GHG emissions in 2023 was primarily because we adopted a more stringent statistics standard. In 2022, our Scope 3 GHG emissions were calculated mainly based on emissions generated from internal activities such as business travel, without including third-party emissions. However, starting from 2023, we expanded our tracking to include GHG emissions from various stages of the supply chain by engaging with upstream and downstream third parties, allowing for more comprehensive carbon emission monitoring. This also reflects our growing commitment to addressing greenhouse gas emissions.

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According to Frost & Sullivan, these metrics and measurements are in line with the norm of the energy storage industry, and our metrics are in the average range. However, we strive to further reduce such emissions and discharges. By 2030, we plan to:

- Decrease our GHG gas emission per million RMB revenues by 40%;
- Increase our electricity consumption from renewable resources by 40%; and
- Decrease our water consumption per million RMB revenues by 30%.

In a concerted effort to advance our “green office” initiative, aiming at reducing resource consumption and enhancing ecological and environmental protection, we initiated green and low-carbon office practices.

Measures on Managing Environmental Risks

Our approach to environmental risk management is proactive, focusing on incorporating green and low-carbon practices from the onset of our operations. Therefore, we adopt various measures in planning and building facilities that are sustainable and eco-friendly. We have obtained ISO50001 and ISO14064, which testify to our environment management capability, efficiency, GHG emission control, and product carbon footprint. This systematic approach enables continuous enhancement of our environmental management capabilities and compliance with recognized environmental standards.

We place significant emphasis on environmental pollution and climate change. We strictly comply with environmental protection laws and regulations, adhere to industry standards, and strengthen pollution control while promoting clean production and sustainable development. Subsidiaries that emit pollutants register and report to relevant governmental authorities pursuant to laws and regulations, and a dedicated department within our Group monitors and inspects the implementation of environmental policies and emissions. Additionally, we actively integrate green development into our corporate governance, advancing energy conservation and emissions reduction. We have established a zero carbon action office, responsible for setting long-term carbon reduction plans and annual targets, monitoring and reporting on the execution of these plans, addressing any issues promptly.

In addition, we have implemented a series of measures in our daily operations to mitigate environmental risks and fulfill our targets.

- **GHG emission.** Since 2022, we have conducted an inventory of greenhouse gases within the production boundaries of the organization in accordance with ISO14064 standards. We prepare greenhouse gas inventory reports and disclose the inventory results in its social responsibility report.

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- **Energy consumption.** We prioritize energy management by implementing energy-saving measures across all production stages, achieving ISO50001 certification, and adhering to its standards. This includes establishing energy policies, conducting energy audits, and continuously improving through systematic energy management frameworks. We optimize production by analyzing processes, upgrading to efficient equipment, and utilizing energy recovery systems. Additionally, renewable energy sources such as solar and wind are adopted, and green power is prioritized. Employee involvement is encouraged through awareness campaigns, training, and incentive mechanisms for energy-saving suggestions.
- **Photovoltaic Power Generation.** As a producer and integrator of energy storage products, we have built photovoltaic panels on 50,000 square meters of factory roofs.
- **Water consumption and waste water discharge.** We have sewage treatment systems and initial rainwater collection systems. By adopting multi-stage treatment processes, we have reduced the concentration of pollutants in the discharged water. Over 90% of the treated water is reused, and any water that needs to be discharged is sampled and subjected to chemical analysis. It can only be discharged after passing the analysis and receiving approval from the responsible supervisor.
- **Hazardous substances.** With the rapid development of the new energy battery industry, our company increasingly relies on chemicals in the production process. As an industry leader, we are committed not only to providing high-performance products but also to ensuring employee safety, protecting the environment, and promoting sustainable industry development. Effective chemical management is the cornerstone of achieving these goals, covering every aspect from procurement, storage, and use of chemicals to waste disposal. We revise our environmental emergency response plan every three years and organize drills for relevant personnel to enhance their emergency response capabilities and prevent environmental pollution incidents. Regarding environmental facilities, we ensure the classification and treatment of pollutants. We have invested great efforts and expenditure to integrate assembly production lines and purchase automated assembly lines, utilizing robots instead of manual labor, which not only improves production efficiency but also reduces environmental pollution risks.
- **Waste gas.** To reduce the negative impact of waste gas, we have trained environmental management personnel with qualifications. We have installed online monitoring devices for pH, flow meters, and automatic total lead detection, all of which are connected to the environmental protection system for monitoring. We have formulated enterprise environmental management systems and inspection methods. We accept supervision and random inspections by environmental protection departments, and disclose environmental information to the public.

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We have upgraded the lead dust collectors to filter + spray tertiary treatment processes. In the acid mist-producing formation process, we have installed acid mist absorption treatment devices, which treat the emissions through acid-base neutralization, with all emissions discharged through high chimneys.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations which had materially and adversely affected our financial condition or business operations.

Sustainable Supply Chain Management Policy

We actively promote the construction of green supply chains. Taking advantage of self-generated products, we establish green supply chains, and actively influence suppliers to improve the environmental friendliness of products and reduce carbon emission. In response to the national “dual carbon” policy, we set carbon reduction targets to increase the proportion of renewable energy use.

In selecting our suppliers, we take into consideration their carbon footprints and their undertaking of social responsibility. When selecting suppliers, we require new suppliers to have operated lawfully for at least two consecutive years without any records of unethical business practices. The suppliers must pass at least ISO 9001 quality management system certification and meet our standards for manufacturing process. We set in place a social responsibility assessment system for suppliers, which is standardized, transparent, cooperative, reciprocal, long-standing and forward-looking. Several red lines of social responsibilities have been specified for our suppliers, which cover the prohibitive rules on child labor, forced labor, bribery and extortion, and the occurrence of major safety, fire and environmental protection incidents. Violation of these red lines will be punished according to the severity by restricting the procurement amount or terminating the cooperation. We conduct carbon footprint and social responsibility assessment for all new suppliers, so as to assess their capability to comply with laws, regulations and sustainable development agreements. High-risk suppliers which fail the assessment will not be accepted, and we will continue to supervise and assist our suppliers in rectifying any deficiency we identified and continuously improving their ESG management framework.

We also educate our suppliers on various green strategies and have communications with our suppliers regarding sustainable development and social responsibility from time to time to guide our suppliers to reduce their carbon footprints.

In terms of supply chain management, we require materials supplied by all of our suppliers to comply with requirements of Restriction of Hazardous Substances Directive, or ROHS, and Registration, Evaluation, Authorization and Restriction of Chemicals, or REACH, satisfy the environmental directives or certifications required by national and local regulations and the government, and meet our environmental directive requirements and the above-mentioned green design requirements. Suppliers also need to provide material testing reports on hazardous substances restricted by environmental protection regulations according to our requirements and we periodically review the testing report of our suppliers.

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Production Policy

We are dedicated to reducing waste, pollution and energy consumption in our production process. All our subsidiaries have set up effective waste treatment for water, gas and solid waste. Through regular monitoring and third-party evaluations, we ensure that the discharge of waste water, waste gas and solid waste during the manufacturing and operation process meets the requirements under national and local laws and regulations.

In addition, we have established internal regulations and measures to manage the production process, aiming at preventing and reducing workplace accidents, protecting employee safety and health, safeguarding our workplace assets and improving production efficiency and quality. We have a dedicated safety management team responsible for overseeing and evaluating production safety. We also require subsidiary managers to regularly visit the site to assess safety conditions, promptly eliminate hazards, and approve major disaster prevention and response plans. In the event of a major safety accident, we hold the responsible personnel, department heads and supervising managers accountable. To promote safety, we also have a special safety award, recognizing subsidiaries and managers who effectively uphold safety responsibilities and avoid safety incidents with biannual commendations.

Product Safety and Products Recycling Policy

We require that products manufacturing processes comply with all applicable legal regulations and standards, ensuring that our products pose no harm or risk to customers. During product development, we identify relevant safety features and establish corresponding standards and control measures. On-site inspectors and operators monitor and manage product safety features throughout the production process according to planned control requirements. If any irregularities are detected during product inspection, the production department will promptly report the issue, halt production, and address it accordingly.

The products we manufacture are recyclable. We have built a comprehensive after-sale recycling network. Customers can recycle and trade in used products to us. We also recycle defective batteries from the production line.

Improper transfer or disposal of used lithium-ion batteries can result in leakage, fire or explosion, posing risks of personal injury and environmental pollution. Improper disposal of lead-acid batteries can lead to acid leakage, causing environmental harm. We have always placed great emphasis on the storage, disposal and recycling of used batteries, with dedicated personnel handling related matters. Our battery products are packaged and stored in a well-ventilated, dry area, and we ensure that the storage area is kept away from flammable materials and heat sources. New battery products and used batteries are typically stored in separate zones to avoid confusion. After collecting used lithium-ion batteries, we first discharge them to ensure their energy is depleted, reducing the risk of accidents during storage and transportation. The used batteries are temporarily stored in a dry, low-temperature warehouse before being transferred to a specialized third-party battery recycling company for proper handling. Third-party recycling companies

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handling used lead-acid batteries utilize automatic disassembly equipment to dismantle and categorize the batteries. The dismantled lead plates, lead slag, and lead-contaminated materials are then smelted in high-temperature furnaces using additives such as anthracite to produce crude lead. This crude lead is further refined by adding trace elements in alloy or electrolysis pots to create lead ingots. We regularly select third-party recycling companies through a bidding process, prioritizing those that are fully certified and whose recycling processes are environmentally friendly. In 2023, we recycled approximately 2,972 tons of lead-acid batteries and 88 tons of lithium-ion batteries and cooperated with battery recycling companies to dismantle disposed batteries for resource reuse, energy conservation and emission reduction.

Social Matters

Regarding social matters, we prioritize creating a fair and supportive work environment for our employees. Our policies on compensation, dismissal, equal opportunities, and anti-discrimination are transparent and in compliance with applicable laws and regulations, and we conduct induction training for every employee and keep them informed of our systems and policies to keep them abreast with their relevant rights and duties in our Group. We hire employees based on their merits and maintain a corporate policy that promotes equal opportunities and fair compensation for all. If employees experience discrimination, we encourage them to seek immediate assistance, allowing us to promptly investigate and address the situation. Additionally, we offer training programs to keep our employees updated on industry and regulatory developments. During the COVID-19 pandemic, we took measures to ensure a safe work environment by implementing company-wide self-protection policies for our employees. We also made work-from-home accommodations to applicable employees. We also organize community outreach events, where our employees could promote health and wellbeing through taking part in voluntary blood donation, and provide support and aid to other employees facing hardships.

Anti-corruption and Anti-bribery

We strictly abide by the laws and regulations related to anti-corruption, including but not limited to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》). We uphold a high standard of integrity and have zero tolerance for corruption or bribery. We promote clear work ethics to employees, and strictly prohibit bribery, extortion, fraud, money laundering and other unethical behaviours, such as gambling, misappropriation of our Group’s assets, provision or acceptance of gifts or other improper benefits. We distribute our code of conduct, which includes anti-corruption and anti-bribery provisions, to all employees on the initial orientation and require them to comply with our code of conduct. We have established various working committees with members from different departments responsible for receiving reports and complaints on unethical work behaviours and to prepare written records accordingly to report to the management or the Board in a timely manner. We make our internal reporting channel open and available for our staff to report any suspected bribery and corruption conduct. Further, we developed a whistle-blower

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program on a group level to ensure that such prohibited conduct would be reported without fear of retaliation, investigated by an independent third party, and that the identity of the whistleblower along with other sensitive information will be kept confidential. We also provide regular anti-corruption and anti-bribery compliance trainings for employees so as to cultivate a good compliance culture.

Employment

Our Group has established rules and procedures of, among others, recruitment, job promotion, compensation, benefits, rest periods, and dismissal, etc., to protect our employees’ rights. During recruitment and job promotion, our Group follows the principle of “selection on merit”, taking into account the performance, work experience and capability of the applicant or employee. Our Group advocates a diverse and equal workforce culture by ensuring that applicants and employees are not discriminated against on the basis of gender, age, race, family status or physical disability. Our Group determines employees’ compensation packages on the basis of work performance and the market standard of remuneration. All of these measures aim to provide our employees with a fair work environment.

Our Directors confirm that our Group does not employ children and prohibits any form of forced labor within our operations. Our Directors confirm that our Group has complied in all material aspects with the laws and regulations relating to child and forced labor. As an additional measure to avoid violating labor laws and regulations, our Group inspects all applicants’ identity documents during the recruitment process. Our Directors confirm that if any child labor or forced labor business is discovered, our Group will seek legal advice and take corrective measures immediately.

Occupational Health and Safety

We prioritize occupational health and safety and adhere to PRC laws and regulations to safeguard employee well-being and prevent workplace hazards. We have obtained the ISO45001 certification, signifying our ability to meet international standard for health and safety at work. In addition, we implement comprehensive preventive measures to ensure the safety and health of our employees. We conduct regular monitoring of workplace safety, and promptly address any identified safety hazards. To prevent workplace accidents, we monitor emissions of harmful substances such as waste gases, solid waste, and noise within our facilities to ensure they do not adversely impact employee health. We also provide employees with protective equipment, such as specialized work uniforms and insulated gloves, to ensure safety during their work activities. During the Track Record Period, all of our employees working in positions with occupational disease risks participated in medical examination, and we had zero fatality due to work-related injuries. Our health and safety management system, certified by third-party institutions, includes comprehensive policies regarding preventing, recording and handling accidents and meets GB/T45001 standards. We consistently perform safety reviews, maintaining a level II safety production standardization certificate, with incident rates below the industry average, as confirmed by Frost & Sullivan. To ensure observance of our occupational health and safety guidelines, we conduct pre-job training, environmental safety training and assessment for all new employees.

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DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

Data privacy and information security is one of our top priorities. In the course of conducting our business, the personal data we collect mainly pertains to the collection of employee information, customer and supplier contact information, and other data necessary for operation and management. Except for collecting contact information from our client through our official website, we do not engage in collecting personal information through any other public channels such as operational websites, apps, or mini-programs on internet platforms.

We have implemented robust protective measures for the personal data we collect. These measures include, among others:

- establishing internal control systems such as “Data Security Management Measures” and “Data Classification and Grading Management Measures” to stipulate our management of data confidentiality, data approval authority, data usage rights, data classification and grading, data security responsibilities, and we have effectively implemented and executed these systems;
- minimizing the access and circulation rights of private information;
- adopting technical measures such as encryption and anti-leakage to protect information; and
- establishing an network isolation system to ensure information security.

We believe data security requires the combined capabilities of both top-notch systems and vigilant users of such systems. Therefore, we provide information securities trainings to employees to increase their compliance awareness. We have an emergency response mechanism for information security and we carry out emergency drills on a regular basis and improve our information management system accordingly.

With the assistance of our PRC Data Compliance Counsel, we completed the following rectification in data privacy and information security:

- enhanced the notifications related to the processing of personal information, including employee information, customer contact information, and supplier contact information;
- improved the management documents related to cybersecurity, data security, and personal information protection; and
- strengthened the internal management structure and designated responsible personnel in terms of cybersecurity, data security, and personal information protection. Including assisting to set up a data security management office, assisting appointing data security officer, and personal information protection officer.

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Before completing the above rectifications, we were not subject to any administrative penalties or legal disputes arising from data privacy and data security issues.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of personal, operating or transaction data. As confirmed by our PRC Data Compliance Counsel, for the period from January 1, 2022 to the Latest Practicable Date, after the completion of rectification, we are in compliance with the applicable PRC laws and regulations relating to the cybersecurity and data security, including the collection or use or of personal information.

INTELLECTUAL PROPERTY

Owing to the efforts of our R&D team, we have been able to develop and own a series of important intellectual properties and several key technologies. For details, see “— Research & Development — Our Key Technology” in this section.

As of the Latest Practicable Date, we possessed 337 patents (106 of which are inventions), six domain names, 63 trademarks and 39 computer software copyrights in China, as well as 37 overseas registered trademarks as of the same date.

We recognize the utmost importance of intellectual property rights for our success in the energy storage market. Therefore, we rely primarily on a combination of trade secrets, patents, copyrights, trademarks, unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. Certain employees are required to sign an integrity agreement when they join us, and our key management personnel and certain employees holding key positions are also required to enter into a non-compete agreement with us. We also strictly control access to our facilities via a secure entry system, and we adopt comprehensive policies to prevent unauthorized communication of sensitive information to external parties. In some commercial agreements we enter into, we generally state all rights and obligations regarding the ownership and protection of intellectual properties. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing internal policy to establish robust management over our intellectual property rights, (ii) timely registration, filing and application for ownership of our intellectual properties, (iii) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (iv) engaging professional intellectual property service providers.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties’ intellectual property rights in the PRC.

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INSURANCE

As of the Latest Practicable Date, we maintained applicable social insurance in the PRC, and we also maintained insurance on properties, equipment, environmental liability and product liability insurance. Our Directors are of the view that our insurance coverage is sufficient and adequate and is in line with customary industry practices. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not cover all losses, and we may incur significant losses resulting from operating hazards, product liability claims, project construction or business interruptions” in this document.

PROPERTIES

We own and lease certain properties in China primarily to be used as production facilities and offices. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Land Use Right and Owned Properties

As of the Latest Practicable Date, we had the right to use 15 parcels of land in Jiangsu, Inner Mongolia and Hubei, with a total site area of 894,560.84 sq.m., which were primarily used for industrial purposes. As of the Latest Practicable Date, we have obtained real estate ownership certificates for all the aforementioned parcels of land.

As of the Latest Practicable Date, we owned ten properties in Jiangsu, Inner Mongolia and Hubei, with an aggregated GFA of approximately 380,658.26 sq.m., which were primarily used for daily operation and production. Among them, we have obtained property ownership certificates for all buildings.

Leased Properties

As of the Latest Practicable Date, we leased 42 properties in mainland China with a gross floor area of approximately 14,437.51 sq.m.. The leased properties are used as offices, dormitories for our employees and warehouses. We do not foresee any impediments in renewing our existing lease.

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Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date we had not obtained proper lease registration for 20 leased properties. As advised by our PRC Legal Advisor, the non-registration of the property lease will not affect the validity of the lease contract and the legal use of the leased property, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 as a result of the non-registration for each of the property. The maximum penalty we may receive due to such non-compliance is RMB200,000 and as advised by our PRC Legal Advisor, the likelihood that we will receive such penalty is remote. Considering the above and based on our PRC Legal Advisor’s opinion, our Directors are of the view that the failure to register the lease contract does not have a material adverse impact on our business and operation results.

We have not received title certificates of 16 properties we leased as of the Latest Practicable Date. Despite the lack of certain title certificates of our leased properties, those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. Therefore, as confirmed by our Directors and advised by our PRC Legal Advisor, this will not have a material adverse impact on our production and business operations. As the lessee, we face the risk of being unable to continue using the relevant leased properties, but there is no risk of being penalized, as advised by our PRC Legal Advisor.

Furthermore, one of our leased properties is being used for a purpose different from that stated in the title certificate, primarily because office space in the area is limited and the property met our operational needs. The leased property, with a GFA of 88.68 sq.m., is currently used as offices while the usage registered for such property is residence. These leased property is not our primary site for business operation or production, and we have not received any notice prohibiting us from continuing to use this property under the lease agreement. Therefore, as confirmed by our Directors and advised by our PRC Legal Advisor, this discrepancy will not have a material adverse impact on our production and business operations. As the lessee, we face the risk of being unable to continue using the relevant leased properties, but there is no risk of being penalized as the monetary penalty (if any) should be undertaken by the lessor instead of the lessee, as advised by our PRC Legal Advisor.

For details, see “Risk Factors — Risks Relating to Doing Business in the Places Where We Operate — Our legal right to use certain leased properties could be challenged or restricted”, “Risk Factors — Risks Relating to Doing Business in the Places Where We Operate — We may be subject to fines for failure to register some of our leases” and “Risk Factors — Risks Relating to Doing Business in the Places Where We Operate — We may be subject to fines for using leased properties in a manner that differs from the purpose of title certificate” in this document.

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CERTIFICATES, LICENSES AND PERMITS

As advised by our PRC Legal Advisor, our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in material respects. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. The successful renewal of our existing licenses, permits and approvals will be subject to our fulfillment of relevant requirements. We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations. As of the Latest Practicable Date, we were not aware of any reason that would cause or lead to the non-renewal of our existing licenses, permits and approvals.

The following table sets forth a list of our material certificates, licenses, and permits:

Holder	License/Permit/Approval	Issue Authority	Expiration Date
Shuangdeng	Pollutant Emission Permit	Taizhou City Ecology and Environment Bureau	August 12, 2027
	Safety Production Standardization Certificate (Level II)	Jiangsu Provincial Emergency Management Department	March 20, 2026
Shuangdeng Front . . .	Pollutant Emission Permit	Taizhou City Ecology and Environment Bureau	February 13, 2027
	Safety Production Standardization Certificate	Taizhou City Emergency Management Bureau	July 3, 2025
	Radiation Safety License	Taizhou City Ecology and Environment Bureau	May 30, 2026
Shuangdeng Runyoung	Pollutant Emission Permit	Xiangyang City Ecology and Environment Bureau	December 11, 2027
	Safety Production Standardization Certificate (Level III)	Xiangyang City Emergency Management Bureau	December, 2027
Shuangdeng Energy Storage	Pollutant Emission Permit	Xiangyang City Ecology and Environment Bureau Zaoyang Branch	May 15, 2029
	Radiation Safety License	Xiangyang City Emergency Management Bureau	December 3, 2028

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LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, financial condition, results of operations, reputation or compliance. During the same period, we were not involved in any non-compliance incidents which would, individually or in aggregate, have a material adverse effect on our business as a whole. As confirmed by our PRC Legal Advisor, our business operations had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

From time to time, we may be involved in legal proceedings, investigations, administrative penalties or other claims or disputes arising in the ordinary course of our business. For details, see “Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal or other proceedings arising out of our operations from time to time and may face reputational risks and significant liabilities as a result” in this document.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a comprehensive risk management and internal control process through which we address risks associated with business. We have put in place a set of operational risk analysis and response measures so as to achieve risk aversion, risk reduction and risk response by properly identifying, categorizing and analyzing various risks. In particular, we have adopted the following measures to mitigate the risks on bribery and corruption:

- a policy relating to anti-bribery and anti-corruption was issued by us. Our audit department is responsible for monitoring, accepting escalation, processing investigation and reporting of incompliance behavior including bribery and corruption;
- a whistle-blower mechanism was set up by us, including report channels (email), investigation procedures and responding to detected problems;
- a policy relating to control the risks of economic sanctions was issued by us. Our legal and business managers are responsible to review and control such risks and the policy also includes relevant implementation procedures; and
- compliance training is provided to all employees including new employees.

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We have adopted, or expected to adopt, a series of changes in our internal control policies, programs and procedures to strengthen our risk management and internal control capability and prevent non-compliance event from happening. These measures include:

- the engagement of the Internal Control Consultant who performed a review on our internal controls over financial reporting in May 2024 and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve our internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us, and there was no further material finding identified in the design of internal control process of the follow up review;
- the regular training to be provided by external legal advisor to our Directors and senior management after [REDACTED] on the subject of compliance of relevant Listing Rules requirements and applicable PRC laws and regulations; and
- the establishment of our Audit Committee which comprised of three independent non-executive Directors to oversee our risk management and internal control systems, and review the financial statements of our Company from the perspective of compliance with applicable rules and regulations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors consists of seven Directors, with three executive Directors, one non-executive Director and three independent non-executive Directors. Our Board of Directors serves a term of three years and is responsible for, and has general powers for the management and conduct of our business.

The table below sets out certain information of our Directors.

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Dr. Yang Rui (楊銳)	45	Chairman of the Board, executive Director and chief executive officer	December 22, 2020	March 16, 2013	Responsible for the overall management, operation and strategies of our Group	Cousin of Mr. Qian Youwang (錢友綱)
Dr. Yang Baofeng (楊寶峰)	47	Executive Director and deputy general manager	April 30, 2018	August 1, 2012	Responsible for overseeing the overall operation of our Group	None
Ms. He Rong (賀蓉)	49	Executive Director, chief financial officer, secretary of the Board and joint company secretary	June 12, 2024	December 28, 2011	Responsible for the secretary of the Board related works, and in charge of finance, human resources and investment of our Group	None
Mr. Qian Shan'gao (錢善高)	69	Non-executive Director and deputy general manager	December 28, 2011	December 28, 2011	Responsible for providing strategic advice on the development of our Group	None
Dr. Yin Junming (殷俊明)	52	Independent non-executive Director	June 15, 2020	June 15, 2020	Responsible for providing independent advice and judgment to our Board	None
Dr. Wang Jin (王進)	58	Independent non-executive Director	June 12, 2024	June 12, 2024	Responsible for providing independent advice and judgment to our Board	None
Dr. Wang Xi (王熹)	34	Independent non-executive Director	June 12, 2024	June 12, 2024	Responsible for providing independent advice and judgment to our Board	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Yang Rui (楊銳), aged 45, is the chairman of the Board, executive Director and chief executive officer of our Company. He was redesignated as an executive Director on July 19, 2024. He served as a director of our Company from March 2013 to February 2014 and December 2014 to February 2017; as an assistant to the chairman of the Board from August 2018 to December 2020; and he has been serving as the Director and chief executive officer of our Company since December 2020 and the chairman of the Board since May 2021. He is primarily responsible for the overall management, operation and strategies of our Group.

Dr. Yang has over 12 years of experience in management. Dr. Yang served as a chairman of the board of Shuangdeng Front from July 2012 to March 2014. Prior to joining our Group, Dr. Yang served as a lecturer of Nanjing Forestry University (南京林業大學) from September 2007 to September 2016, and he was responsible for lecturing. In addition, he was one of the founders and served as a director of Open-ended Strategies International Design Inc. from September 2014 to September 2019, a commercial design firm, and he was responsible for the overall management.

Dr. Yang obtained his bachelor of landscape architecture degree and master of urban planning degree from Nanjing Forestry University in the PRC in July 2001 and June 2004, respectively. In addition, he obtained another master of landscape architecture degree from University of Toronto in Canada in June 2007. Dr. Yang obtained his doctoral of management degree from Nanjing University (南京大學) in June 2012.

Dr. Yang Baofeng (楊寶峰), aged 47, is an executive Director and a deputy general manager of our Company. He was appointed as a Director on April 30, 2018 and was redesignated as an executive Director on July 19, 2024. He is primarily responsible for overseeing the overall operations of our Group.

Dr. Yang joined our Company in August 2012 and as a deputy chief engineer from August 2012 to February 2016. Since March 2016, Dr. Yang Baofeng has accumulated extensive experience in management by serving as the director and senior management at our Group, including as: (i) a vice president of our Company since March 2016; (ii) a chairman of the board of Shuangdeng Runyoung since May 2018; (iii) a responsible person of Nanjing branch of our Company since January 2021; (iv) an executive director of Shuangdeng Front since January 2021; (v) a chairman of the board of Anhui Shuangdeng New Energy Co., Ltd. (安徽雙登新能源有限公司) from March 2021 to May 2023; (vi) a chairman of the board of Huifeng Juneng since April 2021; and (vii) a responsible person of Shanghai branch of our Company since March 2023.

Prior to joining our Group, he served as an assistant to chief of Nanjing Shuangdeng Technology Development Research Institute Co., Ltd. (南京雙登科技發展研究院有限公司) (the “**Shuangdeng Technology**”), a company engaged in batteries research, from July 2001 to December 2003, as a chief of Shuangdeng Technology from January 2004 to December 2005, as a head of Shuangdeng Technology from January 2008 to July 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Yang Baofeng obtained his bachelor of electrochemical engineering degree, master of chemical engineering degree and doctoral of chemical engineering and technology degree from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1999, April 2007 and July 2020, respectively.

Ms. He Rong (賀蓉), aged 49, is an executive Director, chief financial officer, secretary of the Board and joint company secretary of our Company. She joined our Company in December 2011 and worked as a manager of financial department and an assistant to general manager from December 2011 to June 2017. She has been promoted to the chief financial officer since August 2018 and secretary of the Board since December 2020. She was appointed as a Director on June 12, 2024 and re-designated as an executive Director on July 19, 2024. She is responsible for secretary of the Board related works, and in charge of finance, human resources and investment of our Group.

Ms. He obtained her associate diploma in accounting for foreign-related enterprises from Jiangsu Finance and Economics College (江蘇財經高等專科學校) in the PRC in July 1996. She further obtained her master of business administration degree from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2013.

Non-executive Director

Mr. Qian Shan’gao (錢善高), aged 69, is a non-executive Director and deputy general manager of our Company. He was appointed as a Director on December 28, 2011 and was re-designated as a non-executive Director on July 19, 2024. He is primarily responsible for providing strategic advice on the development of our Group. He joined our Company in December 2011 and served as a director of our Company from December 2011 to April 2018, and as a senior manager of investment securities department of our Company from May 2018 to January 2022.

During the period from May 2003 to May 2018, he consecutively served as director, supervisor and deputy general manager of Jiangsu Shuangdeng, a company engaged in house rental, and he was responsible for the overall management.

Prior to 2011, Mr. Qian served as a director of Jiangsu Shuangdeng Power Supply Co., Ltd. (江蘇雙登電源有限公司), a company engaged in power supply, and he was responsible for overall management.

Mr. Qian obtained his vocational diploma in industrial enterprise management from Yangzhou University of Technology (揚州工學院)(now known as Yangzhou University (揚州大學)) in the PRC in October 1992. He further completed his postgraduate course in Modern Enterprise Management and Decision Making from Nanjing University (南京大學) in the PRC in July 2001.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. Yin Junming (殷俊明), aged 52, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director on June 15, 2020. He is primarily responsible for providing independent advice and judgment to our Board.

Prior to joining our Group, Dr. Yin worked as an associate professor of Zhengzhou Sias University (鄭州西亞斯學院)(formerly known as Zhengzhou University Sias International College (鄭州大學西亞斯國際學院)) from 2003 to 2006, and he was responsible for research on accounting teaching. In addition, he served as a professor of School of Accounting, Nanjing Audit University (南京審計大學會計學院) from 2009 to 2022, and he was responsible for research on accounting teaching. He has been serving as a professor of Business School of Nanjing University of Information Technology (南京信息工程大學商學院) since 2023, and he is responsible for research on accounting teaching.

Dr. Yin also has experience of serving as independent directors for various companies, including: (i) Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司), a company engaged in waterproofing materials and listed on the Shenzhen Stock Exchange (stock code: 300715.SZ), from December 2017 to December 2023; (ii) Anhui Shenjian New Materials Co., Ltd (安徽神劍新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002361.SZ), since January 2020; (iii) Suning Universal Co., Ltd. (蘇寧環球集團有限公司), a company engaged in commercial service and listed on the Shanghai Stock Exchange (stock code: 000718.SH), from October 2020 to October 2023; (iv) Everbright Securities Company Limited (光大證券股份有限公司), a company engaged in corporate finance and listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange (stock code: 6178.HK and 601788.SH), since December 2020; and (v) Jiangsu Rugao Rural Commercial Bank Co., Ltd (江蘇如皋農村商業銀行股份有限公司), a commercial bank in the PRC, since December 2023.

Dr. Yin obtained his associate degree in pressure processing from Chongqing Iron and Steel Vocational School (重慶鋼鐵專科學校) in the PRC in July 1993. He further obtained his master of accounting degree from East China Jiaotong University (華東交通大學) in the PRC in June 2000. He obtained his doctoral of accounting from Xi'an Jiaotong University (西安交通大學) in the PRC in December 2006.

Dr. Wang Jin (王進), aged 58, is an independent non-executive Director of our Company. He was appointed as a Director on June 12, 2024 and re-designated as an independent non-executive Director on July 19, 2024. He is primarily responsible for providing independent advice and judgment to our Board.

Dr. Wang Jin has been serving as a legal representative of Beijing Guohe Intelligent Energy Technology Research Institute Co., Ltd. (北京國合智慧能源技術研究院有限公司) since 2015, a president of Guohe Intercontinental Energy Consulting Institute (國合洲際能源諮詢(北京)院) since October 2016, an executive vice chairman of the New Energy International Investment Alliance (新能源國際投資聯盟) since June 2018.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Wang Jin also has experience of serving as independent directors for various listed companies, including: (i) CECEP Solar Energy Co., Ltd (中節能太陽能股份有限公司), a company engaged in solar energy and listed on the Shenzhen Stock Exchange (stock code: 000591.SZ), from March 2016 to May 2021; (ii) Tongwei Co., Ltd. (通威股份有限公司), a company engaged in new energy and listed on the Shanghai Stock Exchange (stock code: 600438.SH), from May 2016 to May 2022; (iii) Elion Clean Energy Company Limited (億利潔能股份有限公司), a company engaged in new energy and listed on the Shanghai Stock Exchange (stock code: 600277.SH), since March 2021; and (iv) Chengdu Guibao Science & Technology Co., Ltd. (成都矽寶科技股份有限公司), a company engaged in rubber production and listed on the Shenzhen Stock Exchange (stock code: 300019.SZ), since April 2022.

Dr. Wang Jin obtained his master degree in economics from Renmin University of China (中國人民大學) in the PRC in October 1989. He further obtained his doctor of philosophy degree from Emory University in the USA in August 2001.

Dr. Wang Xi (王熹), aged 34, is an independent non-executive Director of our Company. She was appointed as a Director on June 12, 2024 and re-designated as an independent non-executive Director on July 19, 2024. She is responsible for providing independent advice and judgment to our Board.

Dr. Wang Xi has extensive experience in accounting and financing. She served as an assistant professor of school of accountancy at the Chinese University of Hong Kong from July 2017 to June 2024 and she was responsible for researching related works. She has been serving as an assistant professor of school of accounting and finance at the Hong Kong Polytechnic University since July 2024 and she is responsible for researching related works.

Dr. Wang Xi received school of accountancy teaching awards from 2017 to 2018 and from 2020 to 2021 from the Chinese University of Hong Kong. She also received the faculty teaching merit award in the year of 2017, 2018, 2019, 2021 and 2022.

Dr. Wang Xi obtained her bachelor degree of business administration in accounting and finance and completed all requirements for a second major in applied mathematics from Emory University in the USA in May 2012. She further obtained her doctor of philosophy degree from University of Florida in the USA in August 2017.

Directors’ Interest in Other Businesses

None of our Directors has any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Each of our Directors has confirmed that:

- (1) save as disclosed in the paragraph headed “Appendix VI — Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests” in this document, he/she has no interest in the Shares within the meaning of Part XV of the SFO as of the Latest Practicable Date;
- (2) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to and as of the Latest Practicable Date;
- (3) save as disclosed in “— Board of Directors” in this section, none of our Directors has any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of our Company; and
- (4) he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed in this document, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

- (1) there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and
- (2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Disclosure Pursuant to Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in July 2024, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Disclosure Pursuant to Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in 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 our Company or its subsidiaries or any connection with any core connected person (as defined in the Listing Rules) of our Company; and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORY COMMITTEE

Supervisors

Our Supervisory Committee consists of three Supervisors. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representative selected by our employees. Except for the employee representative Supervisor, the other Supervisors are elected and appointed by our Shareholders at a Shareholders’ meeting for a term of three years, which is renewable upon re-election and re-appointment.

The table below sets out certain information of our Supervisors.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Date of appointment as Supervisor</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with Directors, other Supervisors or senior management</u>
Mr. Lou Zhiqiang (樓志強)	41	Chairman of supervisory committee and technical director of the technical center	April 27, 2023	August 1, 2012	Responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee	None
Ms. Sun Caiyun (孫彩雲)	41	Supervisor and deputy general manager of manufacturing and delivery center	May 28, 2021	March 11, 2013	Responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee and operational planning, warehousing, shipping, AEO customs compliance, and other related works	None

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Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Roles and responsibilities	Relationship with Directors, other Supervisors or senior management
Mr. Huang Xuegong (黃學工)	45	Employee representative Supervisor and deputy general manager of quality department	April 30, 2018	December 28, 2011	Responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee and the implementation and operation of environmental laws and regulations, outsourcing of environmental management, and environmental supervision of various production lines	None

Mr. Lou Zhiqiang (樓志強), aged 41, is a chairman of Supervisory Committee and technical director of the technical center. He joined our Company in August 2012 and served as a technical assistant and then as a technical manager from August 2012 to December 2017, and was appointed as a chairman of Supervisory Committee in April 27, 2023. He has also been working as a technical director of the technical center of our Company since January 2018. He is primarily responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee and product development.

Prior to joining our Group, he worked as a technical manager of Jiangsu Shuangdeng, and he was responsible for technical research and development related works from January 2010 to July 2012.

Mr. Lou has received multiple masterpieces awards from government departments, including: (i) the first prize for scientific and technological progress (科學技術進步一等獎) awarded by the People’s Government of Jiangyan City (姜堰市人民政府) in December 2011; (ii) the second prize for scientific and technological progress (科學技術進步二等獎) by the Taizhou City Municipal People’s Government (泰州市人民政府) in February 2013; (iii) third prize in

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science and technology (科學技術獎三等獎) by the People’s Government of Jiangsu Province (江蘇省人民政府) in January 2014; (iv) the first prize for scientific and technological progress (科學技術進步一等獎) awarded by the China Light Industry Federation (中國輕工業聯合會) three times in March 2014, February 2017, and January 2020; (v) a 311 high-level talent (311高層次人才) in Taizhou City in July 2014; and (vi) the title of Outstanding Contribution Young Expert (In 2020 (2020年突出貢獻中青年專家稱號) by the Taizhou City Municipal People’s Government (泰州市人民政府) in March 2021.

Mr. Lou obtained his bachelor of chemical engineering and process degree from Harbin Engineering University (哈爾濱工程大學) in the PRC in July 2005. He further obtained his master of business administration degree from Nanjing University of Science and Technology (南京理工大學) in the PRC in January 2015. In addition, Mr. Lou is currently pursuing a doctoral degree in materials science and engineering at Beijing University of Chemical Technology (北京化工大學) in the PRC since September 2021.

Ms. Sun Caiyun (孫彩雲), aged 41, is a supervisor and deputy general manager of manufacturing and delivery center. She joined our Company as a director of president office in March 2013 and was appointed as a supervisor in May 28, 2021. She is primarily responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee and operational planning, warehousing, shipping, AEO customs compliance, and other related works.

Ms. Sun has consecutively held several positions in our Group. She worked as a director of the president’s office of our Company from March 2013 to November 2015, as a director of Shuangdeng Front from December 2015 to May 2018, a director of Shuangdeng Cable from December 2015 to May 2018. Since December 2015, Ms. Sun has consecutively served as a director of the president’s office, deputy general manager of the international marketing department, deputy general manager of the planning and operations department, and deputy general manager of the manufacturing and delivery center of our Company.

Prior to joining our Group, She worked as an officer of Jiangsu Shuangdeng from January 2007 to December 2007, promoted as a manager of securities department from December 2007 to November 2010 and as a director of president office from December 2010 to February 2013, and she was responsible for securities overall management.

Ms. Sun obtained her bachelor of English degree from Huaiyin Normal University (淮陰師範學院) in the PRC in June 2006.

Mr. Huang Xuegong (黃學工), aged 45, is an employee representative supervisor and deputy general manager of quality department. He joined our Group as an deputy general manager of manufacturing department in December 2011 and was appointed as an employee representative supervisor in April 30, 2018. He is primarily responsible for supervising the performance of our Directors and the senior management and overseeing the affairs of our Supervisory Committee and the implementation and operation of environmental laws and regulations, outsourcing of environmental management, and environmental supervision of various production lines.

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Mr. Huang has consecutively held several positions in our Group. He worked as a deputy manager of manufacturing department from December 2011 to December 2020, as a deputy general manager of the intelligence department from January 2021 to December 2021, and as a deputy general manager of quality department since January 2021.

Prior to joining our Group, he worked as an assembly workshop worker of Jiangsu Shuangdeng and promoted to an inspector from June 2004 to June 2008 and then promoted to a safety and environmental supervisor from July 2008 to November 2011.

Mr. Huang obtained his associate diploma in marketing from Yangzhou University through remote learning in the PRC in July 2002. He further obtained his bachelor of mechanical design and manufacturing and automation degree from Jiangsu University (江蘇大學) through remote learning in the PRC in July 2017.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Except as disclosed in this document, each of our Supervisors has confirmed that:

- (1) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to and as of the Latest Practicable Date;
- (2) none of our Supervisors has any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of our Company; and
- (3) he/she did not complete his education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed in this document, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

- (1) there is no other matter with respect to the appointment of our Supervisors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and
- (2) there is no other information relating to our Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

The table below sets out certain information in respect of the senior management of our Group.

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with Directors, Supervisors or other senior management
Dr. Yang Rui (楊銳)	45	chairman of the Board, executive Director and chief executive officer	December 22, 2020	March 16, 2013	Responsible for the overall management, operation and strategies of our Group	Cousin of Mr. Qian Youwang (錢友網)
Dr. Yang Baofeng (楊寶峰)	47	Executive Director and deputy general manager	March 15, 2016	August 1, 2012	Responsible for overseeing the overall operation of our Group	None
Ms. He Rong (賀蓉)	49	Executive Director, chief financial officer, secretary of the Board and joint company secretary	August 11, 2018	December 28, 2011	Responsible for the secretary of the Board related works, and in charge of finance, human resources, securities investment, and overseas factory construction of our Group	None
Mr. Qian Youwang (錢友網)	59	Deputy general manager	December 28, 2011	December 28, 2011	Responsible for the management of lead-acid and lithium battery production bases, and in charge of the Group's quality control	Cousin of Dr. Yang Rui (楊銳)

Dr. Yang Rui (楊銳) is an executive Director, the chairman of our Board and the chief executive officer of our Company. For details, see “— Board of Directors — Executive Directors” in this section.

Dr. Yang Baofeng (楊寶峰) is an executive Director and deputy general manager of our Company. For details, see “— Board of Directors — Executive Directors” in this section.

Ms. He Rong (賀蓉) is an executive Director, chief financial officer, secretary of the Board and joint company secretary of our Company. For details, see “— Board of Directors — Executive Directors” in this section.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Qian Youwang (錢友網), aged 59, is deputy general manager of our Company. He joined our Group in December 2011 and he has been working as a deputy general manager since then. He is responsible for the management of lead-acid and lithium battery production bases, and in charge of the Group’s quality control.

Mr. Qian has consecutively held several positions in our Group. He worked as a director and general manager to Shuangdeng Front since May 2018, and as a director of Shuangdeng Energy Storage since December 2022.

Prior to joining our Group, he worked as an assistant to the general manager of Jiangsu Shuangdeng from January 2008 to December 2008, and promoted as a deputy general manager from January 2009 to December 2011, and he was responsible for overall quality management.

Mr. Qian obtained his diploma in military journalism and public opinion communication from Nanjing University of Political Science (南京政治學院)(now known as Political Science College of National Defense University of the People’s Liberation Army of China (中國人民解放軍國防大學政治學院)) in the PRC in June 2013. He further obtained his master of business administration degree from Xiamen University (廈門大學) in the PRC in September 2015.

JOINT COMPANY SECRETARIES

Ms. He Rong (賀蓉) was appointed as one of our joint company secretaries on July 19, 2024. Ms. He is an executive Director, chief financial officer and secretary of the Board of our Company. For details, see “— Board of Directors — Executive Directors” in this section.

Mr. Tam Ka Lung (譚家龍), he graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration in Accounting (Second Class Honors, Division I) degree in November 2001. Mr. Tam is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam has over 20 years’ experience in auditing, financial management, company secretary and corporate governance, merger and acquisitions and IPO. Mr. Tam has worked in KPMG with last position as a senior manager. He is currently the director of Danok Corporate Services Limited.

COMPLIANCE ADVISOR

We have appointed Orient Capital (Hong Kong) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules, is contemplated, including share issues and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual [REDACTED] movement and [REDACTED] or other issues under Rule 13.10 of the Listing Rules.

The compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment shall commence on the [REDACTED] and end on the date which we comply with Rule 13.24 of the Listing Rules in respect of our financial results for first full the financial year commencing after the [REDACTED].

BOARD COMMITTEES

We have established the following committees on our Board: the Audit Committee, the Remuneration Committee, the Nomination committee and the Strategy Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The Audit Committee consists of Dr. Yin Junming (殷俊明), Dr. Wang Jin (王進) and Mr. Qian Shan’gao (錢善高), with Dr. Yin Junming serving as the chairman.

The primary duties of the audit committee include, but not limited to, to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

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Remuneration Committee

Our Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of Dr. Wang Jin, Dr. Yin Junming and Dr. Yang, with Dr. Wang Jin serving as the chairman.

The primary duties of the Remuneration Committee include, but are not limited to, (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Dr. Wang Jin, Dr. Yang and Dr. Yin Junming, with Dr. Wang Jin serving as the chairman.

The primary duties of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

Strategy Committee

Our Company has established a strategy committee. The Strategy Committee consists of Dr. Yang, Dr. Yang Baofeng and Dr. Wang Xi, with Dr. Yang serving as the chairman.

The primary duties of the strategy committee include, but are not limited to, researching on the Company’s long-term development strategies and major investment decisions, and providing recommendations to the Board.

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CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Yang Rui is the chairman of our Board and the chief executive officer of our Company. With profound experience in management, Dr. Yang Rui is in charge of the overall management, operation and strategies of our Group. Despite the fact that the roles of the chairman of our Board and the chief executive officer of our Company are both performed by Dr. Yang Rui which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of both the chairman of our Board and the chief executive officer all in Dr. Yang Rui has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Group. The balance of power and authority is ensured by the operation of our Board, our Supervisors and our senior management, each of which comprises experienced and diverse individuals. Our Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, our Board possesses a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code.

Board Diversity

We have adopted a board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to business management, research and development and audits. They obtained degrees in various majors including management, engineering, accounting and finance, etc. Furthermore, our Board has a relatively wide range of ages, ranging from 34 years old to 69 years old, and consists of five male members and two female members. Our Board of Directors is of the view that our Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

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Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Group will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board.

We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPENSATION OF DIRECTORS, SUPERVISORS AND MANAGEMENT

Our Company offers executive Directors, Supervisors and members of our senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind (if applicable). Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairman of the Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amounts of remuneration which were paid to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) for the financial years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025 were approximately RMB19.3 million, RMB20.4 million, RMB21.5 million and RMB7.8 million, respectively.

It is estimated that the aggregate amount of remuneration payable to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, discretionary bonuses, pension scheme contributions, and equity-settled share award expenses) for the financial year ending December 31, 2025 will be approximately RMB16.1 million under arrangements in force as of the date of this document.

For the financial years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, there were two, two, three and three Directors, one, one, one and one supervisor among the five highest paid individuals, respectively. The aggregate amounts of remuneration which were paid by our Group to the five highest paid individuals (excluding Directors and Supervisor) for the financial years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025 were RMB7.5 million, RMB10.6 million, RMB3.1 million and RMB0.8 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, (i) no remuneration was paid to our Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors, Supervisors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors or Supervisors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For details, see Note 8 to the Accountants’ Report as set out in Appendix I to this document.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yang, father of Dr. Yang (chairman of the Board, executive Director and chief executive officer), is able to exercise approximately 78.29% voting rights in our Company through (i) 138,310,000 Shares directly held by him; (ii) 109,590,000 Shares held by Shuangdeng Investment; (iii) his control of 19,000,000 Shares of Taizhou Heying through controlling Taizhou Hanfu; and (iv) his control of 13,600,000 Shares of Taizhou Hexin through controlling Taizhou Hanfu. Taizhou Hechuang is the general partner of each of Taizhou Heying and Taizhou Hexin and the general partner of Taizhou Hechuang is Taizhou Hanfu. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Yang will be directly and indirectly entitled to exercise approximately [REDACTED]% voting rights in our Company. In addition, Shuangdeng Investment is owned by Mr. Yang and his spouse, Ms. Qian Wuzhen (錢五珍) as to 80% and 20%, respectively, thus Ms. Qian Wuzhen is deemed to be interested in all Shares held by Shuangdeng Investment by virtue of the SFO. Therefore, Mr. Yang, Ms. Qian Wuzhen, Shuangdeng Investment, Taizhou Hanfu, Taizhou Hechuang, Taizhou Heying and Taizhou Hexin will be regarded as a group of Controlling Shareholders under the Listing Rules upon the [REDACTED].

Other than the controlling interests in the Group, Mr. Yang and his son Dr. Yang also control or own other entities (the “**Excluded Entities**”) during the Track Record Period and up to the Latest Practicable Date. These Excluded Entities either principally engaged in businesses different from our Group, such as property development and leasing, production and sales of cables and inter cell connectors, or did not has actual business operation. None of such Excluded Entities were subject of any material non-compliance or were involved in any pending or threatened litigation, arbitration or administrative proceedings during the Track Record Period and up to the Latest Practicable Date.

Our Controlling Shareholders have confirmed that, as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [REDACTED], taking into consideration of the factors below.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details, see “Directors, Supervisors and Senior Management” in this document;
- (c) we have appointed three independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;
- (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; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see “— Corporate Governance” in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Mr. Yang’s associates have been providing raw materials and leases to our Group during the Track Record Period. Such transactions are expected to continue after the [REDACTED]. For details, see “Connected Transactions” in this document. Save for the connected transactions set out in this section and as disclosed in “Connected Transactions” in this document, our Directors do not expect there to be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after the [REDACTED]. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provides any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders after the [REDACTED].

While some of such Excluded Entities also use the same brand name “Shuangdeng (雙登)” with our Group, there is no disagreements or disputes in relation to the intellectual property rights among the Group and such Excluded Entities. Save as the connected transactions as disclosed in the “Connected Transactions” in this document, Mr. Wang Jin (our independent non-executive Director) serves as an independent director of Shuangdeng Cable Co., Ltd. (雙登電纜股份有限公司) and the use of same brand name, there is no sharing and/or transfer of personnels/resources between the Group and the Excluded Entities. Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

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. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates.

Based on the above, our Directors believe 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 [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (c) our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (e) we have appointed Orient Capital (Hong Kong) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders’ interests as a whole after the [REDACTED].

CONNECTED TRANSACTIONS

ONE-OFF CONNECTED TRANSACTION

Jiangsu Shuangdeng Lease

Background

As of the Latest Practicable Date, Jiangsu Shuangdeng was controlled by Mr. Yang, one of our Controlling Shareholders. As such, Jiangsu Shuangdeng is an associate of Mr. Yang and therefore a connected person of our Company under the Listing Rules.

We have entered into a series of lease agreements dated October 1, 2021, August 1, 2023 and December 20, 2023 (the “**Jiangsu Shuangdeng Lease(s)**”) with Jiangsu Shuangdeng, respectively, which constituted one-off connected transactions of our Company (the leased premises set out below are referred to as the “**Premises**”).

Principal terms

(a) Lease dated October 1, 2024

Pursuant to the Jiangsu Shuangdeng Lease dated October 1, 2024, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from October 1, 2024 to September 30, 2027 at a rental of RMB1,518,254 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at Room 2001-2008, No. 19, Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, the PRC, with an gross floor area of 1,039.90 square meters.

(b) Lease dated August 1, 2023

Pursuant to the Jiangsu Shuangdeng Lease, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from August 1, 2023 to July 31, 2025 at a rental of RMB3,440,423.57 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at 1st Floor (partial), 4th Floor, 6th Floor, 10th-11th Floor, Building 4, District 16, ABP, No. 188 West Fourth Ring Road, Fengtai District, Beijing, the PRC, with an gross floor area of 2,298.98 square meters.

CONNECTED TRANSACTIONS

(c) Lease dated December 20, 2023

Pursuant to the Jiangsu Shuangdeng Lease, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from December 20, 2023 to December 19, 2026 at a rental of RMB108,968 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at Room 801, No. 1518 Zhangyang Road, Pudong New Area, Shanghai, the PRC, with an gross floor area of 68.47 square meters.

Reasons and benefits of the transaction

Our Company leased the Premises throughout the Track Record Period and up to the Latest Practicable Date, and any relocation may cause unnecessary disruption to our business operations and incur unnecessary costs. The Jiangsu Shuangdeng Leases have been entered into in the ordinary and usual course of business of our Company and on normal commercial terms.

Accounting treatment and Listing Rules implications

In accordance with IFRS 16 applicable to our Group and pursuant to the guidance issued by the Stock Exchange, when an issuer enters into a lease transaction as a lessee and where the lease is subject to an agreement with fixed terms, it is treated as a one-off transaction (i.e., an acquisition of capital assets). As such, each transaction under the Jiangsu Shuangdeng Leases will be recognized as acquisition of right-of-use assets and constitutes a one-off transaction of our Company before the [REDACTED] and will not be classified as continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the reporting, annual review, announcement, circular and independent shareholders’ approval requirements with regard to continuing connected transactions in Chapter 14A of the Listing Rules will not be applicable to the Jiangsu Shuangdeng Leases.

The value of right-of-use assets we recognized on our balance sheet arising from leasing the Premises were RMB2.4 million, RMB6.6 million, RMB2.1 million, RMB4.0 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Provision of raw materials by connected persons

During the Track Record Period, we purchased certain raw materials from our connected persons in the ordinary course of our business (the connected persons set out below are referred to as the “**Connected Suppliers**”).

CONNECTED TRANSACTIONS

A. Provision of products by Jiangsu Fushanda New Energy Technology Co., Ltd. (江蘇福善達新能源科技有限公司) (“Jiangsu Fushanda”)

Background

As of the Latest Practicable Date, Jiangsu Fushanda was wholly owned by Shuangdeng Cable Co., Ltd. (雙登電纜股份有限公司) (“**Shuangdeng Cable**”) which was owned as to 90% by Jiangsu Haifu Investment Co., Ltd. (江蘇海富投資有限公司), a company owned as to 51% by Dr. Yang, our executive Director and chairman of the Board. As such, Jiangsu Fushanda is an associate of Dr. Yang and therefore a connected person of our Company under the Listing Rules.

We have been purchasing raw materials from Jiangsu Fushanda including inter cell connectors during the Track Record Period as part of our ordinary and usual course of business.

Historical Transaction Amounts

For the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, the total expenses incurred by us in relation to the provision of raw materials by Jiangsu Fushanda was approximately RMB15.5 million, RMB16.5 million, RMB20.2 million, RMB12.7 million, respectively.

Framework Purchase Agreement

On [•], 2025, we entered into a framework purchase agreement with Jiangsu Fushanda to govern the terms and conditions of the transactions between the Group on one hand and Jiangsu Fushanda on the other hand in connection with the provision of raw materials (the “**Jiangsu Fushanda Framework Purchase Agreement**”). Pursuant to the Jiangsu Fushanda Framework Purchase Agreement, Jiangsu Fushanda has agreed to provide raw materials, including inter cell connectors to the Group according to the purchase agreements or orders to be entered into by the Group with Jiangsu Fushanda from time to time. The Jiangsu Fushanda Framework Purchase Agreement will take effect upon [REDACTED] and will be valid until December 31, 2027, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Pricing Policies

Fees charged for our purchase of inter cell connectors shall be primarily determined based on the general guide on the sales price of the goods as provided by the seller from time to time to the purchasers of such goods (including independent purchasers), with certain adjustment determined from time to time by the parties on an arm’s length basis with reference to the market prices of such goods. We and Jiangsu Fushanda determine, the sales price provided to us based on arm’s length negotiation taking into account of primarily (i) the guide sales price for the types of connectors it provided to its purchasers (including independent purchasers) and market price of copper for the corresponding year; (ii) the total sales volume we agreed to purchase; and (iii) our sales capacity and industry-leading position. Jiangsu Fushanda agrees to provide product quality insurance in certain period after delivery of the products to us. Specific price, payment and insurance policy will be made according to the respective purchase agreements or orders as further entered into between Jiangsu Fushanda and us pursuant to the Jiangsu Fushanda Framework Purchase Agreement.

Annual Caps

The estimated maximum amount payable by us to Jiangsu Fushanda for each of the three years ending December 31, 2025, 2026 and 2027 in relation to their provision of raw materials to the Group shall not exceed RMB25.2 million, RMB26.5 million and RMB27.8 million, respectively.

The proposed annual caps for the three years ending December 31, 2027, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

- (a) our estimation on the demand for the relevant raw materials with reference to our estimated sales development and sales volume;
- (b) the historical purchase amounts paid to Jiangsu Fushanda by our Group for purchasing raw materials during the Track Record Period; and
- (c) a reasonable increment of the purchase price payable to Jiangsu Fushanda taking into account the expected inflation rate and increases in costs for the three years ending December 31, 2027, in particular, the annual cap for the years of 2025, 2026 and 2027 were determined with reference to the transaction amount with Jiangsu Fushanda already incurred in 2024 with 5% increase in each year.

CONNECTED TRANSACTIONS

B. Provision of products by Shuangdeng Cable

Background

As of the Latest Practicable Date, Shuangdeng Cable was owned as to 90% by Jiangsu Haifu Investment Co., Ltd. (江蘇海富投資有限公司), a company owned as to 51% by Dr. Yang, our executive Director and chairman of the Board. As such, Shuangdeng Cable is an associate of Dr. Yang and therefore a connected person of our Company under the Listing Rules.

We have been purchasing cables from Shuangdeng Cable primarily for our construction and capacity expansion projects as part of our ordinary and usual course of business during the Track Record Period.

Historical Transaction Amounts

For the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, the total expenses incurred by us in relation to the provision of cables by Shuangdeng Cable was approximately RMB0.3 million, RMB0.4 million, RMB0.6 million, RMB0.9 million, respectively.

Framework Purchase Agreement

On [•], 2025, we entered into a framework purchase agreement with Shuangdeng Cable to govern the terms and conditions of the transactions between the Group on one hand and Shuangdeng Cable on the other hand in connection with the provision of cables (the “**Shuangdeng Cable Framework Purchase Agreement**”). Pursuant to the Shuangdeng Cable Framework Purchase Agreement, Shuangdeng Cable has agreed to provide cables to the Group according to the purchase agreements to be signed by the Group with Shuangdeng Cable from time to time. The Shuangdeng Cable Framework Purchase Agreement will take effect upon the [REDACTED] and will be valid until December 31, 2027, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing Policies

Fees charged for our purchase of cables shall be primarily determined based on the general guide on the sales price of the goods as provided by the seller from time to time to the purchasers of such goods (including independent purchasers), with certain adjustment determined from time to time by the parties on an arm’s length basis with reference to the market prices of such goods. We and Shuangdeng Cable determine, the sales price provided to us based on arm’s length negotiation taking into account of primarily (i) the guide sales price for the types of cables it provided to its purchasers (including independent purchasers) for the corresponding year; (ii) the total sales volume we agreed to purchase; and (iii) our sales capacity and industry-leading position. Shuangdeng Cable agrees to provide product quality insurance in certain period after delivery of the products to us. Specific price, payment and insurance policy will be made according to the respective purchase agreements or orders as further entered into between Shuangdeng Cable and us pursuant to the Shuangdeng Cable Framework Purchase Agreement.

CONNECTED TRANSACTIONS

Annual Caps

The estimated maximum amount payable by us to Shuangdeng Cable for each of the three years ending December 31, 2025, 2026 and 2027 in relation to their provision of cables to the Group will be RMB950,000, RMB998,000 and RMB1,048,000, respectively.

The proposed annual caps for the three years ending December 31, 2027, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

- (a) our estimation on the demand for the relevant cables with reference to our estimated expansion on our production capacity;
- (b) the historical purchase amounts paid to Shuangdeng Cable by our Group for purchasing raw materials during the Track Record Period; and
- (c) a reasonable increment of the purchase price payable to Shuangdeng Cable taking into account the expected inflation rate and increases in costs for the three years ending December 31, 2027, in particular, the annual cap for the years of 2025, 2026 and 2027 were determined with reference to the transaction amount with Shuangdeng Cable already incurred in 2024 with 5% increase in each year.

Implications under the Listing Rules

Since the Jiangsu Fushanda and Shuangdeng Cable are all associates of Dr. Yang, the transactions under the Jiangsu Fushanda Framework Purchase Agreement and Shuangdeng Cable Framework Purchase Agreement (together, the “**Connected Supplier’s Agreements**”) have been aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregated annual caps under the Connected Suppliers’ Agreements for each of the three years ended December 31, 2025, 2026 and 2027 will be RMB26.15 million, RMB27.50 million and RMB28.85 million, respectively.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of raw materials pursuant to the Connected Suppliers’ Agreements exceed 0.1% but are all less than 5% on an annual basis, the transactions under the Connected Suppliers’ Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Reasons for and Benefits of the Transactions with the Connected Suppliers

We have continued procurement relationships with the Connected Suppliers primarily because the Connected Suppliers are all located in Taizhou, with lower transportation costs and faster response to the Company’s needs. Projects relating to the above mentioned transactions were obtained through independent tendering processes. In addition, Dr. Yang’s relationships as well as the relatively long history of business relationships lead to greater mutual trust”. We believe that it is in the interest of the Company and our Shareholders as a whole to continue to carry out connected transactions with the Connected Suppliers upon [REDACTED] having considered the following factors: (a) each Connected Supplier has a well-established quality control system and research and development capability to meet our requirements; (b) the supply channel of each Connected Supplier allows it to meet our increase in demand in the case that we plan to expand our production lines; (c) each Connected Supplier provides high quality after-sales and maintenance services to ensure quality of products provided to us; (d) we have established a stable relationship with each Connected Supplier during the course of which the relevant Connected Supplier has provided us with a steady and reliable supply of high quality products in accordance with our specifications; and (e) the prices and terms of services offered by the Connected Suppliers have been no less favorable than those offered by Independent Third Parties.

In addition to the Connected Suppliers, we have also engaged alternative third parties suppliers for the provision of the similar raw materials/services during the Track Record Period. We purchased no more than 1.0% of raw materials from Connected Suppliers during the Track Record Period, and the purchase of these raw materials was not and will not be significantly affected by the availability of Connected Suppliers as inter cell connectors and cables are common raw materials with other comparable suppliers readily available in the market. Based on our experiences in identifying alternative suppliers and also the existing relationships with the suppliers other than the Connected Suppliers, we are and will be able to source these raw materials from alternative suppliers at similar prices, quality and quantity within similar timeframe.

INTERNAL CONTROL MEASURES FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have established the following internal review procedures to ensure that the terms for the partially-exempt continuing connected transactions we have or may have in the future are on normal commercial terms and no more favorable to the counterparties than terms available to Independent Third Parties:

- If a comparable market price is available, we shall compare the proposed product price or service fee with the market price and take into account the market price of copper and steel to ensure that the proposed product price or service fee will not be higher than the selling price of product or service of a similar type or nature provided by independent third-party suppliers or providers;

CONNECTED TRANSACTIONS

- Before selecting a product supplier or services provider, our procurement department shall obtain price quotations from certain independent third-party suppliers or providers. The factors to be considered by us in conducting internal assessments include price, quality, exclusivity of product or service, and value added to us;
- If no comparable market price is available, our procurement department shall conduct arm’s length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on trade cost of the product involved or value of the relevant service and the actual costs and expenses incurred;
- After arm’s length negotiation with the connected person, our procurement department will report to our senior management who will approve individual transactions as appropriate;
- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and
- Our independent non-executive Directors will also conduct annual review on the non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms of the relevant framework agreement. The auditor of our Company will also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transactions.

CONFIRMATION OF DIRECTORS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section have been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company 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 described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view (i) that the continuing connected transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and that the proposed annual caps of such continuing connected transactions are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders’ approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted,] waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— Partially-exempt Continuing Connected Transactions” in this section, subject to the conditions that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED], 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	Nature of interest	Description of Shares	Number of Shares to be held after the [REDACTED]	Approximate percentage of shareholding in the relevant type of Shares immediately after the [REDACTED] ⁽¹⁾ (%)	Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED] ⁽¹⁾ (%)
Shuangdeng Investment ⁽²⁾	Beneficial owner	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	[REDACTED]	[REDACTED]	
Ms. Qian Wuzhen (錢五珍) ⁽²⁾	Beneficial owner	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	[REDACTED]	[REDACTED]	
Taizhou Heying ⁽²⁾	Beneficial owner	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Hechuang ⁽²⁾	Interest in controlled corporations	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Hanfu	Interest in controlled corporations	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yang ⁽²⁾	Beneficial owner	Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporations	Unlisted Shares	[REDACTED]	[REDACTED]	
		H Shares	[REDACTED]	[REDACTED]	
Zaoyang Fund ⁽³⁾	Beneficial owner	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Hubei Gaotou Huimeng Entrepreneurship Investment Management Co., Ltd. (湖北高投匯盟創業投資管理有限公司) (“Hubei Gaotou”) ⁽³⁾	Interest in controlled corporations	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Hubei Provincial HIGH Technology Industry Investment Co., Ltd. (湖北省高新產業投資集團有限公司) (“Hubei Technology”) ⁽³⁾	Interest in controlled corporations	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Qian Bingqing (錢冰清)	Beneficial owner	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhu Shiping (祝士平)	Beneficial owner	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhou Yuezhang (周躍章)	Beneficial owner	H Shares	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) The calculation is based on the total number of [REDACTED] Unlisted Shares and [REDACTED] H Shares in issue upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) comprising (i) an aggregate of [REDACTED] H Shares to be converted from the Unlisted Shares and (ii) [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) As of the Latest Practicable Date, (i) Shuangdeng Investment is owned as to 80% and 20% by Mr. Yang and Ms. Qian Wuzhen (spouse of Mr. Yang), respectively; (ii) Taizhou Hanfu, wholly owned by Mr. Yang, is the general partner of Taizhou Hechuang and is responsible for the management of Taizhou Hechuang; (iii) Taizhou Hechuang is the general partner of each of Taizhou Heying and Taizhou Hexin and is responsible for the management of Taizhou Heying and Taizhou Hexin. As such, (i) each of Taizhou Hanfu and Taizhou Hechuang is deemed to be interested in the Shares held by Taizhou Heying and Taizhou Hexin; (ii) Mr. Yang is deemed to be interested in the Shares held by Shuangdeng Investment, Taizhou Heying and Hexin; (iii) Ms. Qian Wuzhen is deemed to be interested in the Shares held by Shuangdeng Investment.
- (3) As of the Latest Practicable Date, Hubei Gaotou, wholly owned by Hubei Technology, is the general partner of Zaoyang Fund and is responsible for the management of Zaoyang Fund. As such, each of Hubei Gaotou and Hubei Technology is deemed to be interested in the Shares held by Zaoyang Fund.

For details of the substantial Shareholders who will be, directly and/or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see “Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Substantial Shareholders — 2. Substantial Shareholders” in this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), without taking into account the [REDACTED] that may be taken up under the [REDACTED], have interests 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.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB358,269,000 comprising 358,269,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of the total issued share capital</u>
		(%)
Unlisted Shares in issue	274,773,300	[REDACTED]
H Shares to be converted from Unlisted Shares*	83,495,700	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED].	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total.	<u>[REDACTED]</u>	<u>100.00</u>

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of the total issued share capital</u>
		(%)
Unlisted Shares in issue	274,773,300	[REDACTED]
H Shares to be converted from Unlisted Shares*	83,495,700	[REDACTED]
H Shares to be issued pursuant to the [REDACTED].	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total.	<u>[REDACTED]</u>	<u>100.00</u>

Note:

- * For details of the identities of the Shareholders whose Shares will be converted into H Shares upon [REDACTED], see “History, Development and Corporate Structure – [REDACTED]” in this document.

SHARE CAPITAL

SHARE CLASSES

Upon completion of the [REDACTED] and conversion of 83,495,700 Unlisted Shares into H Shares, our Company would have Unlisted Shares and H Shares. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company are regarded as the same class of Shares. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. 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 [REDACTED], all our Unlisted Shares (other than those converting to H Shares) are not [REDACTED] or [REDACTED] 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股公司境內未上市股份申請“全流通”業務指引》)(“**Full Circulation Guidelines**”) published and implemented by the CSRC on November 14, 2019 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.

The Company has filed for application for a “full circulation” of the unlisted shares on August 29, 2024 and submitted the application reports, authorization documents of the shareholders of unlisted shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and others documents in accordance with the requirements of the CSRC.

SHARE CAPITAL

Upon completion of the [REDACTED], [REDACTED] Unlisted Shares held by Shuangdeng Investment, Zaoyang Fund, Xiangyang Investment, Mr. Qian Bingqing, Mr. Zhu Shipping, Mr. Zhou Yuezhang, Hengsheng Zizhu, Mr. Zhou Ping, Mr. Zhou Weigang and Mr. Zhai Lifeng will be converted into H Shares on a one-for-one basis. The conversion of these Unlisted Shares into H Shares have been approved by the CSRC on June 12, 2025 and an [REDACTED] has been made to the Listing Committee for such H Shares to be [REDACTED] on the Hong Kong Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] 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 [REDACTED] of additional Shares after our [REDACTED] 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 [REDACTED] for [REDACTED] at the time of our [REDACTED] in Hong Kong. Any [REDACTED] for [REDACTED] of the converted Shares on the Hong Kong Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the [REDACTED] of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Unlisted Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our H Share register will be conditional on (a) our [REDACTED] lodging 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 in compliance with the Listing Rules, the General Rules of HKSCC and the 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 [REDACTED] as H Shares.

So far as we are aware, upon completion of the [REDACTED], other than the Shareholders who will convert their Unlisted Shares into H Shares as mentioned above, none of our Shareholders currently proposes to convert any of their Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are [REDACTED] and [REDACTED] on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

SHARE CAPITAL

Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed [REDACTED]% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

For details, see “[REDACTED] — [REDACTED] Arrangements and Expenses — Undertakings pursuant to the [REDACTED] — (A) Undertakings by our Company and the Controlling Shareholders in respect of our Company” in this document.

REGISTRATION OF SHARES NOT [REDACTED] ON THE 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 and deposit our Shares that are not [REDACTED] on the overseas stock exchange with the CSDC within 15 business days upon the [REDACTED] and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not [REDACTED] on the overseas stock exchange as well as the [REDACTED] and [REDACTED] of our H Shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details, see “Appendix IV — Summary of Principal Legal and Regulatory Provisions and “Appendix V — Summary of Article of Association” in this document.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to the years of 2022, 2023 and 2024 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a leading company in energy storage business for big-data and telecommunication industries. We focus on the design, R&D, manufacturing, and sales of energy storage batteries and systems. Capitalizing on rich experience we have accumulated over a decade through serving diverse customers operating telecom base stations, data centers, power stations, power grids, and in other energy storage settings, we are well-positioned to capture the vast market opportunities brought up by the big data era, and continue leading the development of the industry.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our historical financial condition and results of operations have been affected by a number of important factors which we believe will continue to affect our financial condition and results of operations in the future. Our results are primarily affected by the following factors:

End Markets that We Serve and Fluctuation in Customer Demand

During the Track Record Period, we derived revenues primarily from sales of lithium-ion and lead-acid batteries, with particular focus on serving clients operating in telecom base stations, data centers, electrical energy storage and other energy storage settings. For details, see “—Description of Major Components of Our Results of Operations — Revenues” in this section. As a result, changes, as well as evolving trends in market demands from relevant industries set significant impact on our business results, and is anticipated to continue influencing our performance in the future.

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The demand for lithium-ion and lead-acid batteries is fueled by the global transition to low-carbon energy, the growth of 5G telecom base stations, and the expansion of data centers. The number of 5G telecom base stations is projected to grow from 5.0 million in 2023 to 25.0 million by 2030. Similarly, the proliferation of AI and big data analytics is boosting the demand for data center energy storage, with the global number of data center racks expected to rise from 25.5 million in 2023 to 184.6 million by 2030. Such demands are affected by a broad range of factors, including general economic conditions in China and worldwide, the regulatory environment, and the promotion of renewable energy utilization. Energy storage enhances power supply stability, solving long-standing challenges in downstream applications. The continuous development and upgrade of telecom networks in China and worldwide, including the commercial rollout and expansion of 5G networks, have significantly increased the power storage requirements of communication bases. Additionally, with the development of artificial intelligence (AI) and high-performance computing, there is a strong increase in market demand for energy storage products in data centers with efficient, secure, and continuous power supply capabilities. We expect this growth trend in relevant sectors to continue in the future, potentially driving sales of our products. For details, see “Industry Overview” and “Business — Overview — Our Market Opportunities” in this document.

In addition, capitalizing on the nature of raw materials and technology specifications, lithium-ion and lead-acid batteries each have unique advantages in addressing particular requirements under different settings. Lithium-ion batteries are favored for their high energy density, efficiency, and longer lifespans, while lead-acid batteries offer advantages in terms of safety, cost-effectiveness, reliability, and established recycling processes. As a result, while lithium-ion batteries, being a new generation of energy storage technology, have experienced quick expansion in various settings, lead-acid batteries remain indispensable in several industrial applications, including data centers and electrical energy storage settings where massive energy throughput is required at a low cost level. Furthermore, leveraging our strong technology capacity, while optimizing our production efficiency, we have invested in continuously enhancing our products’ competitiveness in terms of power density, operating temperature range, voltage range, and life-cycle, allowing us to successfully distinguish ourselves from competitors. For instance, our lead-acid batteries can properly serve high-current, high-power applications, with a cycle life of up to 15 years. Our GFMHR series lead-acid batteries, launched in 2017, are ideal for application scenarios requiring high power density, providing a reliable, compact solution that helps save space and reduce costs. Market preferences and technological evolution in these two types of batteries, as well as our ability to quickly adapt to such changes, may continue to affect our business results. Additionally, economic and regulatory factors may also impact the energy storage market. According to Frost & Sullivan, economic influences such as fluctuating raw material costs and changes in demand can affect pricing and production strategies. On the regulatory side, government policies and incentives for renewable energy adoption play a crucial role in market growth. Regulations that mandate energy efficiency and carbon reduction targets can drive the expansion of energy storage solutions. Financial incentives and subsidies for energy storage projects can also accelerate the development and adoption. For details, see “Risk Factors — Risks Relating to Our Business and Industry — Our business is affected by conditions in the

FINANCIAL INFORMATION

energy storage industry; in particular, potential adverse development of the supply-demand dynamics of energy storage industry may significantly affect the price and market demand of our product” and “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to derive the desired benefits from our research and development efforts, and keep up with the latest technological development and industry trends, which may negatively affect our competitiveness and profitability” in this document.

Fluctuation in Prices of Raw Materials

The fluctuation in prices of raw material is a critical factor that significantly impacts the energy storage industry, affecting all application scenarios in which our batteries are used. In 2022, 2023, 2024 and the five months ended May 31, 2025, our cost of raw material amounted to RMB2,824.5 million, RMB2,868.8 million, RMB3,097.2 million and RMB1,357.0 million representing 83.5%, 84.6%, 82.7% and 85.5% of our total cost of sales for the corresponding years, respectively. The prices of key raw material such as lead ingots, lead alloys, lithium iron phosphate, graphite, separators, electrolytes, and other auxiliary materials are subject to global market dynamics, including geopolitical events, changes in supply chains, and shifts in demand from various industries. Managing these fluctuations is essential for maintaining cost-effectiveness and ensuring stable production outputs.

For lithium-ion batteries, materials such as lithium iron phosphate are particularly expensive and prone to price volatility due to their limited supply and the growing demand from power battery of electric vehicles. For details, see “Industry Overview — Battery and Raw Materials Price Analysis” in this document. The cost of raw materials represented a substantial portion of the total production cost of sales during the Track Record Period.

According to Frost & Sullivan, average selling price of lithium-ion batteries are significantly impacted by the price of key raw material, including lithium iron phosphate and other ancillary materials. Lead-acid batteries are also volatile in the prices of lead ingots, lead alloys, and other auxiliary materials. The price of such raw materials of lead-acid batteries fluctuated due to changes in the global metals market, which was relatively stable during the Track Record Period, and can subsequently impact the cost structure of lead-acid batteries, affecting the pricing competitiveness and profit margins.

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The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our average cost of raw material on our profit before income tax for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

	Year Ended December 31,			Five Months Ended May 31,	
	2022	2023	2024	2024	2025
<i>(in RMB thousands)</i>					
Change in average price of raw material					
+/- 5%	-/+ 141,223	-/+ 143,442	-/+ 154,860	-/+ 45,276	-/+ 67,852
+/- 10%	-/+ 282,446	-/+ 286,885	-/+ 309,719	-/+ 90,551	-/+ 135,703
+/- 15%	-/+ 423,669	-/+ 430,327	-/+ 464,579	-/+ 135,827	-/+ 203,555
+/- 20%	-/+ 564,891	-/+ 573,769	-/+ 619,438	-/+ 181,102	-/+ 271,406

The following table sets forth a sensitivity test of our profit before income tax on fluctuation of average selling prices of our batteries for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

	For the year ended December 31,			Five Months Ended May 31,	
	2022	2023	2024	2024	2025
<i>(in RMB thousands)</i>					
Change in average selling prices of batteries					
+/- 5%	+/- 199,508	+/- 209,589	+/- 220,161	+/- 68,135	+/- 90,749
+/- 10%	+/- 399,015	+/- 419,179	+/- 440,321	+/- 136,271	+/- 181,498
+/- 15%	+/- 598,523	+/- 628,768	+/- 660,482	+/- 204,406	+/- 272,247
+/- 20%	+/- 798,031	+/- 838,357	+/- 880,642	+/- 272,542	+/- 362,997

Our response to these fluctuations involves strategic initiatives such as enhancing supplier relationships, adjusting pricing strategies in a timely manner, and optimizing our production processes. These efforts are aimed at mitigating the financial risks associated with raw material price volatility and maintaining our competitive edge in the industry.

FINANCIAL INFORMATION

Expansion of Production Capacity and Optimization of Production Efficiency

Our ability to continuously optimize operational efficiency directly influences the competitiveness of our batteries and our sustainable development. This ability is particularly pivotal for both our lithium-ion and lead-acid batteries, where market expectations and technological advancements require agile and efficient production processes to meet evolving market competition in terms of pricing and quality. During the Track Record Period, to capture market opportunities driven by increased demand for our products due to customers recognition of their premium quality, technological performance and expansion in relevant industry sectors, we steadily ramped up our production capacity, allowing us to effectively benefit from economies of scale. For details, see “Business — Manufacturing and Production” in this document.

Improving operational efficiency is a cornerstone of our strategy, impacting both cost management and environmental sustainability. We are implementing initiatives to enhance production line efficiency and reduce our environmental footprint. For instance, during the Track Record Period, we invested in advanced coating and drying technologies to reduce energy consumption during electrode manufacturing for lithium-ion batteries. For lead-acid batteries, we focused on improving charging and formation processes to decrease energy use. Both product lines benefit from ongoing process optimization. During the Track Record Period, we continuously invested in measures to enhance production efficiency and cost control, including improving training programs to ensure our staff are proficient in the latest manufacturing techniques and best practices, thereby directly contributing to productivity and product quality. This proactive approach improves production uptime, extends equipment lifespan, and reduces the likelihood of costly unplanned downtime. For details, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as initially envisioned”, “Risk Factors — Risks Relating to Our Business and Industry — We may not continue to be successful in developing and maintaining a cost-effective battery manufacturing capability” in this document. For details of our R&D progress and key technologies adopted during the Track Record Period to improve the efficiency of our production lines, lower defective rates of batteries, and reduce our environmental footprint, see “Business — Research & Development” in this document.

By expanding and managing our production capacity, strategically and continuously improving our operational efficiency, we not only meet the current demands of our markets but also position ourselves to adapt swiftly to future changes. This balanced approach between capacity management and efficiency optimization ensures sustained growth and leadership in the competitive battery industry. However, our operating history may not be a reliable predictor of our prospects and future results of operations. For details, see “Risk Factors — Risks Relating to Our Business and Industry — Our operating history may not be a reliable predictor of our prospects and future results of operations” in this document.

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Investment in Research and Development to Maintain Technology Leadership

The energy storage battery industry is characterized by technological advances, innovation and evolving customer demands. Our competitiveness therefore significantly depends on our ability to develop innovative, advanced technologies that meet evolving customer’s demands and preferences. We rely on our in-house R&D to establish and strengthen our market position, and achieve continuous growth. Throughout the Track Record Period, we pivot our R&D focus and resources along with the industrial trend and advancements in energy storage batteries. Adhering to the principle of “researching one generation ahead, pilot testing the next, and mass-producing the current”, we aim to enhance the market competitiveness of both lithium-ion batteries and lead-acid batteries through our R&D efforts. We have R&D centers located in Taizhou, Jiangsu, Shenzhen, Guangdong, Beijing and Xiangyang, Hubei. Our R&D centers focus on the research and development of energy storage battery technologies, such as electrochemical technology and structural innovation, which could improve the safety, cost and performance of our energy storage batteries.

Our investment in R&D is a cornerstone of our strategy to stay at the forefront of technological advancements and maintain a competitive edge position. In 2022, 2023, 2024 and the five months ended May 31, 2025, our research and development expenses amounted to RMB100.7 million, RMB112.8 million, RMB110.5 million and RMB55.2 million, respectively. Our R&D efforts have directly led to significant enhancements in the functionality, efficiency, adaptability to various application scenarios, and reliability of our products. Innovations developed through our research have allowed us to introduce products with advanced features that meet the evolving needs of our customers. For instance, improvements in specific technology including battery life, software integration, and energy efficiency have directly resulted from our focused R&D activities. These enhancements help maintain our products’ relevance in competitive markets and directly contribute to increased customer satisfaction and loyalty.

Our R&D initiatives have not only enhanced our existing products but also led to the development of new technologies that have broadened our market reach and opened up new revenues streams. The impact of these innovations is evident in our financial performance, contributing to an overall revenues increase and improving our market position. The development of new technologies through our R&D initiatives has enabled us to penetrate new market segments and expand our geographic reach.

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Another impacts of our R&D investment is the improvement in manufacturing processes and operational efficiency. Our research has led to the discovery and implementation of cost-saving techniques and materials, which reduce production costs and enhance the overall sustainability of our operations. These operational efficiencies translate into lower product prices for customers and improved margins for our business, thereby enhancing our competitive position in the market. Additionally, enhanced product offerings and operational efficiencies have resulted in better customer satisfaction rates and higher new customer acquisition, further boosting our revenues and profitability. We may not be able to derive the desired benefits from our research and development efforts, and keep up with the latest technological development and industry trends, which may negatively affect our competitiveness and profitability. For details, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to derive the desired benefits from our research and development efforts, and keep up with the latest technological development and industry trends, which may negatively affect our competitiveness and profitability” in this document.

The synergy between increased R&D spending and enhanced financial performance has significantly propelled our business. The strategic alignment of our innovation efforts with market demands has led to an increase in both revenues and market share. Such a synergy resulted in an increase in our revenues from RMB4,072.5 million in 2022 to RMB4,498.5 million in 2024.

IMPACT OF THE COVID-19 PANDEMIC

In 2022, there was a resurgence of the COVID-19 pandemic including the highly transmissible Delta and Omicron variants in China and across the world, which had adversely affected the economy. Due to the more stringent requirement and limited supply in freight, and relevant policies affecting the movement of products between regions, we recorded relatively higher transportation costs in 2022. However, our business and results of operations had not been materially affected by the COVID-19 pandemic, during the Track Record Period.

For further information on the risk of the COVID-19 pandemic, see the section headed “Risk Factors – Risks Relating to Our Business and Our Industry – We face risks related to health epidemics, natural disasters and other catastrophic events, which could have a material adverse effect on our business and results of operations.” in this document.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

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The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products, bills receivables classified as financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 2.3 to the Accountants’ Report included in Appendix I to this Document. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Our Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in Historical Financial Information. Our Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

We are in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, we consider that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on our financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on our financial position but is expected to affect the presentation of the statement of profit or loss and statement of cash flows (additional disclosure will be included in the financial statements). We will continue to assess the impact of IFRS 18 on our financial information.

IFRS 18	Presentation and Disclosure in Financial Statements ⁽¹⁾
IFRS 19	Subsidiaries without Public Accountability: Disclosures ⁽⁴⁾
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁽²⁾
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ⁽²⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

Notes:

- (1) Effective for annual periods beginning on or after January 1, 2027
- (2) Effective for annual periods beginning on or after January 1, 2026
- (3) No mandatory effective date yet determined but available for adoption
- (4) Effective for reporting periods beginning on or after 1 January 2027

Our Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon [REDACTED]. So far, our Group considers that these new and amended IFRS Accounting Standards may result in changes in accounting policies but are unlikely to have a significant impact on our Group’s financial performance and financial position.

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MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our historical financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our material accounting policy information, which are important for understanding our financial condition and results of operations, are set out in further details in Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

Revenues recognition

Revenues from contracts with customers

Revenues from contracts with customers, including distributors and direct sales 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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we 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 revenues reversal in the amount of cumulative revenues recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenues from the sales of goods primarily arises from sales of the lead-acid battery, lithium-ion battery and others, which is recognized at the point in time when control of the products is transferred to the customer, generally on the acceptance of the products.

Investments in associates

An associate is an entity in which we have a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Our investments in an associate are stated in the consolidated statement of financial position at our share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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Our share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, we recognize its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between our Group and our associates are eliminated to the extent of our investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of our investments in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate, we measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Fair value measurement

We measure our derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our 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.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (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, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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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 the statement of profit or loss in the period in which it arises, (Only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

We did not have goodwill/intangible assets with indefinite useful life/intangible assets not yet available for use during the Track Record Period.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost (or valuation) less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale.” The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is 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 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	4.75%
Leasehold improvements	15.70-23.77%
Plant and machinery	4.75-9.50%
Motor vehicles	19.00%
Furniture and other	19.00%

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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 the statement of 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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently 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 each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of five years.

Research and development expenses

All research costs are charged to the profit or loss as incurred.

Leases

We assess 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.

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Group as a lessee

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.

(a) 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 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	50 years
Buildings	2-6 years

If ownership of the leased asset transfers to our 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 recognized 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 our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized 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, 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.

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(c) Short-term leases and leases of low-value assets

We apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized 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 our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure 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 we have applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “— Revenues recognition.”

In order for a financial asset to be classified and measured at amortized 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.

Our 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 amortized 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.

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Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period.

OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Revenues	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0
Cost of sales	(3,382,884)	(83.1)	(3,393,009)	(79.7)	(3,747,639)	(83.3)	(1,119,099)	(80.3)	(1,588,050)	(85.1)
Gross profit	689,596	16.9	866,768	20.3	750,883	16.7	275,086	19.7	278,558	14.9
Other income and gains.	50,614	1.2	77,718	1.8	115,584	2.6	37,727	2.7	40,533	2.2
Selling and marketing expenses	(100,255)	(2.5)	(151,785)	(3.6)	(138,043)	(3.1)	(50,102)	(3.6)	(53,254)	(2.9)
Administrative expenses.	(126,516)	(3.1)	(162,748)	(3.8)	(156,470)	(3.5)	(50,506)	(3.6)	(45,672)	(2.4)
Research and development expenses.	(100,676)	(2.5)	(112,803)	(2.6)	(110,478)	(2.5)	(44,089)	(3.2)	(55,249)	(3.0)
Impairment losses of impairment losses on financial and contract assets, net	(22,607)	(0.6)	(6,347)	(0.1)	(19,181)	(0.4)	3,908	0.3	(10)	0.0
Other expenses	(21,467)	(0.5)	(34,145)	(0.8)	(20,169)	(0.4)	(5,663)	(0.4)	(11,556)	(0.6)
Finance costs	(49,372)	(1.2)	(30,005)	(0.7)	(19,842)	(0.4)	(5,626)	(0.4)	(12,002)	(0.6)
Share of profits and losses of an associate	(647)	(0.0)	(475)	(0.0)	428	0.0	296	0.0	32	0.0
Profit before tax	318,670	7.8	446,178	10.5	402,712	9.0	161,031	11.5	141,380	7.6
Income tax expense	(37,645)	(0.9)	(60,975)	(1.5)	(49,381)	(1.1)	(21,339)	(1.5)	(14,677)	(0.8)
Profit for the year	281,025	6.9	385,203	9.0	353,331	7.9	139,692	10.0	126,703	6.8
Attributable to:										
Owners of the parent	281,019	6.9	385,203	9.0	353,331	7.9	139,692	10.0	126,703	6.8
Non-controlling interests	6	0.0	—	—	—	—	—	—	—	—

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenues

During the Track Record Period, we derived revenues from sales of our products, which include lithium-ion batteries and lead-acid batteries to our customers. We also generated revenues from others, which primarily represented sale of waste including lead slags and electricity sales. Our total revenues amounted to RMB4,072.5 million, RMB4,259.8 million, RMB4,498.5 million, and RMB1,866.6 million in 2022, 2023, 2024, and the five months ended May 31, 2025, respectively.

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Revenues by Application Scenario

Our batteries offer stable performance, long cycle lives and enhanced safety to meet diverse customers’ needs. We focus particularly on serving clients’ energy storage needs in various application scenarios, including telecom base stations, data centers, and electrical energy storage settings and other settings. In particular, as our products are primarily used in telecom base stations and data centers, our results of operations were mainly driven and affected by the development, construction schedule or progress of relevant projects, which in turn, were determined by our customers’ business decision, as well as related policies and infrastructure development strategy.

During the Track Record Period, we primarily sold our battery products for telecom base stations, data centers, electrical energy storage settings, and other settings. Our revenues increased from RMB4,072.5 million in 2022 to RMB4,498.5 million in 2024, and our revenue increased from RMB1,394.2 million for the five months ended May 31, 2024 to RMB1,866.6 million for the five months ended May 31, 2025, driven primarily by higher revenues from sales to data centers. This growth was largely attributed to the expansion of data centers and cloud computing facilities, driven by the rising market demand for data storage and processing capabilities in recent years. By leveraging our high product quality and strong market recognition, we successfully capitalized on this opportunity.

The following table sets forth a breakdown of our revenues by application scenario for the years/periods indicated.

	Year Ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Telecom base Station	2,640,989	64.8	2,464,004	57.8	2,299,367	51.1	746,772	53.6	792,785	42.5
Data center	764,815	18.8	899,942	21.1	1,391,898	31.0	397,000	28.4	872,947	46.7
Electrical energy storage settings . . .	302,443	7.4	487,977	11.5	450,840	10.0	132,366	9.5	68,696	3.7
Other settings ⁽¹⁾	281,906	7.0	339,863	8.0	261,105	5.8	86,570	6.2	80,555	4.3
Others ⁽²⁾	82,327	2.0	67,991	1.6	95,312	2.1	31,477	2.3	51,625	2.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Notes:

- (1) Primarily include uninterruptible power supply (“UPS”) batteries and start-stop batteries.
- (2) Primarily include sales waste including lead slag, and electricity sales.

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Sales Volume

During the Track Record Period, changes in sales volume of batteries were primarily influenced by the demand dynamics within the industries where our batteries are applied, as well as by the performance and competitive positioning of our batteries. Specifically, fluctuations in sales volume were driven by the following key factors:

- *downstream demand*, which is closely linked to the broader industry trends. See also “Industry Overview — Overview of the Global and China Energy Storage Market — Supply-demand Dynamics of Energy Storage Battery Products” in this document;
- *our expansion strategy*, particularly in the data center and electrical energy storage markets, which contributed to an increase in battery sales as we targeted these growing sectors. See also “Business — Our Strategies — Further Develop Our Data Center Business” in this document; and
- *our global efforts to enhance market penetration*, including expanding partnerships and establishing a stronger international presence. See also “Business — Our Strategies — Expand Our Global Presence” in this document.

Average Selling price

Changes in the average selling price of batteries were mainly affected by fluctuations in the price of key raw materials, such as lithium carbonate and lead ingots. In addition to raw material costs, the quality of our battery products and our competitive positioning also played a role in pricing adjustments. The following table sets forth the average selling price and sales volume of our products by application scenario for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022	2023		2024			2024	2025		
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(kWh)	(RMB/ kWh)	(kWh)	(RMB/ kWh)	(kWh)	(RMB/ kWh)	(kWh)	(RMB/ kWh)	(kWh)	(RMB/ kWh)
Telecom base station.	4,252,809	621.0	3,648,862	675.3	4,046,291	568.3	1,272,619	586.8	1,484,726	534.0
Data center	1,397,252	547.4	1,636,033	550.1	2,656,366	524.0	757,797	523.8	1,655,325	527.4
Electrical energy storage settings . . .	329,448	918.0	482,182	1,012.0	597,686	754.3	157,956	838.0	86,450	794.6
Other settings*	613,421	459.6	739,265	459.7	546,812	477.5	198,543	436.0	150,357	535.8

Note:

* Primarily include UPS batteries and start-stop batteries.

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Revenues by Product

Revenues were primarily derived from sale of lithium-ion batteries and lead-acid batteries during the Track Record Period. While maintaining our leading market positions in offering lead-acid batteries for customers leveraging our outstanding quality, strong technological strength, and industry expertise, we invested in the expansion of lithium-ion batteries in response to growing market demand for more efficient and energy storage products. The following table sets forth a breakdown of our revenues by product for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)			
Lithium-ion battery	1,568,531	38.5	1,854,556	43.5	1,495,978	33.3	435,600	31.2	457,479	24.5
Lead-acid battery	2,421,622	59.5	2,337,230	54.9	2,907,232	64.6	927,108	66.5	1,357,504	72.7
Others*	82,327	2.0	67,991	1.6	95,312	2.1	31,477	2.3	51,625	2.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Note:

* Primarily include sales of waste including lead slag, used batteries, and electricity sales.

During the Track Record Period, changes in the sales volume of our batteries were primarily driven by the supply-demand dynamics within the industries where our batteries are applied, the quality of our battery products, and our competitive positioning in the market. Specifically, fluctuations in sales volume were influenced by the increasing downstream demand for batteries, particularly driven by the growth in energy storage systems; our strategic focus on expanding our presence in high-growth sectors such as data centers; and our ability to effectively compete in the market through product innovation and quality improvements, which bolstered our sales performance. For an analysis of the supply-demand dynamics of our products, see also “Industry Overview — Overview of the Global and China Energy Storage Market — Supply-demand Dynamics of Energy Storage Battery Products” in this document.

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Changes in the average selling price of batteries were mainly affected by fluctuations in the price of key raw materials, such as lithium carbonate and lead ingots. In addition to raw material costs, the quality of our battery products and our competitive positioning also played a role in pricing adjustments. During the Track Record Period, prices of raw materials, such as lithium carbonate and lead ingots, have experienced fluctuations, which were influenced by their supply and demand dynamics. For an analysis of the market price of raw materials and energy storage batteries, see “Industry Overview — Battery and Raw Materials Price Analysis” in this document. According to Frost & Sullivan, our average selling price generally aligns with market trends, considering raw material and production costs, as well as product specifications. The following table sets forth the average selling price and sales volume by product for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)	Sales volume (kWh)	Average selling price (RMB/kWh)
Lithium-ion battery	1,654,073	948.3	1,894,000	979.2	2,141,497	698.6	517,875	841.1	768,679	595.1
Lead-acid battery	4,938,858	490.3	4,612,342	506.7	5,705,658	509.5	1,869,222	496.0	2,608,179	520.5

Revenues by Region

During the Track Record Period, we primarily derived revenues from sales to customers in mainland China, which amounted to RMB3,394.6 million, RMB3,330.8 million, RMB3,609.0 million and RMB1,546.9 million, and accounted for 83.4%, 78.2%, 80.2% and 82.9% of our total revenues in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. We record customer revenue by region based on the customer’s registered address or place of incorporation. Overseas revenues amounted to RMB677.9 million, RMB928.9 million, RMB889.5 million, and RMB319.7 million in 2022, 2023, 2024, and the five months ended May 31, 2025, respectively. These amounts accounted for 16.6%, 21.8%, 19.8% and 17.1% of our total revenues for the corresponding periods. This growth represents sales of our products to customers in other geographical regions, primarily Asia Pacific excluding mainland China and EMEA. We have continuously expanded our overseas presence, and have successfully entered into supply chains of many world-renowned enterprises to provide energy storage batteries for telecom base stations. We also have subsequently launched electrical energy storage projects in overseas countries/ regions.

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The following table sets forth a breakdown of revenue by region and major country for the years/periods indicated, in absolute amount and as percentage of total revenues.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)			
							RMB'000	%	RMB'000	%
Mainland China	3,394,555	83.4	3,330,829	78.2	3,608,974	80.2	1,031,967	74.1	1,546,929	82.9
Asia Pacific excluding mainland China										
Malaysia	8,284	0.2	10,217	0.2	98,553	2.2	38,979	2.8	36,713	2.0
Indonesia	55,310	1.4	37,668	0.9	91,481	2.0	39,161	2.8	25,864	1.4
India	792	–	135,746	3.2	80,603	1.8	16,498	1.2	32,497	1.7
Vietnam	65,894	1.6	88,106	2.1	70,199	1.6	19,972	1.4	33,169	1.8
Others ⁽¹⁾	55,547	1.4	74,896	1.8	70,712	1.5	33,987	2.4	38,816	2.0
Subtotal	185,827	4.6	346,633	8.2	411,548	9.1	148,597	10.6	167,059	8.9
EMEA										
Sweden	186,915	4.6	125,100	2.9	120,375	2.7	36,942	2.6	62,891	3.4
Norway	32,444	0.8	89,001	2.1	75,770	1.7	49,571	3.6	9,335	0.5
Egypt	7,628	0.2	29,305	0.7	26,585	0.6	19,390	1.4	–	–
South Africa	46,364	1.1	42,814	1.0	20,291	0.5	18	–	14,016	0.8
Finland	81,162	2.0	61,422	1.4	17,520	0.4	9,881	0.7	2,568	0.1
Others ⁽²⁾	81,093	2.0	166,149	3.9	134,867	2.9	58,938	4.2	30,594	1.6
Subtotal	435,606	10.7	513,791	12.0	395,408	8.8	174,740	12.5	119,404	6.4
Other Regions										
Brazil	24,406	0.6	33,167	0.8	47,610	1.1	23,664	1.7	11,497	0.6
Guatemala	10,381	0.2	7,103	0.2	10,210	0.2	9,542	0.7	–	–
Others ⁽³⁾	21,705	0.5	28,254	0.7	24,772	0.6	5,675	0.4	21,719	1.2
Subtotal	56,492	1.3	68,524	1.6	82,592	1.9	38,881	2.8	33,216	1.8
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Notes:

- (1) mainly include Hong Kong SAR, Pakistan and Kazakhstan, and Singapore.
- (2) mainly include UAE, Romania, and Mauritius.
- (3) mainly include Peru, Mexico, Uruguay and Colombia.

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Cost of Sales

Cost of Sales by Nature

Cost of sales consists of cost of raw material, overheads, and direct labor costs. During the Track Record Period, movement of cost of sales was consistent with the fluctuations in revenues during the respective years. Movement of cost of sales was primarily influenced by the movement of the prices of raw material. See also “Industry Overview — Overview of the Global and China Energy Storage Market — Supply-demand Dynamics of Energy Storage Battery Products” and “Industry Overview — Battery and Raw Materials Price Analysis” in this document. The following table sets forth a breakdown of cost of sales by nature for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
							(unaudited)			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Cost of raw material	2,824,457	83.5	2,868,845	84.6	3,097,192	82.7	905,512	81.0	1,357,030	85.5
Overheads	413,617	12.2	371,003	10.9	480,193	12.8	161,519	14.4	163,387	10.3
Direct labor costs	114,091	3.4	116,899	3.4	131,817	3.5	39,571	3.5	50,959	3.2
Others*	30,719	0.9	36,262	1.1	38,437	1.0	12,497	1.1	16,674	1.0
Total	3,382,884	100.0	3,393,009	100.0	3,747,639	100.0	1,119,099	100.0	1,588,050	100.0

Note:

* Primarily included costs of warranties we issued in connection with our batteries.

Cost of Raw Material

Cost of raw material primarily consisted of the cost of raw material for the production of batteries, including lead ingots, lead alloys, lithium iron phosphate, graphite, separators, electrolytes, and other auxiliary materials. Cost of raw material was the largest component of cost of sales, the percentage of which remained stable throughout the Track Record Period.

The prices of raw materials such as lithium carbonate, lead ingots, and graphite are primarily influenced by supply and demand dynamics. Lithium carbonate has seen fluctuating prices due to shifts in production capacity and varying demand from sectors like electric vehicles and energy storage systems. Similarly, during the Track Record Period, lead ingots have experienced price increases driven by a slightly decrease in supply steady demand and gradual production growth. Graphite and other materials also represent a substantial portion of the total cost of raw material, with their prices impacted by market conditions and technological advancements. For the price fluctuation of raw material during the Track Record Period, see “Industry Overview — Battery and Raw Materials Price Analysis” in this document.

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Overheads

Overheads primarily consisted of costs of utilities, transportation costs, the depreciation of our plants and manufacturing machinery, and maintenance costs of manufacturing machinery.

Our total transportation costs decreased from RMB83.4 million in 2022 to RMB78.5 million in 2023. This decrease was primarily due to the relatively high transportation costs in 2022, driven by the impact of the COVID-19 pandemic. Our total transportation costs increased to RMB90.1 million in 2024, mainly due to the corresponding increase in our sales volume. Our total transportation costs increased from RMB22.1 million in the five months ended May 31, 2024 to RMB30.0 million in the five months ended May 31, 2025. This increase was primarily due to the growth in our sales volume and the corresponding rise in outbound logistics needs during the period.

Our transportation costs for overseas sales remained relatively stable at RMB18.3 million and RMB18.3 million in 2022 and 2023, respectively, despite the growth in overseas sales. This was primarily due to the reduced costs of international shipping following the end of the acute phase of the COVID-19 pandemic in 2022. Additionally, in 2023, more overseas customers opted for shipping terms such as FOB and FCA, which resulted in lower costs for us. Our transportation costs for overseas sales increased to RMB28.8 million in 2024, mainly due to our offering of the more favorable shipping terms, such as DAP and CPT based on our customers’ needs, resulting in higher transportation costs for overseas sales. Our transportation costs for overseas sales increased from RMB6.5 million in the five months ended May 31, 2024 to RMB8.3 million in the five months ended May 31, 2025. This increase was primarily due to a higher proportion of overseas orders being fulfilled under shipping terms such as DAP and CPT in response to customer preferences, which led to higher logistics costs borne by us.

Direct Labor Costs

Direct labor costs represented salaries, bonuses, and welfare benefits for our manufacturing staff.

Cost of Sales by Application Scenario

The following table sets forth a breakdown of cost of sales by application scenario for the years indicated. The movement in the cost of sales for each application scenario, including in absolute amount and as a percentage of total cost of sales during the Track Record Period generally aligned with the movement of revenues for each respective application scenario. For details of the movement of cost of sales by application scenario during the Track Record Period, see “— Year to Year Comparison of Results of Operations” “— Period to Period Comparison of Results of Operations” in this section.

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	Year Ended December 31,						Five Months Ended May 31,			
	2022		2023		2024		2024		2025	
	(unaudited)									
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Telecom base station	2,216,419	65.5	1,885,583	55.6	1,829,018	48.8	582,006	52.0	659,334	41.5
Data center	634,003	18.7	729,996	21.5	1,200,788	32.0	335,400	30.0	753,090	47.4
Electrical energy storage settings . .	233,841	6.9	406,524	12.0	410,393	11.0	102,356	9.1	63,726	4.0
Other settings ⁽¹⁾	223,030	6.7	308,424	9.1	214,924	5.7	71,094	6.4	64,680	4.1
Others ⁽²⁾	75,591	2.2	62,482	1.8	92,516	2.5	28,243	2.5	47,220	3.0
Total	3,382,884	100.0	3,393,009	100.0	3,747,639	100.0	1,119,099	100.0	1,588,050	100.0

Notes:

(1) Primarily include UPS batteries and start-stop batteries.

(2) Primarily include sales of waste including lead slag, used batteries, and electricity sales.

Cost of Sales by Product

The following table sets forth a breakdown of cost of sales by product for the years indicated. The movement in the cost of sales for each product, including in absolute amount and as a percentage of total cost of sales during the Track Record Period generally aligned with the movement of sales volume for each product, respectively. For details of the movement of cost of sales by product during the Track Record Period, see “— Year to Year Comparison of Results of Operations” and “— Period to Period Comparison of Results of Operations” in this section.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	(unaudited)									
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Lithium-ion battery	1,279,122	37.8	1,430,156	42.2	1,188,285	31.7	317,320	28.4	373,539	23.5
Lead-acid battery	2,028,171	60.0	1,900,371	56.0	2,466,838	65.8	773,536	69.1	1,167,291	73.5
Others*	75,591	2.2	62,482	1.8	92,516	2.5	28,243	2.5	47,220	3.0
Total	3,382,884	100.0	3,393,009	100.0	3,747,639	100.0	1,119,099	100.0	1,588,050	100.0

Note:

* Primarily include sales of waste including lead slag, used batteries, and electricity sales.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

During the Track Record Period, we primarily derived gross profits from batteries used in telecom base stations, data centers, electrical energy storage settings and other settings. Gross profit margin improved from 16.9% in 2022 to 20.3% in 2023, driven by strong industry demand and our enhanced market position. This growth was further supported by our ability to adjust selling prices in response to raw material cost fluctuations, as well as increased economies of scale and production efficiency. Our gross profit margin decreased to 16.7% in 2024, mainly due to the increased raw material costs, particularly lead ingots, and the adoption of the more competitive pricing terms to maintain and promote our position as a leader in the market. Our gross profit margin decreased to 14.9% in the five months ended May 31, 2025, mainly due to (i) a decrease of revenue contribution from lithium-ion batteries, the product category with a higher gross profit margin and (ii) we strategically lower our price to maintain our leading position in the market.

The following table sets forth a breakdown of gross profits and gross profit margins by application scenario for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross profit		Gross profit		Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Telecom base station	424,570	16.1	578,421	23.5	470,349	20.5	164,766	22.1	133,451	16.8
Data center	130,812	17.1	169,946	18.9	191,110	13.7	61,600	15.5	119,857	13.7
Electrical energy storage settings . . .	68,602	22.7	81,453	16.7	40,447	9.0	30,010	22.7	4,970	7.2
Other settings ⁽¹⁾	58,876	20.9	31,439	9.3	46,181	17.7	15,476	17.9	15,875	19.7
Others ⁽²⁾	6,736	8.2	5,509	8.1	2,796	2.9	3,234	10.3	4,405	8.5
Total	689,596	16.9	866,768	20.3	750,883	16.7	275,086	19.7	278,558	14.9

Notes:

- (1) Primarily include UPS batteries and start-stop batteries.
- (2) Primarily include sales of waste including lead slag, used batteries, and electricity sales.

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The following table sets forth gross profit and gross profit margin by region for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)			
							RMB'000	%	RMB'000	%
Mainland China	507,083	14.9	603,297	18.1	504,281	14.0	163,782	15.9	212,155	13.7
Asia Pacific excluding mainland										
China.	40,403	21.7	74,581	21.5	84,104	20.4	30,303	20.4	26,557	15.9
EMEA.	124,727	28.6	159,340	31.0	132,430	33.5	64,709	37.0	34,539	28.9
Others*	<u>17,383</u>	30.8	<u>29,550</u>	43.1	<u>30,068</u>	36.4	<u>16,292</u>	41.9	<u>5,307</u>	16.0
Subtotal excluding Mainland China . .	<u>182,513</u>	26.9	<u>263,471</u>	28.4	<u>246,602</u>	27.7	<u>111,304</u>	30.7	<u>66,403</u>	20.8
Total	<u>689,596</u>	16.9	<u>866,768</u>	20.3	<u>750,883</u>	16.7	<u>275,086</u>	19.7	<u>278,558</u>	14.9

Note:

* Primarily includes Uruguay, Brazil, Mexico, Australia and United States.

The following table sets forth gross profit and gross profit margin by product for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross profit		Gross profit		Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)			
Lithium-ion battery	289,409	18.5	424,400	22.9	307,693	20.6	118,280	27.2	83,940	18.3
Lead-acid battery	393,451	16.2	436,859	18.7	440,394	15.1	153,572	16.6	190,213	14.0
Others*	<u>6,736</u>	8.2	<u>5,509</u>	8.1	<u>2,796</u>	2.9	<u>3,234</u>	10.3	<u>4,405</u>	8.5
Total	<u>689,596</u>	16.9	<u>866,768</u>	20.3	<u>750,883</u>	16.7	<u>275,086</u>	19.7	<u>278,558</u>	14.9

Note:

* Primarily include sales of waste including lead slag, used batteries, and electricity sales.

FINANCIAL INFORMATION

Other Income and Gains

Other income and gains primarily consists of government grants, additional VAT deduction, interest income, foreign exchange gains, compensation income and rental income. The following table sets forth a breakdown of other income and gains in absolute amount and percentage of total other incomes and gains for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,				
	2022		2023		2024		2024		2025		
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)				
							RMB'000	%	RMB'000	%	
Government grants	25,103	49.6	35,596	45.8	39,371	34.1	8,154	21.6	14,202	35.0	
Additional VAT deduction	—	—	764	1.0	40,556	35.1	17,934	47.6	12,792	31.6	
Interest income	3,402	6.7	19,260	24.8	14,814	12.8	5,990	15.9	4,012	9.9	
Foreign exchange gains	17,476	34.5	12,289	15.8	10,626	9.2	3,969	10.5	3,746	9.2	
Compensation income ⁽¹⁾	603	1.2	4,497	5.8	359	0.3	189	0.5	872	2.2	
Rental income	1,338	2.6	2,245	2.9	2,794	2.4	1,029	2.7	1,207	3.0	
Others ⁽²⁾	2,692	5.4	3,067	3.9	7,064	6.1	462	1.2	3,702	9.1	
Total	50,614	100.0	77,718	100.0	115,584	100.0	37,727	100.0	40,533	100.0	

Notes:

- (1) Compensation income primarily represented the compensation we received from suppliers due to their failure to deliver qualified raw materials to us on a timely basis and amounted to RMB0.6 million, RMB4.5 million, RMB0.4 million, RMB0.2 million and RMB0.9 million in 2022, 2023, 2024, the five months ended May 31, 2024 and the five months ended May 31, 2025, respectively. The compensation income varied throughout the Track Record Period, as it was generated on a case-by-case basis and was inherently non-recurring.
- (2) Primarily include gain on disposal of items of property, plant and equipment, net and gain on disposal of right-of-use assets.

Government grants are financial incentives provided by the government to support our business operations. These grants recognize our contribution to the development of the local economy and align with favorable policies that support the growth of environmentally-friendly industries and advanced technologies. Additional VAT deduction represents an additional 5% deduction calculated based on the input value-added tax (“VAT”) from the VAT payable. Interest income represents the earnings from financial assets held either for investment purposes or as part of our liquidity management strategy. This income is primarily generated through interest-bearing bank deposits. Foreign exchange gains are the results of fluctuations in foreign currency exchange rates that affect our international transactions and currency holdings. These gains are recorded based on the revaluation of balances denominated in foreign currencies. Compensation income represents the compensation received from suppliers due to quality issues with the raw materials they provided. Rental income represents the revenues generated from leasing storage facilities.

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The following table sets forth the material government grants we received during the Track Record Period.

Government Grant	Time of Grant	Amount of Grant RMB'000
High-Performance Energy Storage Lithium-Ion Battery Project — 2022 Provincial Strategic Emerging Industry Development Special Grant	July 2022	18,000
Special Support Grant for the construction of a plant in Xiangyang, Hubei	January 2024	16,120
Special Support Grant for the construction of a plant in Xiangyang, Hubei	December 2023	15,000
2022 Provincial Carbon Peak and Carbon Neutrality Science and Innovation Special Grant	January 2023	14,500
Infrastructure Development Grant	May 2023	13,766

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of employee compensation, business development expenses, travel expenses, advertising and promotion expenses, lease expenses, office expenses and others. Employee compensation represented salaries, bonus, share-based compensations and employee benefits paid to our employees involved in the selling and marketing activities. Business development expenses represented costs related to activities aimed at growing and expanding the business, including market research and client meetings. Travel expenses represented expenses associated with employee travel for business purposes, including transportation, accommodation, and meals. Advertising and promotion expenses represented expenses we incurred in relation to the advertisement and promotion of our products.

The following table sets forth a breakdown of selling and marketing expenses in absolute amount and percentage of total selling and marketing expenses for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)		RMB'000	%
Employee compensation	70,258	70.1	102,765	67.7	74,559	53.9	34,121	68.0	28,559	53.6
Business development expenses	8,161	8.1	11,939	7.9	16,740	12.1	2,718	5.4	8,777	16.5
Travel expenses	8,563	8.5	14,726	9.7	16,282	11.8	4,158	8.3	6,806	12.8
Advertising and promotion expenses .	1,336	1.3	7,220	4.8	14,200	10.3	4,119	8.2	3,496	6.6
Lease expenses	3,678	3.7	3,946	2.6	4,219	3.1	1,867	3.7	1,726	3.2
Office expenses	2,216	2.2	2,704	1.8	2,622	1.9	782	1.6	937	1.8
Others*	6,043	6.1	8,485	5.5	9,421	6.9	2,337	4.8	2,953	5.5
Total	100,255	100.0	151,785	100.0	138,043	100.0	50,102	100.0	53,254	100.0

Note:

* Primarily includes tender service fees and product insurance fees of our products.

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Administrative Expenses

Administrative expenses primarily consist of employee compensation, [REDACTED], depreciation and amortization, professional service fees, office expenses, entertainment expenses, travel expenses and others. Employee compensation represented salaries, bonus, employee benefits and share-based compensation paid to administrative employees. [REDACTED] represented expenses in relation to the [REDACTED]. Depreciation and amortization represented the expenses associated with the wear and tear and gradual reduction in value of office equipment charged under administrative expenses. Professional service fees represented costs for services provided by external experts, including legal, consulting, and auditing services. A portion of the professional service fees was attributable to consulting and advisory services related to our strategic initiatives, including corporate governance enhancements and operational improvements, as well as expenses associated with our previous A-share listing attempt, such as legal due diligence, [REDACTED] preparation, and other [REDACTED]-related matters. Office expenses represent the costs associated with the day-to-day operations of our Group, including office supplies, utilities, equipment maintenance, communication services, and other general office-related expenses necessary to support our administrative functions. Entertainment expenses represent the costs incurred for meals and hospitality by our administrative staff during regular business operations. Travel expenses represent costs incurred by employees for administration of our Company, including airfare, accommodations, and other transportation costs.

The following table sets forth a breakdown of administrative expenses in absolute amount and percentage of total administrative expenses for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	(unaudited)									
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Employee compensation	85,459	67.5	99,054	60.9	78,697	50.3	30,849	61.1	26,277	57.5
[REDACTED]	–	–	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and amortization	14,953	11.8	17,706	10.9	17,781	11.4	7,177	14.2	8,299	18.2
Professional service fees	8,563	6.8	19,419	11.9	11,786	7.5	2,683	5.3	1,426	3.1
Office expenses	5,788	4.6	7,014	4.3	9,777	6.2	3,297	6.5	3,103	6.8
Entertainment expenses	4,597	3.6	8,971	5.5	7,153	4.6	2,459	4.9	2,527	5.5
Travel expenses	1,988	1.6	4,312	2.6	4,272	2.7	1,145	2.3	1,194	2.6
Others*	5,168	4.1	6,272	3.9	9,011	5.8	2,412	4.7	720	1.6
Total	126,516	100.0	162,748	100.0	156,470	100.0	50,506	100.0	45,672	100.0

Note:

* Primarily includes testing fees for batteries, property insurance expenses, rent expenses, and utilities.

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Research and Development Expenses

Research and development expenses primarily consist of employee compensation, materials and utilities costs; depreciation and amortization, and others. Employee compensation represented salaries, bonus, shared-based compensation and employee benefits paid to employees involved in the R&D activities. Materials and utilities expenses represented the expense of raw material we used in the process of R&D activities. Depreciation and amortization primarily represented the expenses associated with the depreciation of R&D equipment and facilities.

The following table sets forth a breakdown of research and development expenses in absolute amount and percentage of total research and development expenses for the years/periods indicated.

	For the year ended December 31,						For the five months ended May 31,				
	2022		2023		2024		2024		2025		
	(unaudited)										
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	
Employee compensation	54,865	54.5	62,462	55.4	63,711	57.7	25,482	57.8	25,781	46.7	
Materials and utilities expenses	31,485	31.3	32,548	28.9	25,675	23.2	11,956	27.1	19,669	35.6	
Depreciation and amortization	7,604	7.6	7,573	6.7	12,814	11.6	4,386	9.9	6,448	11.7	
Others*	6,722	6.6	10,220	9.0	8,278	7.5	2,265	5.2	3,351	6.1	
Total	100,676	100.0	112,803	100.0	110,478	100.0	44,089	100.0	55,249	100.0	

Note:

* Primarily includes testing fees for products under development and collaborative R&D expenses.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net represented net impairment losses on financial and contract assets, including trade and bills receivables, other receivables and contract assets. Impairment losses on financial and contract assets, net amounted to RMB22.6 million, RMB6.3 million, RMB19.2 million and RMB0.01 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

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Other Expenses

Other expenses primarily represented property tax, urban land use tax, stamp duty, impairment losses on assets of a disposal group classified as held for sale, and loss on disposal of non-current assets. The following table sets forth a breakdown of other expenses for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	(unaudited)									
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Property tax	4,020	18.7	4,181	12.2	5,012	24.8	1,795	31.7	2,227	19.7
Urban land use tax	4,303	20.0	2,596	7.6	3,772	18.7	1,152	27.4	2,019	17.5
Stamp duty	2,272	10.6	2,833	8.3	2,841	14.1	935	16.5	1,337	11.6
Impairment losses on assets of a disposal group classified as held for sale ⁽¹⁾	–	–	15,747	46.1	–	–	–	–	–	–
Loss on disposal of non-current assets	32	0.1	1,704	5.0	484	2.4	42	0.7	280	2.4
Others ⁽²⁾	10,840	50.6	7,084	20.8	8,060	40.0	1,339	23.7	5,660	48.8
Total	21,467	100.0	34,145	100.0	20,169	100.0	5,663	100.0	11,573	100.0

Notes:

- (1) Represents the impairment loss on assets and liabilities of Huifeng Juneng Technology (Huai'an) Co., Ltd. (“**Huai'an Huifeng Juneng**”) that were held for sale. Assets and liabilities of Huai'an Huifeng Juneng held for sale are recorded at the lower of the cost and net realizable value. We determines the net realizable value of assets and liabilities of Huifeng Juneng Technology held for sale by reference to the estimated sales prices, which takes into account a number of factors including the recent prices of similar business types and disposal consideration negotiated with potential third-party buyers. In 2023, impairment loss on assets and liabilities of ‘Huai’an Huifeng Juneng that were held for sale amounted to RMB15.7 million. See Note 25 to the Accountants’ Report in Appendix I to this document for further details.
- (2) Primarily includes income from financial product investments, futures liquidation gains and losses, income from derecognition of receivables, bank fees, and charitable donations. These items are one-off in nature and were not recurring during the Track Record Period.

Finance Costs

Finance costs include interest costs on bank and other borrowings as well as interest costs on lease liabilities. Finance costs amounted to RMB49.4 million, RMB30.0 million, RMB19.8 million and RMB12.0 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

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Share of Profits and Losses of an Associate

Share of profits and losses of an associate represented our proportionate share of the net income or loss of an associate of our Company. Share of profits and losses of an associate amounted to a loss of RMB0.6 million, a loss of RMB0.5 million, a gain of RMB0.4 million and a gain of RMB0.03 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

Income Tax Expense

Income tax expense amounted to RMB37.6 million, RMB61.0 million, RMB49.4 million and RMB14.7 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. Our Company obtained High and New Technology Enterprise (HNTE) certificate and was subject to a corporate income tax rate of 15% during the Track Record Period and up to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2025 Compared with Five Months Ended May 31, 2024

Revenues

Revenues increased from RMB1,394.2 million in the five months ended May 31, 2024 to RMB1,866.6 million in the five months ended May 31, 2025.

Revenues by Application Scenario

From the perspective of revenues by application scenario, revenues from sales of batteries used in telecom base stations increased from RMB746.8 million in the five months ended May 31, 2024 to RMB792.8 million in the five months ended May 31, 2025, primarily due to increased marked demand, as the sales volume increased from 1,272.6 MWh in the five months ended May 31, 2024 to 1,484.7 MWh in the five months ended May 31, 2025. The average selling price of batteries used in telecom base station slightly decreased from RMB586.8/kWh in the five months ended May 31, 2024 to RMB534.0/kWh in the five months ended May 31, 2025, mainly as a result of (i) our strategic decision to lower prices in order to expand the market and (ii) decrease in the price of raw materials, namely LFP, which is a key component in battery production.

Revenues from sales of batteries used in data centers increased from RMB397.0 million in the five months ended May 31, 2024 to RMB872.9 million in the five months ended May 31, 2025 primarily due to increased marked demand, as the sales volume increased from 758.0 MWh in the five months ended May 31, 2024 to 1,655.3 MWh in the five months ended May 31, 2025. The average selling price of batteries used in data centers remained relatively stable, from RMB523.8/kWh to RMB527.4/kWh.

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Revenues from batteries used in electrical energy storage settings decreased from RMB132.4 million in the five months ended May 31, 2024 to RMB68.7 million in the five months ended May 31, 2025 primarily due to a decrease in sales volume, from 158.0 MWh in the five months ended May 31, 2024 to 86.5 MWh in the five months ended May 31, 2025, which is mainly due to a greater portion of orders secured during the period are expected to be completed and recognized in the second half of 2025. The average selling price of batteries used in electrical energy storage settings slightly decreased from RMB838.0/kWh to RMB794.6/kWh, primarily due to the pricing dynamics, which is in line with market trends, according to Frost & Sullivan.

Revenues from batteries used in other settings decreased from RMB86.6 million in the five months ended May 31, 2024 to RMB80.6 million in the five months ended May 31, 2025 primarily due to a decrease in sales volume from 198.5 MWh in the five months ended May 31, 2024 to 150.4 MWh in the five months ended May 31, 2025, mainly as a result of slower order intake; partially offset by an increase of average selling price from RMB436.0/kWh to RMB535.8/kWh, primarily due to recognition of our brand awareness and product quality.

Revenues by Product

Revenues from sales of lithium-ion batteries increased from RMB435.6 million in the five months ended May 31, 2024 to RMB457.5 million in the five months ended May 31, 2025 primarily due to an increase in sales volume from 517,875 kWh in the five months ended May 31, 2024 to 768,679 kWh in the five months ended May 31, 2025, as a result of increased market demand for our lithium-ion batteries. The increase was partially offset by a decrease in average selling price from RMB841.1/kWh to RMB595.1/kWh, primarily due to a decline in raw material costs and overall market pricing levels.

Revenues from sales of lead-acid batteries increased from RMB927.1 million in the five months ended May 31, 2024 to RMB1,357.5 million in the five months ended May 31, 2025. The increase was due to (i) an increase in sales volume from 1,869.2 MWh in the five months ended May 31, 2024 to 2,608.2 MWh in the five months ended May 31, 2025, as a result of growing demand; (ii) an increase in average selling price from RMB496.0/kWh in the five months ended May 31, 2024 to RMB520.5/kWh in the five months ended May 31, 2025, as a result of (i) our improved recognition of our brand awareness and product quality and (ii) an increase in raw material costs, particularly the prices of lead ingots and battery casings, which is in line with industry trend, according to Frost & Sullivan.

Revenues from others increased from RMB31.5 million in the five months ended May 31, 2024 to RMB51.6 million in the five months ended May 31, 2025.

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Cost of Sales

Cost of sales increased from RMB1,119.1 million in the five months ended May 31, 2024 to RMB1,588.1 million in the five months ended May 31, 2025.

From the perspective of analysis by application scenario, cost of sales for batteries used in telecom base stations increased from RMB582.0 million in the five months ended May 31, 2024 to RMB659.3 million in the five months ended May 31, 2025. The increase in cost of sales for batteries used in telecom base stations was primarily attributable to the increased sales volume of batteries used in telecom base stations, which was generally in line with the increase in revenues from sales of batteries used in telecom base stations. Cost of sales of batteries used in data centers increased from RMB335.4 million in the five months ended May 31, 2024 to RMB753.1 million in the five months ended May 31, 2025. Such an increase was primarily due to the increased sales volume of batteries used in data centers, which was generally in line with the increase in revenues from sales of batteries used in data centers. Cost of sales of batteries used in electrical energy storage settings decreased from RMB102.4 million in the five months ended May 31, 2024 to RMB63.7 million in the five months ended May 31, 2025, primarily due to a decrease in sales volume during the period. Cost of sales of batteries used in other settings decreased from RMB71.1 million in the five months ended May 31, 2024 to RMB64.7 million in the five months ended May 31, 2025.

From the perspective of analysis by product, cost of sales of lithium-ion batteries increased from RMB317.3 million in the five months ended May 31, 2024 to RMB373.5 million in the five months ended May 31, 2025, primarily due to an increase in sales volume of lithium-ion batteries. Cost of sales from sales of lead-acid batteries increased from RMB773.5 million in the five months ended May 31, 2024 to RMB1,167.3 million in the five months ended May 31, 2025, mainly due to (i) the increase in sales volume of lead-acid batteries and (ii) fluctuation of raw material costs, primarily lead ingots and battery casings.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased from RMB275.1 million in the five months ended May 31, 2024 to RMB278.6 million in the five months ended May 31, 2025. Gross profit margin decreased from 19.7% in the five months ended May 31, 2024 to 14.9% in the five months ended May 31, 2025.

Gross Profit and Gross Profit Margin by Application Scenario

From the perspective of gross profit and gross profit margin by application scenario, gross profit from sales of batteries in telecom base stations decreased from RMB164.8 million in the five months ended May 31, 2024 to RMB133.5 million in the five months ended May 31, 2025 while the gross profit margin decreased from 22.1% in the five months ended May 31, 2024 to 16.8% in the five months ended May 31, 2025. The decrease of gross profit margin was primarily due to our strategic decision to lower prices in order to expand the market.

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Gross profit from sales of batteries used in data centers increased from RMB61.6 million in the five months ended May 31, 2024 to RMB119.9 million in the five months ended May 31, 2025, while the gross profit margin decreased from 15.5% in the five months ended May 31, 2024 to 13.7% in the five months ended May 31, 2025. The decrease in gross profit margin was primarily due to our decision to accept competitive pricing in response to prevailing market trends. Batteries used in data centers primarily consist of lead-acid batteries, and the price of lead ingots increased during the period.

Gross profit from batteries used in electrical energy storage settings decreased from RMB30.0 million in the five months ended May 31, 2024 to RMB5.0 million in the five months ended May 31, 2025 while the gross profit margin decreased from 22.7% in the five months ended May 31, 2024 to 7.2% in the five months ended May 31, 2025. The decrease in gross profit margin was primarily due to (i) a decline in sales volume, which weakened economies of scale and led to an increase in per unit cost of production and (ii) downward pricing trend, as driven by industry-wide pricing pressure.

Gross profit from other settings remained stable from RMB15.5 million in the five months ended May 31, 2024 to RMB15.9 million in the five months ended May 31, 2025 and the gross profit margin also remained relatively stable from 17.9% in the five months ended May 31, 2024 to 19.7% in the five months ended May 31, 2025.

Gross Profit and Gross Profit Margin by Product

Gross profit of lithium-ion batteries decreased from RMB11.8 million in the five months ended May 31, 2024 to RMB83.9 million in the five months ended May 31, 2025. Gross profit margin of sales of lithium-ion batteries decreased 27.2% in the five months ended May 31, 2024 to 18.3% in the five months ended May 31, 2025. This decrease was primarily driven by downward trend of market price and intensified market competition, which led to lower average selling prices.

Gross profit of lead-acid batteries increased from RMB153.6 million in the five months ended May 31, 2024 to RMB190.2 million in the five months ended May 31, 2025. Gross profit margin of sales of lead-acid batteries slightly decreased from 16.6% in the five months ended May 31, 2024 to 14.0% in the five months ended May 31, 2025, primarily due to the average selling price of lead-acid batteries increasing at a slower pace than the unit cost.

Gross profit of others increased from RMB3.2 million in the five months ended May 31, 2024 to RMB4.4 million in the five months ended May 31, 2025. Gross profit margin of others decreased from 10.3% in the five months ended May 31, 2024 to 8.5% in the five months ended May 31, 2025, primarily due to we collected and paid for waste from our customers, and then sold it to waste processors. Due to the natural fluctuations in waste prices driven by supply and demand, there was a time lag between collection and sale for a particular batch.

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Other Income and Gains

Other income and gains increased from RMB37.7 million in the five months ended May 31, 2024 to RMB40.5 million in the five months ended May 31, 2025, primarily due to an increase in government grants in the five months ended May 31, 2025.

Selling and Marketing Expenses

Selling and marketing expenses increased from RMB50.1 million in the five months ended May 31, 2024 to RMB53.3 million in the five months ended May 31, 2025. Employee compensation decreased from RMB34.1 million in the five months ended May 31, 2024 to RMB27.2 million in the five months ended May 31, 2025, primarily due to a decrease in the salary of selling and marketing employees. Business development expenses increased from RMB2.7 million in the five months ended May 31, 2024 to RMB8.8 million in the five months ended May 31, 2025, primarily due to increased investment in customer acquisition activities and overseas market expansion. Travel expenses increased from RMB4.2 million in the five months ended May 31, 2024 to RMB6.8 million in the five months ended May 31, 2025, primarily due to increased domestic and international travel related to sales activities and participation in industry exhibitions and client engagement events.

Administrative Expenses

Administrative expenses decreased from RMB50.5 million in the five months ended May 31, 2024 to RMB45.7 million in the five months ended May 31, 2025. Employee compensation decreased from RMB30.8 million in the five months ended May 31, 2024 to RMB22.1 million in the five months ended May 31, 2025, which was primarily due to our initiatives to optimize workforce allocation and enhance operational efficiency within administrative functions. [REDACTED] increased from RMB[REDACTED] million in the five months ended May 31, 2024 to RMB[REDACTED] million in the five months ended May 31, 2025, which was in relation to the [REDACTED] and the [REDACTED].

Research and Development Expenses

Research and development expenses increased from RMB44.1 million in the five months ended May 31, 2024 to RMB55.2 million in the five months ended May 31, 2025. Employee compensation remained stable at RMB25.5 million and 24.1 million in the five months ended May 31, 2024 and 2025, respectively. Materials and utilities costs increased from RMB12.0 million in the five months ended May 31, 2024 to RMB19.7 million in the five months ended May 31, 2025, mainly due to the expansion of research and development activities, which required higher consumption of raw materials and energy.

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Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net, decreased from RMB3.9 million in the five months ended May 31, 2024 to RMB0.01 million in the five months ended May 31, 2025 primarily due to the normalization of credit risk conditions, as no material new impairment indicators were identified in the five months ended May 31, 2025.

Other Expenses

Other expenses increased from RMB5.7 million in the five months ended May 31, 2024 to RMB11.6 million in the five months ended May 31, 2025, primarily due to an increase in property tax and land use tax expenses.

Finance Costs

Finance costs increased from RMB5.6 million in the five months ended May 31, 2024 to RMB12.0 million in the five months ended May 31, 2025, primarily due to (i) an increase in interest expenses as a result of higher borrowings, and (ii) an increase in interests on lease liabilities associated with our manufacturing facility in Malaysia.

Share of Profits and Losses of an Associate

Share of profits and losses of an associate decreased from a gain of RMB0.3 million in the five months ended May 31, 2024 to a gain of RMB0.03 million in the five months ended May 31, 2025.

Income Tax Expense

Income tax expense decreased from RMB21.3 million in the five months ended May 31, 2024 to RMB14.7 million in the five months ended May 31, 2025, which was attributed to (i) a decrease in profit before tax, resulting in lower taxable income, and (ii) an increase in research and development expenses, which led to a lower effective tax rate due to additional super-deduction incentives.

Profit for the Period

As a result of the above, profit for the period decreased from RMB139.7 million in the five months ended May 31, 2024 to RMB126.7 million in the five months ended May 31, 2025.

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YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenues

Revenues increased from RMB4,259.8 million in 2023 to RMB4,498.5 million in 2024.

Revenues by Application Scenario

From the perspective of revenues by application scenario, revenues from sales of batteries used in telecom base stations decreased from RMB2,464.0 million in 2023 to RMB2,299.4 million in 2024. Sales volume of batteries used in telecom base stations increased from 3,648.9 MWh in 2023 to 4,046.3 MWh in 2024, which was in turn due to the increase in demand of battery products used in telecom base station by our customers. The average selling price of batteries used in telecom base stations decreased from RMB675.3/kWh in 2023 to RMB568.3/kWh in 2024, primarily due to the decrease in the price of raw materials, namely LFP, which is a key component in battery production. The decrease in the price of LFP, driven by improved production efficiencies, increased supply, and a reduction in cost of raw material across the supply chain, directly lowered the manufacturing cost of batteries. As a result, this enabled manufacturers, including us, to adjust pricing to remain competitive in the market.

Revenues from sales of batteries used in data centers increased from RMB899.9 million in 2023 to RMB1,391.9 million in 2024, which was due to an increase in demand of batteries used in data centers, evidenced by the increase in sales volume of batteries used in data centers from 1,636.0 MWh in 2023 to 2,656.4 MWh in 2024. The increase in sales volume of batteries used in data centers was due to the rising demand driven by the rapid development of AI and cloud computing. These technological advancements have significantly increased the need for robust data storage and processing capabilities, leading to a higher demand for reliable battery solutions in data centers. Average selling price of batteries used in data centers decreased from RMB550.1/kWh in 2023 to RMB524.0/kWh in 2024, primarily because we strategically maintained a relatively competitive average selling price for batteries used in data centers to preserve relationships with our customers and take effort to maintain and promote our position as a leader in the market.

Revenues from batteries used in electrical energy storage settings decreased from RMB488.0 million in 2023 to RMB450.8 million in 2024. Sales volume of batteries used in electrical energy storage settings increased from 482.2 MWh in 2023 to 597.7 MWh in 2024. The increase in sales volume was due to increase in demand of our batteries used in electrical energy storage settings by our customers. Average selling price of batteries used in electrical energy storage settings decreased from RMB1,012.0/kWh in 2023 to RMB754.3/kWh in 2024, primarily as a result of the decrease in prices of raw material, namely LFP, which is generally in line with the industry trend, according to Frost & Sullivan. The decrease in the price of LFP enabled manufacturers, including us, to adjust pricing to remain competitive in the market.

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Revenues from batteries used in other settings decreased from RMB339.9 million in 2023 to RMB261.1 million in 2024, which was primarily due to the decrease in sales volume of batteries used in other settings. Sales volume of batteries used in other settings decreased from 739.3 MWh in 2023 to 546.8 MWh in 2024, due to the decrease in orders placed by our customers in relation to batteries used in other settings. The average selling price of batteries used in other settings remained stable at RMB459.7/kWh in 2023 and RMB477.5/kWh in 2024.

Revenues by Product

Revenues from sales of lithium-ion batteries decreased from RMB1,854.6 million in 2023 to RMB1,496.0 million in 2024, which in turn was due to the decrease in average selling price of lithium-ion batteries which also decreased from RMB979.2/kWh in 2023 to RMB698.6/kWh in 2024 which was in turn primarily due to the decreases in the market price of lithium-ion batteries and the price of raw materials. According to Frost & Sullivan, the market price of lithium-ion batteries decreased from RMB1.09/Wh in 2023 to RMB0.63/Wh in 2024, and the market price of lithium carbonate decreased from RMB272.3 thousand per ton in 2023 to RMB95.9 thousand per ton in 2024. Sales volume of lithium-ion batteries increased from 1,894.0 MWh in 2023 to 2,141.5 MWh in 2024, which was primarily due to increase in demand of our lithium-ion batteries by our customers.

Despite the relatively stable demand of lithium-ion batteries applied in telecom stations in 2024 compared in 2023, we believe that lithium ion batteries has huge growth potential in big data and telecom applications. With the rapid expansion of global data centers and their increasing adoption of lithium-ion batteries, driven by lithium-ion batteries’ intelligent battery capacity management and longer life cycle to handle peak shaving and valley filling, supporting the sustainable electricity supply, the lithium-ion batteries applied in data center are expected to reach 173.1 GWh in 2030, representing a CAGR of 106.3% from 1.1 GWh in 2023. According to Frost & Sullivan, in 2024, we ranked the first among global telecom and data center energy storage battery providers in terms of shipment volume, achieving a market share of 11.1%. We believe we are well positioned to capture the growing market demand of lithium-ion batteries and achieve future growth.

Revenues from sales of lead-acid batteries increased from RMB2,337.2 million in 2023 to RMB2,907.2 million in 2024. Average selling price of lead-acid batteries remained stable at RMB506.7/kWh in 2023 and RMB509.5/kWh in 2024. According to Frost & Sullivan, despite the increasing raw materials costs of lead ingots, the market price of lead-acid batteries remained relatively stable at RMB0.51/Wh and RMB0.54/Wh in 2023 and 2024, respectively. Given the relatively stable market price of lead-acid batteries, it is our business decision not to increase in our selling price of lead-acid batteries to maintain and promote leading market share in the energy storage business for big-data and telecommunication industries, especially the lead-acid batteries applied in data centers, despite of the increased raw material costs. The selling price of our batteries sold to customers under framework sales agreement is also subject to the price adjustment mechanism. For details, see “Business — Sales, Marketing and Customers — Pricing”

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in this document. The adjustment in the selling price of our lead-acid batteries under the price adjustment mechanism, balanced with our price strategy to accept more competitive base prices, resulted in the average selling price of our lead-acid batteries remaining relatively stable in 2024. Sales volume of lead-acid batteries increased from 4,612.3 MWh in 2023 to 5,705.7 MWh in 2024 due to the increase in demand of lead-acid batteries, particularly for batteries used in data centers.

Revenues from others increased from RMB68.0 million in 2023 to RMB95.3 million in 2024, which was primarily due to an increase in the sales volume of waste materials generated during our lead-acid battery production process.

Cost of Sales

Cost of sales increased from RMB3,393.0 million in 2023 to RMB3,747.6 million in 2024 primarily due to an increase in sales volume, which correspondingly led to an increase in associated costs.

From the perspective of analysis by application scenario, cost of sales for batteries used in telecom base stations decreased from RMB1,885.6 million in 2023 to RMB1,829.0 million in 2024. The decrease in cost of sales for batteries used in telecom base stations was primarily attributable to the decrease in price of raw material, partially offset by the increase in sales volume of batteries used in telecom base stations. Cost of sales of batteries used in data centers increased from RMB730.0 million in 2023 to RMB1,200.8 million in 2024. Such an increase was primarily due to the increased sales volume of batteries used in data centers, which was generally in line with the increase in revenues from sales of batteries used in data centers. Cost of sales of batteries used in electrical energy storage settings remained stable at RMB406.5 million in 2023 and RMB410.4 million in 2024. Cost of sales of batteries used in other settings decreased from RMB308.4 million in 2023 to RMB214.9 million in 2024, which was also primarily due to the decrease in sales volume of batteries.

From the perspective of analysis by product, cost of sales from sales of lithium-ion batteries decreased from RMB1,430.2 million in 2023 to RMB1,188.3 million in 2024 primarily due to the decrease in price of raw material, partially offset by in the increase in sales volume of lithium-ion batteries. Cost of sales from sales of lead-acid batteries increased from RMB1,900.4 million in 2023 and RMB2,466.8 million in 2024 due to the increase in sales volume of lead-acid batteries.

Cost of sales of others increased from RMB62.5 million in 2023 to RMB92.5 million in 2024 primarily due to the increase in the volume of wastes.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit decreased from RMB866.8 million in 2023 to RMB750.9 million in 2024. Gross profit margin decreased from 20.3% in 2023 to 16.7% in 2024.

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Gross Profit and Gross Profit Margin by Application Scenario

From the perspective of gross profit and gross profit margin by application scenario, gross profit from sales of batteries in telecom base stations decreased from RMB578.4 million in 2023 to RMB470.3 million in 2024, and the gross profit margin decreased from 23.5% in 2023 to 20.5% in 2024. This was primarily driven by a decrease in the gross profit margin of lead-acid batteries, resulting from an increase in raw material costs.

Gross profit from sales of batteries used in data centers decreased from RMB169.9 million in 2023 to RMB191.1 million in 2024, and the gross profit margin decreased from 18.9% in 2023 to 13.7% in 2024. This decrease was primarily driven by an increase in raw material costs, particularly lead ingots. Additionally, the decrease in gross profit margin was influenced by our decision to accept competitive pricing in response to prevailing market trends.

Gross profit from batteries used in electrical energy storage settings decreased from RMB81.5 million in 2023 to RMB40.4 million in 2024, while the gross profit margin decreased from 16.7% in 2023 to 9.0% in 2024. The decrease in gross profit margin was primarily attributed to a decrease in the average selling price of batteries used in electrical energy storage settings. In response to the competitive landscape in the electrical energy storage market, we aligned the average selling prices of our batteries used in electrical energy storage settings with the market price, resulting in the decreased gross profit margin in 2024.

Gross profit from other settings increased from RMB31.4 million in 2023 to RMB46.2 million in 2024, and the gross profit margin increased from 9.3% in 2023 to 17.7% in 2024. The increase in gross profit margin was primarily attributed to our strategic focus on partnering with valued customers. By providing tailored solutions and high-quality products, we were able to enhance efficiency and value, resulting in the increase in gross profit margin.

Gross Profit and Gross Profit Margin by Product

Gross profit of lithium-ion batteries decreased from RMB424.4 million in 2023 to RMB307.7 million in 2024. Gross profit margin of sales of lithium-ion batteries decreased from 22.9% in 2023 to 20.6% in 2024. This decrease was primarily driven by competition in the electrical energy storage market, resulting in a decrease in gross profit margin of batteries used in electrical energy storage settings.

Gross profit of lead-acid batteries remained stable at RMB436.9 million in 2023 and RMB440.4 million in 2024. Gross profit margin of sales of lead-acid batteries decreased from 18.7% in 2023 to 15.1% in 2024 due to the fluctuation in price of raw materials. According to Frost & Sullivan, lead ingots, the primary raw material for lead-acid batteries, account for approximately 60.0% of their total production cost, making them a significant factor in determining battery prices. In 2024, the average price of lead ingots increased to RMB16,858.8 per ton, driven by the growing demand for lead.

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Gross profit of others decreased from RMB5.5 million in 2023 to RMB2.8 million in 2024. Gross profit margin of others decreased from 8.1% in 2023 to 2.9% in 2024. We collected and paid for waste from our customers, and then sold it to waste processors. The purchase price of the waste is determined based on the market price in the month it is collected and recorded as a cost of sales. The sales price is determined based on the market price in the month it is sold and recorded as revenue. Due to the natural fluctuations in waste prices driven by supply and demand, there was a time lag between collection and sale for a particular batch.

Other Income and Gains

Other income and gains increased from RMB77.7 million in 2023 to RMB115.6 million in 2024, primarily due to an increase in additional VAT deduction from RMB0.8 million in 2023 to RMB40.6 million in 2024, due to the additional 5% deduction calculated based on the input VAT from the VAT payable enjoyed by certain companies within our Group and partially offset by a decrease in interest income from RMB19.3 million in 2023 to RMB14.8 million in 2024 due to a decrease in interest rate, and a decrease in foreign exchange gains of RMB12.3 million in 2023 to RMB10.6 million in 2024, which in turn was primarily due to fluctuations in the exchange rate between the U.S. dollar and RMB.

Selling and Marketing Expenses

Selling and marketing expenses decreased from RMB151.8 million in 2023 to RMB138.0 million in 2024, primarily due to a decrease in employee compensation from RMB102.8 million in 2023 to RMB74.6 million in 2024, which was attributable to improved efficiency and lower incentive compensation. Travel expenses increased from RMB14.7 million in 2023 to RMB16.3 million in 2024, which was due to an increase in sales-related travel overseas. Advertising and promotional expenses increased from RMB7.2 million in 2023 to RMB14.2 million in 2024 which was in turn due to a higher number of overseas exhibitions, leading to increased advertising and promotional expenses.

Administrative Expenses

Administrative expenses decreased from RMB162.7 million in 2023 to RMB156.5 million in 2024. Employee compensation decreased from RMB99.1 million in 2023 to RMB78.7 million in 2024 which was primarily due to our initiatives to optimize workforce allocation and enhance operational efficiency within administrative functions. [REDACTED] increased from [REDACTED] in 2023 to RMB[REDACTED] million in 2024, which was in relation to the [REDACTED] and the [REDACTED]. Professional service fees decreased from RMB19.4 million in 2023 to RMB11.8 million in 2024 due to the procurement of professional service in 2023 in relation to the listing attempt of our Shares on the Shenzhen Stock Exchange. The listing application was withdrawn in 2024.

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Research and Development Expenses

Research and development expenses decreased from RMB112.8 million in 2023 to RMB110.5 million in 2024. Employee compensation remained stable at RMB62.5 million in 2023 and RMB63.7 million in 2024. Materials and utilities costs decreased from RMB32.5 million in 2023 to RMB25.7 million in 2024, due to a decrease in the cost of raw material associated with R&D activities which was in turn due to the decrease in raw material prices and our improved R&D efficiency, which allowed for the use of less material in our R&D activities.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net increased from RMB6.3 million in 2023 to RMB19.2 million in 2024 due to the increase in impairment of trade and bills receivables as a result of our increasing trade and bills receivables balance as of December 31, 2024.

Other Expenses

Other expenses decreased from RMB34.1 million in 2023 to RMB20.2 million in 2024, primarily due to the decrease in impairment losses on assets of a disposal group classified as held for sale from RMB15.7 million in 2023 to nil in 2024.

Finance Costs

Finance costs decreased from RMB30.0 million in 2023 to RMB19.8 million in 2024, primarily due to the decrease in interest and principals of bank and other borrowings.

Share of Profits and Losses of an Associate

Share of profits and losses of an associate increased from a loss of RMB0.5 million in 2023 to a gain of RMB0.4 million in 2024 due to the increase in profit from such associate.

Income Tax Expense

Income tax credit/(expense) decreased from RMB61.0 million in 2023 to RMB49.4 million in 2024, which was attributed to the decreased net profit before income tax during the year.

Profit for the Year

As a result of the above, profit for the year decreased from RMB385.2 million in 2023 to RMB353.3 million in 2024.

Year Ended December 31, 2023 Compared With Year Ended December 31, 2022

Revenues

Revenues increased from RMB4,072.5 million in 2022 to RMB4,259.8 million in 2023.

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Revenues by Application Scenario

Revenues from sales of batteries used in telecom base stations decreased from RMB2,641.0 million in 2022 to RMB2,464.0 million in 2023, which was in turn due to the decrease in sales volume of batteries used in telecom base stations from 4,252.8 MWh in 2022 to 3,648.9 MWh in 2023 as a result of the slowdown in new telecom base station construction. Average selling price of batteries used in telecom base stations increased from RMB621.0/kWh in 2022 to RMB675.3/kWh in 2023, primarily resulted from our ability to charge higher price from our customers due to the supply-demand dynamics and in recognition of our brand awareness and product quality.

Revenues from sales of batteries used in data centers increased from RMB764.8 million in 2022 to RMB899.9 million in 2023, which was in turn due to an increase in demand of batteries used in data centers, evidenced by the increase in sales volume of batteries used in data centers from 1,397.3 MWh in 2022 to 1,636.0 MWh in 2023. Increase in sales volume of batteries used in data centers was in turn due to the supply-demand dynamics, which allowed us to capitalize on the growing market demand and secure a larger market share. Average selling price of batteries used in data centers remained stable at RMB547.4/kWh in 2022 and RMB550.1/kWh in 2023.

Revenues from electrical energy storage increased from RMB302.4 million in 2022 to RMB488.0 million in 2023, which was primarily due to the increase in sales volume from 329.4 MWh in 2022 to 482.2 MWh in 2023 and the increase in average selling price from RMB918.0/kWh to RMB1,012.0/kWh. The increase in sales volume was due to our entry into new markets and creating new products to cater to various customer requirements. Increase in the average selling price was primarily due to the change in the structure of the products sold, as we sold more batteries at higher selling price.

Revenues from other settings increased from RMB281.9 million in 2022 to RMB339.9 million in 2023, which was primarily due to the increase in sales volume and average selling price. Sales volume of batteries used in other settings increased from 613.4 MWh in 2022 to 739.3 MWh in 2023 due to the supply-demand dynamics and the positive perception of our brand and product reliability by customers, allowing us to successfully secure more orders. Average selling price of batteries used in other settings remained stable at RMB459.6/kWh in 2022 and RMB459.7/kWh in 2023.

Revenues by Product

From the perspective of revenues by product, increase in revenues was primarily due to the increase in revenues from sales of lithium-ion batteries from RMB1,568.5 million in 2022 to RMB1,854.6 million in 2023, which in turn due to an increase in demand of lithium-ion batteries, evidenced by the increase in sales volume of lithium-ion batteries increased from 1,654.1 MWh in 2022 to 1,894.0 MWh in 2023. Average selling price of lithium-ion batteries remained stable at RMB948.3/kWh in 2022 and RMB979.2/kWh in 2023.

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Revenues from sales of lead-acid batteries remained stable at RMB2,421.6 million in 2022 and RMB2,337.2 million in 2023. Sales volume of lead-acid batteries decreased from 4,938.9 MWh in 2022 to 4,612.3 MWh in 2023, which was primarily due to the decrease in demand of lead-acid batteries. Average selling price of lead-acid batteries remained stable at RMB490.3/kWh in 2022 and RMB506.7/kWh in 2023.

Revenues from others decreased from RMB82.3 million in 2022 to RMB68.0 million in 2023, which was primarily due to a decrease in the volume of wastes.

Cost of Sales

Cost of sales remained stable at RMB3,382.9 million in 2022 and RMB3,393.0 million in 2023 primarily due to our ability to control cost efficiencies while simultaneously increasing sales volume and revenues.

From the perspective of analysis by application scenario, cost of sales batteries used in telecom base stations decreased from RMB2,216.4 million in 2022 to RMB1,885.6 million in 2023. Such a decrease was primarily due to the decreased sales volume of batteries used in telecom base stations. Cost of sales of batteries used in data centers increased from RMB634.0 million in 2022 to RMB730.0 million in 2023. Such an increase was primarily due to the increased sales volume of batteries used in data centers. Cost of sales of batteries used in electrical energy storage settings increased from RMB233.8 million in 2022 to RMB406.5 million in 2023, which was primarily due to the increased sales volume of batteries used in electrical energy storage settings. Cost of sales of batteries used in other settings increased from RMB233.0 million in 2022 to RMB308.4 million in 2023, which was primarily due to the increase in sales volume of batteries used in other settings.

From the perspective of analysis by product, cost of sales from sales of lithium-ion batteries increased from RMB1,279.1 million in 2022 to RMB1,430.2 million in 2023 primarily due to an increase in sales volume of lithium-ion batteries. Cost of sales from sales of lead-acid batteries decreased from RMB2,028.2 million in 2022 to RMB1,900.4 million in 2023 primarily due to a decrease in sales volume of lead-acid batteries.

Cost of sales of others decreased from RMB75.6 million in 2022 to RMB62.5 million in 2023, primarily due to the decrease in the sales volume of battery wastes.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased from RMB689.6 million in 2022 to RMB866.8 million in 2023. Gross profit margin increased from 16.9% in 2022 to 20.3% in 2023.

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Gross Profit and Gross Profit Margin by Application Scenario

From the perspective of gross profit and gross profit margin by application scenario, gross profit from sales of batteries in telecom base stations increased from RMB424.6 million in 2022 to RMB578.4 million in 2023, while the gross profit margin increased from 16.1% in 2022 to 23.5% in 2023. Such an increase was primarily due to the increase in average selling price of batteries in telecom base stations and our ability to reduce costs and enhance production efficiency. We invested in advanced technologies and automation, which significantly lowered manufacturing costs and improved overall operational efficiency.

Gross profit from sales of batteries in data centers increased from RMB130.8 million in 2022 to RMB169.9 million in 2023, while the gross profit margin increased from 17.1% in 2022 to 18.9% in 2023. Such an increase was primarily due to the growing demand for data storage and processing capabilities, driven by the expansion of cloud computing, and artificial intelligence applications. This surge in demand led to higher sales volumes of batteries in data centers and allowed us to benefit from economies of scale, as the higher sales volume allowed us to reduce per-unit costs and improve operational efficiency.

Gross profit from electrical energy storage settings increased from RMB68.6 million in 2022, to RMB81.5 million in 2023, while the gross profit margin decreased from 22.7% in 2022 to 16.7% in 2023. This decrease in gross profit margin was primarily due to a change in the structure of the products sold, as we sold more batteries in electrical energy storage settings at higher selling price but lower gross profit margin in recognition of our customer expansion needs.

Gross profit from other settings decreased from RMB58.9 million in 2022 to RMB31.4 million in 2023, while the gross profit margin decreased from 20.9% in 2022 to 9.3% in 2023 as a result of changes in our product mix. We sold more batteries in others settings at higher prices but with lower gross profit margins in 2023.

Gross Profit and Gross Profit Margin by Product

From the perspective of gross profit and gross profit margin by product, gross profit of lithium-ion batteries increased from RMB289.4 million in 2022 to RMB424.4 million in 2023. Gross profit margin of sales of lithium-ion batteries increased from 18.5% in 2022 to 22.9% in 2023. Increase in gross profit margin of sales of lithium-ion batteries was in turn primarily due to the strong reputation our brand and products have with customers. Gross profit of lead-acid batteries increased from RMB393.5 million in 2022 to RMB436.9 million in 2023. Gross profit margin of sales of lead-acid batteries increased from 16.2% in 2022 to 18.7% in 2023. This increase was primarily due to our efforts to reduce costs, including optimizing the supply chain and improving production efficiencies, which lowered the overall cost of production of lead-acid batteries.

Gross profit of others decreased from RMB6.7 million in 2022 to RMB5.5 million in 2023. Gross profit margin of others remained stable at 8.2% in 2022 and 8.1% in 2023, respectively.

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Other Income and Gains

Other income and gains increased from RMB50.6 million in 2022 to RMB77.7 million in 2023 primarily due to an increase in interest income from RMB3.4 million in 2022 to RMB19.3 million in 2023, an increase in governmental subsidies from RMB25.1 million in 2022 to RMB36.4 million in 2023, which was in turn due to enhanced government support for sustainable energy initiatives and increased funding for technological innovation in the energy storage industry; partially offset by a decrease in foreign exchange gains of RMB17.5 million in 2022 to RMB12.3 million in 2023, which in turn was due to fluctuations in the exchange rate between the U.S. dollar and the Chinese yuan.

Selling and Marketing Expenses

Selling and marketing expenses increased from RMB100.3 million in 2022 to RMB151.8 million in 2023 primarily due to an increase in employee compensation from RMB70.3 million in 2022 to RMB102.8 million in 2023, which was generally in line with our business expansion from 2022 to 2023. Travel expenses increased from RMB8.6 million in 2022 to RMB14.7 million in 2023 which was due to the lifting of travel restrictions following the end of the COVID-19 pandemic, which led to an increase in sales-related travel.

Administrative Expenses

Administrative expenses increased from RMB126.5 million in 2022 to RMB162.7 million in 2023, primarily due to the increase in employee compensation RMB85.5 million in 2022 to RMB99.1 million in 2023, which was generally in line with our business expansion in 2023, and the increase in professional service fees from RMB8.6 million in 2022 to RMB21.0 million in 2023, which was in turn attributed to the preparation of the listing attempt of our Shares on the Shenzhen Stock Exchange.

Research and Development Expenses

Research and development expenses increased from RMB100.7 million in 2022 to RMB112.8 million in 2023, primary due to the increase in the employee compensation from RMB54.9 million in 2022 to RMB62.5 million in 2023, and the increase in material and utility costs, which was generally in line with our research development during the corresponding years.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net changed from a loss of RMB22.6 million in 2022 to a loss of RMB6.3 million in 2023, primarily due to a decrease in impairment losses on accounts receivable from RMB21.5 million in 2022 to RMB5.3 million in 2023, which was in turn due to our enhanced credit control measures and improved collection processes.

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Other Expenses

Other expenses increased from RMB21.5 million in 2022 to RMB34.1 million in 2023, primarily due to an increase in impairment losses on assets of a disposal group classified as held for sale, which represented the impairment loss of assets and liabilities of Huai'an Huifeng Juneng, which was classified as a disposal group held for sale.

Finance Costs

Finance costs decreased from RMB49.4 million in 2022 to RMB30.0 million in 2023, primarily due to the decrease in interest on bank and other borrowings to optimize our capital structure.

Share of Profits and Losses of an Associate

Share of profits and losses of an associate generally remained stable at RMB0.6 million in 2022 and RMB0.5 million in 2023.

Income Tax Credit/(Expense)

Income tax expense increased from a tax expense of RMB37.6 million in 2022 to RMB61.0 million in 2023, which was attributed to the increase in profit before tax of RMB318.7 million in 2022 and RMB446.2 million in 2023.

Profit for the Year

As a result of the above, profit for the year increased from RMB281.0 million in 2022 to RMB385.2 million in 2023.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE 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,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current Assets				
Property, plant and equipment	832,046	1,084,247	1,217,124	1,181,807
Right-of-use assets	135,628	156,706	165,108	163,327
Other intangible assets	7,352	7,149	8,321	7,788
Investment in an associate	16,813	16,338	16,766	16,798
Prepayments, other receivables and other assets	2,686	7,144	2,358	1,748
Contract assets	6,908	8,410	13,154	13,284
Deferred tax assets	46,496	67,188	74,113	81,479
Restricted cash	—	35,392	23,567	24,401
Total non-current assets	1,047,929	1,382,574	1,520,511	1,490,542
Current assets				
Inventories	536,962	459,234	513,506	773,779
Trade and bills receivables	1,862,211	1,609,318	2,318,281	2,386,563
Contract assets	1,608	7,020	546	729
Prepayments, other receivables and other assets	82,730	63,930	85,290	127,041
Financial assets at fair value through profit or loss	—	—	86,000	—
Debt investments at fair value through other comprehensive income	6,909	15,655	3,073	2,225
Derivative financial instruments	—	—	3,355	—
Restricted cash	228,740	303,497	235,134	214,592
Cash and cash equivalents	270,264	479,040	395,234	616,940
Assets of a disposal group classified as held for sale	—	7,634	—	—
Total current assets	2,989,424	2,945,328	3,640,419	4,122,920

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	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES				
Current liabilities				
Trade and bills payables	701,876	837,172	973,979	1,225,637
Other payables and accruals	411,361	413,314	558,678	525,392
Derivative financial instruments	–	–	842	489
Contract liabilities	36,778	63,014	39,640	39,897
Interest-bearing bank and other borrowings	944,845	410,528	673,333	847,726
Deferred government grants	12,817	17,633	20,878	20,992
Lease liabilities	5,128	6,496	8,017	6,802
Tax payable	25,666	29,670	27,908	8,971
Due to related parties	4,834	3,771	5,720	10,993
Provisions	7,300	7,794	7,158	7,893
Liabilities directly associated with the assets classified as held for sale	–	1,472	–	–
Total current liabilities	2,150,605	1,790,864	2,316,153	2,694,792
Net current assets	838,819	1,154,464	1,324,266	1,428,128
Total assets less current liabilities	1,886,748	2,537,038	2,844,777	2,918,670
Non-current liabilities				
Interest-bearing bank and other borrowings	51,200	297,425	255,404	259,270
Deferred government grants	73,252	118,490	161,621	156,722
Lease liabilities	4,864	3,893	8,597	8,306
Provisions	29,304	32,069	31,694	33,900
Total non-current liabilities	158,620	451,877	457,316	458,198
Net assets	1,728,128	2,085,161	2,387,461	2,460,472
Equity				
Share capital	358,269	358,269	358,269	358,269
Other reserves	1,369,859	1,726,892	2,029,192	2,102,203
	1,728,128	2,085,161	2,387,461	2,460,472
Total equity	1,728,128	2,085,161	2,387,461	2,460,472

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Assets

Property, Plant and Equipment

Property, plant and equipment primarily consist of buildings, plants, machinery, office equipment, and construction in progress. Property, plant and equipment increased from RMB832.0 million as of December 31, 2022 to RMB1,084.2 million as of December 31, 2023, mainly in line with the expansion and construction progress of our plant. This increase was primarily due to the expansion in our buildings, plants, and machinery, as there were related investments starting with the construction of a plant in Xiangyang, Hubei in May 2023. Property, plant and equipment increased further to RMB1,217.1 million as of December 31, 2024, which was primarily due to the commissioning and investment the construction of the plant in Xiangyang, Hubei. Our property, plants and equipment slightly decreased to RMB1,181.8 million, primarily due to ongoing capital expenditures recorded under construction in progress in Malaysia.

Right-of-Use Assets

Right-of-use assets mainly related to leased premises of plants, warehouses, and offices. Right-of-use assets increased from RMB135.6 million as of December 31, 2022 to RMB156.7 million as of December 31, 2023, mainly due to the increase in the carrying value of leasehold land. Right-of-use assets further increased to RMB165.1 million as of December 31, 2024, mainly due to the addition of new leased plants. Right-of-use assets remained relatively stable at RMB163.2 million as of May 31, 2025.

Other Intangible Assets

Other intangible assets mainly represented intellectual properties in connection with our business operation. Other intangible assets remained stable at RMB7.4 million as of December 31, 2022 and RMB7.1 million as of December 31, 2023. Other intangible assets further increased to RMB8.3 million as of December 31, 2024, mainly due to the enhancements made to our ERP system and other softwares in relation to our daily operation. Other intangible assets remained stable at RMB7.8 million as of May 31, 2025.

Investment in an Associate

Investment in an associate mainly related to our holding of an 18% equity stake in Shuangdeng Tianpeng. Investment in an associate remained stable at RMB16.8 million, RMB16.3 million, RMB16.8 million and RMB16.8 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively.

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Prepayments, Other Receivables and Other Assets

Prepayments, other receivables, and other assets mainly related to prepaid value-added tax and prepayments for the purchase of raw material such as lead ingots, lead alloys and lithium iron phosphate, which are necessary for our daily operations, as well as deposits, and other receivables. The following table sets forth breakdown of prepayments, other receivables, and other assets as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments, other receivables and other assets				
Non-current portion	2,686	7,144	2,358	1,748
Current portion	82,730	63,930	85,290	127,041
Total	85,416	71,074	87,648	128,789

Prepayments, other receivables and other assets decreased from RMB85.4 million as of December 31, 2022 to RMB71.1 million as of December 31, 2023, mainly due to a decrease in prepayments of raw materials to our suppliers from RMB66.8 million as of December 31, 2022 to RMB27.0 million as of December 31, 2023. Prepayments, other receivables and other assets increased to RMB87.6 million as of December 31, 2024, mainly due to an increase in prepayments for value-added tax and security deposits. Prepayments, other receivables and other assets increased to RMB128.8 million as of May 31, 2025, primarily as a result of an increase in prepayments for procurement of energy storage batteries sector and a rise in other assets related to our Hubei facility.

As of July 31, 2025, RMB32.3 million, or 25.1%, of our prepayments, other receivables and other assets outstanding as of May 31, 2025, had been subsequently settled or utilized.

Deferred Tax Assets

Deferred tax assets primarily represented credit impairment provisions, asset impairment provisions, deductible losses, and deferred income. Deferred tax assets amounted to RMB46.5 million, RMB67.2 million, RMB74.1 million and RMB81.5 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025. The movement of deferred tax assets during the Track Record Period was primarily due to changes in impairment provisions, recognition and utilization of deductible losses and timing differences related to deferred government grants and accrued expenses.

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Inventories

Inventories primarily include raw material, work-in-progress and finished goods. Inventories decreased from RMB537.0 million as of December 31, 2022 to RMB459.2 million as December 31, 2023, mainly due to the decrease in raw material. Inventories increased to RMB513.5 million as of December 31, 2024 due to the increase in stocking of work-in-progress and finished goods as well as the decrease in impairment allowance. Inventories increased to RMB773.8 million as of May 31, 2025, primarily due to an increase in stocking of work-in-progress and finished goods.

The provision for inventory impairment is based on a detailed assessment of the net realizable value of inventory items compared to their carrying amounts. This process involves evaluating market conditions, including fluctuations in raw material prices, and considering factors such as demand forecasts and obsolescence risks. The provision for impairment loss recognized of inventories amounted to RMB14.8 million, RMB53.8 million, RMB31.5 million and RMB31.0 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. The increases in provision for impairment loss of inventories in 2023 were primarily due to the fluctuation of the price of raw materials, which led to a decrease in the recoverable amount of inventories to below their carrying amount. The provision for impairment loss decreased in 2024 as the market price of raw materials was less volatile in 2024 compared to 2023, which resulted in a decrease in the differences between the net recoverable amount of inventory and its carrying amount. The provision for impairment loss remained stable as of May 31, 2025. For details of fluctuation on raw material prices, see “Industry Overview — Battery and Raw Materials Price Analysis” in this document.

The following table sets forth inventory turnover days for the years/periods indicated.

	Year Ended December 31,			As of May 31,
	2022	2023	2024	2025
Inventory turnover days*	52.2	52.8	46.7	60.8

Note:

* Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that year/period divided by the corresponding cost of sale for the year/period, multiplied by 360 days or 150 days for a year/period.

Inventory turnover days remained stable at 52.2 days in 2022 and 52.8 days in 2023. Inventory turnover days decreased to 46.7 days in 2024 due to our improved inventory utilization efficiency. Inventory turnover days slightly increased to 60.8 days in the five months ended May 31, 2025, mainly due to higher inventory levels maintained to support rising customer demands.

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The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	530,024	456,056	510,731	764,245
7 to 12 months	6,938	3,178	2,775	9,534
Above 1 year	—	—	—	—
Total	536,962	459,234	513,506	773,779

As of July 31, 2025, RMB545.4 million, or 70.5%, of our inventories outstanding as of May 31, 2025, had been subsequently sold or utilized.

Trade and Bills Receivables

We had trade and bills receivables of RMB1,862.2 million, RMB1,609.3 million, RMB2,318.3 million and RMB2,386.6 million as of December 31, 2022, 2023, 2024, and May 31, 2025. Trade receivables and bills receivables primarily represented the outstanding amounts due from customers in connection with the products we provide. The table below sets forth breakdowns of trade, bills and other receivables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,876,808	1,601,100	2,303,208	2,386,187
Bills receivables	71,384	84,467	108,186	91,646
Less: Impairment loss allowance for trade and bills receivables	(85,981)	(76,249)	(93,113)	(91,270)
Total	1,862,211	1,609,318	2,318,281	2,386,563

Trade receivables mainly related to sales made to customers in the telecom and data centers industries. These receivables represent amounts owed by customers for batteries delivered rendered in the ordinary course of our business. Trade receivables decreased from RMB1,876.8 million as of December 31, 2022 to RMB1,601.1 million as of December 31, 2023, mainly due to the improved collection of receivables as we implemented more stringent credit control and collection practices, resulting in more timely payments from customers and a reduction in outstanding receivables. Trade receivables increased to RMB2,303.2 million as of December 31, 2024. As market demand continued to grow over 2024, especially for batteries used in data centers, we recorded higher portion of revenues in the six months ended December 31, 2024, compared to the six months ended December 31, 2023. Normally, revenues generated in the second half of a year are not due as of the year-end, resulting in an increase in trade receivables balance as of December 31, 2024. Trade receivables increased to RMB2,386.2 million as of May 31, 2025, mainly due to an increase in revenue, which led to a corresponding rise in outstanding receivables.

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Bills receivables mainly related to commercial transactions with customers made through bank acceptance bills. Bills receivables increased from RMB71.4 million as of December 31, 2022 to RMB84.5 million as of December 31, 2023, mainly due to higher sales volumes and an increase in payments made through bank acceptance bills. Bills receivables further increased to RMB108.2 million as of December 31, 2024, mainly due to an increase in customer payments made through bank acceptance bills. Bills receivables decreased to RMB91.6 million as of May 31, 2025, mainly due to a shift in customer payment preferences from bank-accepted bills to direct bank transfers.

We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Our management regularly reviews the recoverability of our outstanding balances and when appropriate, provides for impairment of these trade receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging analysis for grouping of customers that have similar loss patterns. Generally, trade and bills receivables are written off according to management approval. See Note 20 to the Accountants’ Report included in Appendix I to this document. We believe that our exposure to the risks of being unable to collect payments is immaterial.

Expected loss rates of trade receivables applied to the different age buckets during the Track Record Period are based on historical loss rates over the past years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Our Group has identified the Gross Domestic Product (“GDP”) to be the most relevant factor, and the other factors such as historical global all-industry default rate data and annual defaulted corporate bond and loan recoveries, and accordingly adjusts the historical loss rates based on expected changes in the growth of GDP in China. During the Track Record Period, there was no significant fluctuation for such factors, hence no significant fluctuation for the overall expected credit loss rates. As a result of the foregoing, we applied similar expected credit loss rate during the Track Record Period.

The following table sets forth an aging analysis of trade and bills receivables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	1,539,794	1,353,109	2,002,842	2,074,787
7 to 12 months	219,859	162,330	207,905	204,561
1 to 2 years	88,935	84,630	100,448	100,994
2 to 3 years	11,976	8,772	6,132	5,449
3 to 4 years	1,647	477	954	772
Total	1,862,211	1,609,318	2,318,281	2,386,563

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The following table sets forth trade and bills receivables turnover days for the years/periods indicated.

	Year Ended December 31,			Five Months Ended May 31,
	2022	2023	2024	2025
Trade and bills receivables turnover days*	136.5	146.7	157.2	189.0

Note:

* *Trade and bills receivables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills receivables for that year/period divided by the corresponding revenues for the year, multiplied by 360 days/150 days for a year/period.*

The increase in trade and bills receivables turnover days in 2023 was primarily due to slower collection of trade and bills receivables. According to Frost & Sullivan, such trends are consistent with market practices. The trade and bills receivables turnover days further increased to 157.2 days in 2024, primarily due to slower collection of trade and bill receivables and the higher portion of revenues recorded in the second half of the year. As market demand continued to grow in 2024, especially for batteries used in data centers, a significant portion of revenues was generated in the second half of 2024. Revenues generated in the second half of the year are typically not due as of the year-end because of the credit terms provided to customers, resulting in a higher level of outstanding receivables. This, together with extended collection against the backdrop of unfavorable overall market conditions contributed to the further increase in trade and bills receivables turnover days in 2024. The trade and bills receivables turnover days further increased to 189.0 days in the five months ended May 31, 2025, primarily due to (i) relatively low revenue during the first five months of the year, which inflated the turnover ratio, and (ii) delayed payments from certain customers. During the Track Record Period, our trade and bills receivables turnover days remained relatively high, primarily due to (i) a considerable number of our customers are state-owned enterprises, whose payment cycles are generally longer as a result of more complex internal approval procedures; and (ii) a significant portion of our energy storage batteries are for telecom base stations and data centers, which typically involve longer construction and deployment timelines compared to other application scenarios, thereby leading to slower payment collection. This is because such projects are often executed in phases, with payments tied to specific construction or commissioning milestones. In contrast, companies engaged in the sales of battery cells, which typically do not participate in project construction and are only responsible for product delivery, tend to experience faster payment collection. The longer payment cycle associated with telecom and data center projects is also consistent with industry norms and is a common characteristic across market participants engaged in this segment, as confirmed by Frost & Sullivan. According to Frost & Sullivan, compared with market participants that primarily generate revenue from product sales without involvement in project construction or

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integration, we are more frequently engaged in project-based deliveries that require coordination with multiple stakeholders and alignment with construction or commissioning schedules. This business model inherently extends the payment collection period relative to those peers.

The following table sets forth the trade and bills receivables and the subsequent settlement of such trade and bills receivables by age group as of the dates indicated.

	As of December 31,						As of May 31,	
	2022		2023		2024		2025	
	Trade and Bills Receivables	Subsequent Settlement	Trade and Bills Receivables	Subsequent Settlement	Trade and Bills Receivables	Subsequent Settlement	Trade and Bills Receivables	Subsequent Settlement
	RMB'000		RMB'000		RMB'000		RMB'000	
Within 6 months	1,539,794	1,532,139	1,353,109	1,275,816	2,002,842	1,267,826	2,074,787	288,885
7 to 12 months	219,859	218,538	162,330	147,538	207,905	53,043	204,561	19,877
1 to 2 years	88,935	84,884	84,630	77,992	100,448	57,159	100,994	7,891
2 to 3 years	11,976	11,286	8,772	5,437	6,132	2,881	5,449	470
3 to 4 years	1,647	1,250	477	280	954	179	772	37
Total	1,862,211	1,848,096	1,609,318	1,507,062	2,318,281	1,381,088	2,386,563	317,160

The following tables set forth breakdowns of revenues by customer type for the years/ periods indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
							(unaudited)			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
SOEs*	2,311,712	56.8	2,170,749	51.0	1,740,450	38.7	519,618	37.3	522,947	28.0
Other companies	1,760,768	43.2	2,089,028	49.0	2,758,072	61.3	874,567	62.7	1,343,661	72.0
Total	4,072,480	100.0	4,259,777	100.0	4,498,522	100.0	1,394,185	100.0	1,866,608	100.0

Note:

* Including sales to governments, which are generally similar in nature and account for a small portion of our total revenues.

The following tables set forth breakdowns of trade and bills receivables balance by customer type as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
SOEs*	1,093,947	754,264	987,405	807,617
Other companies	768,264	855,054	1,330,876	1,578,946
Total	1,862,211	1,609,318	2,318,281	2,386,563

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Note:

* Including sales to governments, which are generally similar in nature and account for a small portion of our total trade and bills receivables.

As of July 31, 2025, RMB613.5 million, or 25.7%, of trade and bills receivables as of May 31, 2025 had been subsequently settled. As of July 31, 2025, we have RMB11.9 million in unsettled trade and bill receivables that are subject to disputes, claims, or legal proceedings. Based on the expected credit loss (ECL) model, we have made full impairment provisions for these unsettled receivables. Our Directors are of the view that these matters have no material adverse impact on our business operations and financial performance. Save as disclosed above, we did not experience any material credit loss during the Track Record Period.

Our Directors are of the view that there are no material recoverability issues for the remaining trade and bills receivables due to the following reasons:

- **Strong customer creditworthiness:** The majority of our trade and bills receivables are attributable to state-owned enterprises (“SOEs”) and publicly listed companies. These entities have demonstrated strong creditworthiness, with no material defaults recorded during the Track Record Period. Their financial strength and reliability, combined with an average settlement period consistent with industry norms (according to Frost & Sullivan), support the recoverability of these receivables. While extended credit cycles may lengthen turnover days, these are typical for customers of this nature.
- **Improved payment structures:** The relatively low subsequent settlement rate reflects the typical payment structures of the energy storage battery industry, where payments are tied to the completion of specific project milestones (e.g., design, production, installation, and final acceptance). Delays in these milestones, caused by procedural approvals or inspections, extend payment timelines but are procedural in nature and do not indicate material credit risks. Significant progress has been made in reducing aged receivables. Trade and bills receivables aged 2 to 3 years decreased from RMB12.0 million in 2022 to RMB6.1 million in 2024, and further decreased to RMB5.4 million in the five months ended May 31, 2025, and those aged 3 to 4 years decreased from RMB1.7 million to RMB1.0 million, and further to RMB0.8 million, during the same year/period.
- **Low exposure to disputes:** As of July 31, 2025, only RMB11.9 million of unsettled receivables (less than 1% of the total receivables balance) were subject to disputes, claims, or legal proceedings. Full provisions have been made for these receivables under our expected credit loss (ECL) model, reflecting our prudent risk management practices.

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To mitigate delays in collecting trade and bills receivables, we have implemented a range of targeted measures to address the root causes of payment delays and improve receivables management efficiency:

- **Enhanced Customer Communication:** We have assigned dedicated account managers to major customers to maintain regular communication, address potential payment issues proactively, and expedite internal approval processes. Scheduled meetings are held to resolve procedural bottlenecks, such as delays caused by documentation errors or internal hierarchies on the customer’s end.
- **Optimized Credit Terms:** Based on detailed risk assessments, we have implemented stricter payment terms for higher-risk customers, such as requiring upfront deposits or shorter payment intervals.
- **Streamlined Invoicing, Payment and Collection Processes:** We have digitized and automated invoice preparation to ensure prompt and accurate issuance, minimizing manual errors and reducing delays. Additionally, an online portal provides customers with real-time access to billing and payment records, enabling faster reconciliation and resolution of discrepancies. Our receivables management team conducts weekly reviews of overdue accounts, prioritizing high-value or long-overdue balances. We engage customers through multiple channels to address delays and provide tailored solutions. For significantly overdue accounts with no resolution, we escalate to legal proceedings or third-party collection agencies.
- **Strengthened Risk Management:** We have enhanced our Know Your Customer (KYC) and credit evaluation processes to thoroughly assess new customers’ financial standing, payment history, and creditworthiness. For existing customers, periodic reviews are conducted to identify emerging risks and take preemptive measures.

Restricted Cash

Restricted cash were deposited to banks for the issue of letter of credits. We had restricted cash of RMB228.7 million and RMB338.9 million as of December 31, 2022, 2023 respectively. The increases in the restricted cash were mainly due to the higher requirement for collateral associated with increased bills payables and letter of credits. Restricted cash decreased to RMB258.7 million as of December 31, 2024, which was due to the counterparty, recognizing our creditworthiness, lowered the margin ratio required for the bills payables. Restricted cash further decreased to RMB239.0 million as of May 31, 2025, mainly due to a reduction in bank deposits pledged as security for bank guarantees.

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Cash and Cash Equivalents

We had cash and cash equivalents of RMB270.3 million, RMB479.0 million, RMB395.2 million and RMB616.9 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. The increases in cash and cash equivalents were mainly due to the increase in cash generated from operating activities. For details of movement of cashflows during the Track Record Period, see “— Liquidity and Capital Resources – Cash Flows” in this section.

Net Assets and Net Current Assets

Net assets amounted to RMB1,728.1 million, RMB2,085.2 million, RMB2,387.5 million and RMB2,460.5 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. The fluctuation of our net assets during the Track Record Period were primarily due to (i) total comprehensive income generated for the respective year, (ii) issue of shares, (iii) share-based compensation reserve and (iv) dividend distributed during the respective year.

Net current assets amounted to RMB838.8 million, RMB1,154.5 million, RMB1,324.3 million and RMB1,428.1 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. See “— Liquidity and Capital Resources — Net Current Assets” of this section for the reasons for the fluctuation of net current assets during the Track Record Period.

Liabilities

Trade and Bills Payables

We had trade and bills payables of RMB701.9 million, RMB837.2 million, RMB974.0 million and RMB1,225.6 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. Trade and bills payables were outstanding amount due to third parties, mainly our suppliers for raw material and service providers. Certain suppliers with long-term partnership allowed us to pay on credit given our increasing business scale and good credibility. The movement of trade and bills payables during the Track Record Period was generally in line with our business expansion during the Track Record Period.

The following table sets forth an aging analysis of trade and bills payables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	701,876	837,172	973,979	1,225,637
Total	701,876	837,172	973,979	1,225,637

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The following table sets forth trade and bills payables turnover days for the years/periods indicated.

	Year Ended December 31,			Five Months Ended May 31,
	2022	2023	2024	2025
Trade and bills payables turnover days* . .	69.3	81.6	87.0	103.9

Note:

- * Trade and bills payables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills payables for that year/period divided by the corresponding cost of revenues for the year, multiplied by 360 days/150 days for a year/period.

Trade and bills payables turnover days increased from 69.3 days in 2022 to 81.6 days in 2023 then increased to 87.0 days in 2024, and further increased to 103.9 days for the five months ended May 31, 2025, primarily due to extended payment terms negotiated with suppliers to manage working capital more effectively and to support increased procurement volumes.

As of July 31, 2025, RMB588.6 million, or 48.0%, of trade and bills payables as of May 31, 2025 had been subsequently settled.

Other Payables and Accruals

Other payables and accruals primarily consisted of salary payables, which included accrued payroll and welfare, and other tax payables. Other payables and accruals increased from RMB411.4 million as of December 31, 2022 to RMB413.3 million as of December 31, 2023, mainly due to an increase in year-end bonuses payable to our staffs and increased tax liabilities. Other payables increased to RMB558.7 million as of December 31, 2024, mainly due to the increase in payable for purchase of property, plant and equipment in 2024. Other payables and accruals decreased to RMB525.4 million as of May 31, 2025, mainly due to a decrease in outstanding payables related to the procurement of long-term assets.

Interest-Bearing Bank and Other Borrowings

Interest-bearing bank and other borrowings primarily consisted of short-term and long-term loans from financial institutions, as well as other forms of credit facilities used to support our working capital and capital expenditure requirements. Interest-bearing bank and other borrowings amounted to RMB996.0 million, RMB708.0 million, RMB928.7 million and RMB1,107.0 million as of December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025. The movement of interest-bearing bank and other borrowings as of December 31, 2022 and 2023 was generally due to our efforts to manage our financing needs and optimize our capital structure in response to changing business requirements and market conditions. Interest-bearing bank and

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other borrowings increased to RMB928.7 million as of December 31, 2024 and RMB1,107.0 million as of May 31, 2025, which was primarily due to our increased working capital demand in response to our business growth. Our overall financing demand has remained relatively stable and generally in line with the pace of our business development, as reflected in the balances of our interest-bearing bank and other borrowings, which showed no material volatility during the Track Record Period. Among these, borrowings under supplier finance agreements were RMB47.4 million, RMB10.0 million, RMB332.8 million and RMB453.9 million for the respective periods. The increased adoption of supplier finance reflects a structural shift in our financing approach, driven by the advantages of such arrangements, rather than any material expansion in our overall financing needs. Compared with traditional loans, supply chain finance agreement offers faster processing and greater operational efficiency – applications can typically be submitted online and funds are often disbursed on the same day or, at the latest, the following business day. In addition, supply chain finance is generally not subject to the same lending quota restrictions as conventional bank loans, enabling more flexible access to financing. The adoption of supplier finance agreements has not resulted in any loss of bargaining power with our suppliers, as confirmed by our Directors. Commercial terms with our suppliers, including pricing and payment schedules are not adversely affected by the use of such arrangements. In addition, the effective interest rates under our supplier finance arrangements were similar to those of our traditional short-term bank borrowings during the Track Record Period. The table below sets forth interest-bearing bank and other borrowings as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings				
Current portion	944,845	410,528	673,333	847,726
Non-current portion	51,200	297,425	255,404	259,270
Total	996,045	707,953	928,737	1,106,996

Deferred Government Grants

Deferred government grants primarily consisted of subsidies and financial assistance received from government entities, which are recognized as income over the years necessary to match them with the related costs they are intended to compensate. Deferred government grants increased from RMB86.1 million as of December 31, 2022 to RMB136.1 million as of December 31, 2023, mainly related to the government grants we received in connection with the construction of the plant in Xiangyang, Hubei. Deferred government grants further increased to RMB182.5 million as of December 31, 2024 due to the new government grant we received in 2024. Deferred government grants remained relatively stable at RMB177.7 million as of May 31, 2025.

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Liabilities Directly Associated with the Assets Classified as Held for Sale

Liabilities directly associated with the assets classified as held for sale represents our beneficial ownership in Huai'an Huifeng Juneng, which was classified as a disposal group held for sale. As of December 31, 2023, final negotiations for the sale of Huai'an Huifeng Juneng were in progress and Huai'an Huifeng Juneng was classified as a disposal group held for sale. In August 2024, Huifeng Juneng entered into an equity transfer agreement with an unaffiliated third party and the equity transfer was completed as of May 31, 2025. For details, see Note 25 to the Accountants' Report included in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth our consolidated statements of cash flows for the years/ periods indicated.

	Year Ended December 31,			Five Months Ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Profit before tax	318,670	446,178	402,712	161,031	141,380
Adjustments for reconcile profit before tax to net cash flows:	496,220	631,961	540,745	187,375	215,495
Cash flows generated from operating activities	15,070	965,607	304,633	23,412	412,471
Interest received	3,402	19,260	14,814	5,990	4,012
Income taxes paid	(3,097)	(77,653)	(58,068)	(41,353)	(40,980)
Net cash flows generated from operating activities	15,375	907,214	261,379	(11,951)	375,503
Net cash flows used in investing activities	(55,708)	(338,316)	(154,484)	(59,135)	(33,860)
Net cash flows generated from/(used in) financing activities	184,080	(376,137)	(203,783)	(140,415)	(123,107)
Net increase/(decrease) in cash and cash equivalents	143,747	192,761	(96,888)	(211,501)	218,536
Cash and cash equivalents at beginning of year/period	99,032	270,264	479,582	479,582	395,234
Effect of foreign exchange rate changes, net	27,485	16,557	12,540	4,053	3,170
Cash and cash equivalents included in assets of a disposal group classified as held for sale	—	542	—	145	—
Cash and cash equivalents at end of year/period	270,264	479,582	395,234	272,134	616,940

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Net Cash Flows Generated from Operating Activities

Net cash flows generated from operating activities amounted to RMB375.5 million for the five months ended May 31, 2025, which primarily consists of profit before tax of RMB141.4 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of items of property, plant and equipment of RMB63.6 million, (ii) finance costs of RMB12.0 million, (iii) amortization of deferred government grants of RMB8.8 million. The amount was further adjusted by income tax paid and changes in working capital, primarily including (i) an increase in trade and bills payables of RMB534.0 million, (ii) an increase in trade and bills receivables and contract assets of RMB67.0 million, and (iii) an increase in prepayments, other receivables and other assets of RMB42.7 million.

Net cash flows generated from operating activities amounted to RMB261.4 million in 2024, which primarily consists of profit before tax of RMB402.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of items of property, plant and equipment of RMB126.3 million, (ii) finance costs of RMB19.8 million and (iii) amortization of deferred government grants of RMB18.5 million. The amount was further adjusted by interest received of RMB14.8 million, income tax paid of RMB58.1 million, and changes in working capital, primarily including (i) increase in trade and bills receivables and contract assets of RMB712.8 million, (ii) increase in trade and bills payables of RMB450.0 million, and (iii) increase in other payables and accruals of RMB14.0 million.

Net cash flows generated from operating activities amounted to RMB907.2 million in 2023, which primarily consists of profit before tax of RMB446.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of items of property, plant and equipment of RMB110.4 million, and (ii) impairment of inventories of RMB39.0 million. The amount was further adjusted by interest received of RMB19.3 million, income tax paid of RMB77.7 million, and changes in working capital, primarily including (i) decrease in trade and bills receivables of RMB229.1 million, (ii) increase in trade and bills payables of RMB135.3 million, and (iii) increase in restricted cash of RMB110.1 million.

Net cash flows generated from operating activities amounted to RMB15.4 million in 2022, which primarily consists of profit before tax of RMB318.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) finance costs of RMB49.4 million, (ii) depreciation of items of property, plant and equipment of RMB116.6 million and (iii) foreign exchange differences, net of RMB17.5 million. The amount was further adjusted by interest received of RMB3.4 million, income tax paid of RMB3.1 million, and changes in working capital, primarily including (i) increase in trade and bills payables of RMB136.4 million, (ii) increase in inventories of RMB94.3 million, and (iii) decrease in prepayments, other receivables and other assets of RMB82.2 million.

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Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities for the five months ended May 31, 2025 amounted to RMB33.9 million, which primarily consisted of (i) purchases of items of property, plant and equipment of RMB126.7 million and (ii) purchase of other intangible assets of RMB0.7 million. These outflows were partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB86.9 million and (ii) receipt of government grants related to the acquisition of property, plant and equipment of RMB4.0 million.

Net cash flows used in investing activities in 2024 was RMB154.5 million, which consists primarily of (i) purchases of items of property, plant and equipment of RMB155.6 million, (ii) purchase of other intangible assets of RMB4.8 million, and partially offset by (iii) receipt of government grants for property, plant and equipment of RMB64.9 million.

Net cash flows used in investing activities in 2023 was RMB338.3 million, which consists primarily of (i) purchases of items of property, plant and equipment of RMB382.2 million, (ii) purchase of right-of-use assets of RMB24.9 million, and partially offset by (iii) receipt of government grants for property, plant and equipment of RMB68.4 million.

Net cash flows used in investing activities in 2022 was RMB55.7 million, which consists primarily of (i) purchases of items of property, plant and equipment of RMB80.6 million, (ii) purchase of other intangible assets of RMB3.8 million, and partially offset by (iii) receipt of government grants for property, plant and equipment of RMB26.0 million.

Net Cash Flows (Used in)/Generated from Financing Activities

Net cash flows used in financing activities for the five months ended May 31, 2025 amounted to RMB123.1 million, which primarily consisted of (i) repayment of bank loans of RMB249.5 million, (ii) interest paid of RMB11.8 million, and (iii) principal portion of lease payments of RMB6.3 million. These outflows were partially offset by new bank loans of RMB145.4 million.

Net cash flows used in financing activities in 2024 was RMB203.8 million, which consists primarily of (i) repayment of bank loans of RMB452.3 million, (ii) interest paid of RMB19.3 million, and partially offset by (iii) new bank loan of RMB358.2 million.

Net cash flows used in financing activities in 2023 was RMB376.1 million, which consists primarily of (i) repayment of bank loans of RMB1,297.6 million, (ii) interest paid of RMB29.6 million, and partially offset by (iii) new bank loan of RMB1,005.2 million.

Net cash flows generated from financing activities in 2022 was RMB184.1 million, which consists primarily of (i) new bank loan of RMB1,676.3 million, (ii) issue of share of RMB385.5 million, partially offset by (iii) repayment of bank loans of RMB1,822.6 million.

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Net Current Assets

	As of December 31,			As of May 31,	As of June 30,
	2022	2023	2024	2025	2025
					(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Inventories	536,962	459,234	513,506	773,779	881,316
Trade and bills receivables	1,862,211	1,609,318	2,318,281	2,386,563	2,371,477
Contract assets	1,608	7,020	546	729	176
Prepayments, other receivables and other assets	82,730	63,930	85,290	127,041	130,615
Financial assets at fair value through profit or loss	–	–	86,000	–	–
Due from a related party	–	–	–	1,051	871
Debt investments at fair value through other comprehensive income	6,909	15,655	3,073	2,225	14,860
Derivative financial instruments	–	–	3,355	–	700
Restricted cash	228,740	303,497	235,134	214,592	204,307
Cash and cash equivalents	270,264	479,040	395,234	616,940	605,734
Assets of a disposal group classified as held for sale	–	7,634	–	–	–
Total current assets.	2,989,424	2,945,328	3,640,419	4,122,920	4,210,056
				As of May 31,	As of June 30,
	2022	2023	2024	2025	2025
					(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and bills payables	701,876	837,172	973,979	1,225,637	1,314,797
Other payables and accruals	411,361	413,314	558,678	525,392	403,709
Derivative financial instruments	–	–	842	489	–
Contract liabilities	36,778	63,014	39,640	39,897	86,861
Interest-bearing bank and other borrowings	944,845	410,528	673,333	847,726	898,938
Lease liabilities	5,128	6,496	8,017	6,802	6,484
Tax payable	25,666	29,670	27,908	8,971	11,874
Deferred government grants	12,817	17,633	20,878	20,992	20,468
Due to related parties	4,834	3,771	5,720	10,993	12,746
Provisions	7,300	7,794	7,158	7,893	7,999
	2,150,605	1,789,392	2,316,153	2,694,792	2,763,876
Liabilities directly associated with the assets classified as held for sale	–	1,472	–	–	–
Total current liabilities	2,150,605	1,790,864	2,316,153	2,694,792	2,763,876
Net current assets	838,819	1,154,464	1,324,266	1,428,128	1,446,180

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Net current assets increased from RMB838.8 million as of December 31, 2022 to RMB1,154.5 million as of December 31, 2023, which was primarily due to the increase in restricted cash from RMB228.7 million to RMB303.5 million, the decrease in interest-bearing bank and other borrowings from RMB944.8 million as of December 31, 2022 to RMB410.5 million as of December 31, 2023, partially offset by the decrease in trade and bills receivables from RMB1,862.2 million as of December 31, 2022 to RMB1,609.3 million as of December 31, 2023.

Net current assets increased to RMB1,324.3 million as of December 31, 2024, which was primarily due to increase in trade and bills receivables from RMB1,606.6 million to RMB2,318.3 million, increase in financial assets at fair value through profit or loss from nil to RMB86.0 million and increase in prepayments, other receivables and other assets from RMB63.9 million to RMB85.3 million.

Net current assets increased to RMB1,428.1 million as of May 31, 2025, which was primarily due to an increase in inventories from RMB513.5 million to RMB773.8 million, increase in cash and cash equivalents from RMB395.2 million to RMB616.9 million, and increase in prepayments, other receivables and other assets from RMB85.3 million to RMB127.0 million.

Net current assets increased to RMB1,446.2 million as of June 30, 2025, which was primarily due to (i) an increase in inventories from RMB773.8 million to RMB881.3 million, (ii) an increase in debt investments at fair value through other comprehensive income from RMB2.2 million to RMB14.9 million, and (iii) an increase in prepayments, other receivables and other assets from RMB127.0 million to RMB130.6 million.

Working Capital Sufficiency

Taking into account our available financial resources including our cash and cash equivalent on hand, our cash inflows from operating activities and the [REDACTED] from the [REDACTED], our Directors are of the view that, we have sufficient financial resources to operate of at least the next 12 months from the date of this document. Our Directors confirmed that there has been no material defaults on trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period and up to the date of the document and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on our ability to continue operation.

INDEBTEDNESS

Indebtedness mainly included (i) bank and other borrowings, and (ii) lease liabilities during the Track Record Period. Except as disclosed in the table below, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of June 30, 2025. We did not

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have any material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches during the Track Record Period and up to the Latest Practicable Date. After due and careful consideration, our Directors confirm that there had been no material change in indebtedness since June 30, 2025 and up to the date of this document. The following table sets forth details of indebtedness as of the dates indicated.

	As of December 31,			As of May 31,	As of June 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000
Interest-bearing bank and other borrowings					
Non-current	51,200	297,425	255,404	259,270	246,298
Current	944,845	410,528	673,333	847,726	898,938
Total interest-bearing bank and other borrowings	996,045	707,953	928,737	1,106,996	1,145,236
Lease liabilities					
Non-current	4,864	3,893	8,597	8,306	7,826
Current	5,128	6,496	8,017	6,802	6,484
Total lease liabilities	9,992	10,389	16,614	15,108	14,310

Interest-Bearing Bank and Other Borrowings

Interest-bearing bank and other borrowings amounted to RMB996.0 million, RMB708.0 million, RMB928.7 million, RMB1,107.0 million and RMB1,145.2 million as of December 31, 2022, 2023 and 2024 and May 31 and June 30, 2025, respectively. See also “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Liabilities — Interest-Bearing Bank and Other Borrowings” in this section.

Certain of bank and other borrowings was secured by buildings, leasehold land, and trade and bills receivables. For details, including amounts of total committed and unrestricted available facilities interest rates for each major type of borrowings and maturity analysis of financial liabilities, see Note 29 to the Accountants’ Report included in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the covenants pursuant to the applicable loan and other borrowings agreements we entered into with the banks. We are not subject to other material financial covenants under any agreements with respect to any bank loans or other borrowings. There was no delay or default in the repayment of borrowings during the Track Record Period. Taking our financial position into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of June 30, 2025. Save as disclosed above and the [REDACTED], we do not have any material external financing plan as of the Latest Practicable Date.

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During the Track Record Period and up to the Latest Practicable Date, we have not experienced any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants.

As of June 30, 2025, we had banking facilities of RMB4,565.1 million, of which RMB1,145.2 million had been utilized.

Lease Liabilities

Lease liabilities represented obligations under lease agreements for our operational facilities and equipment. Lease liabilities amounted to RMB10.0 million, RMB10.4 million, RMB16.6 million and RMB15.1 million as of December 31, 2022, 2023, 2024 and May 31, 2025, respectively. The increases in lease liabilities were primarily due to the addition of new leased properties in Shenzhen, Guangdong in connection with our R&D center in Shenzhen, Guangdong.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2022, 2023, 2024, and May 31, 2025 and the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

The following table sets forth breakdown of our related party transactions during the Track Record Period.

	For the year ended December 31,			For the five months ended
	2022	2023	2024	May 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Sales of goods to a related party ⁽¹⁾	16,796	13,917	33,500	13,789
Purchases of products/services from related parties ⁽¹⁾	15,755	16,916	20,800	13,994
Rental expenses to a related party ⁽²⁾ . . .	5,132	4,833	5,085	2,689
Compensation of key management personnel ⁽³⁾	26,805	30,918	24,587	8,645

Notes:

- (1) The transactions involve sales of goods, including, waste lead slag for recycling, to Shuangdeng Tianpeng; and (ii) Purchases of products, including, recycled lead, from Shuangdeng Tianpeng (“**Tianpeng Transactions**”). The pricing for Tianpeng Transactions was primarily based on (i) arm’s length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for Tianpeng Transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by Shuangdeng Tianpeng. The prices are mutually agreed after taking the prevailing market prices into consideration. The transactions were trade in nature, and our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon [REDACTED] and the [REDACTED], in the best interest of our Group.

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- (2) *We have entered into lease agreements in respect of buildings from a related party. The transactions were made according to the prices and terms agreed with the related parties. The transactions were trade in nature, and our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon [REDACTED] and the [REDACTED], in the best interest of our Group.*
- (3) *Compensation of key management personnel includes salaries, allowances and benefits in kind, performance related bonuses and share incentive compensation. The transactions were non-trade in nature, and it is estimated that we will continue to compensate our key management personnel for their performance and contribution to the operation of our Group upon [REDACTED].*

Related party transactions were mainly sales of goods to and purchases of products/services from related parties, compensation of key management personnels. The transactions between our Group and the related parties were made according to the prices and terms agreed with the related parties. The prices are mutually agreed after taking the prevailing market prices into consideration. The amounts due from related parties are unsecured, interest-free and repayable on demand. Our management considers there is no significant credit risk for amounts due from related parties. The amounts due to related parties is unsecured, interest-free and has no fixed terms of repayment. For details, including the terms of the arrangements, see Note 39 to the Accountants’ Report included in Appendix I to this document. Our Directors are of the view that the material related party transactions during the Track Record Period were conducted on an arm’s length basis.

For details of of certain transactions with parties who will, upon the [REDACTED], become connected persons (as defined in the Listing Rules) of our Company, see “Connected Transactions” in this document.

CAPITAL EXPENDITURE

Capital expenditure amounted to RMB158.4 million, RMB420.6 million, RMB290.0 million and RMB33.5 million in 2022, 2023, 2024, and the five months ended May 31, 2025, respectively. We funded these expenditures with cash generated from operations during the Track Record Period. Upon completion of the [REDACTED], we plan to fund our future capital expenditures with cash generated from operating activities and [REDACTED] from the [REDACTED].

CAPITAL COMMITMENTS

As of May 31, 2025, we did not have any significant capital commitments.

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KEY FINANCIAL RATIO

The table below sets forth key financial ratio as of the dates indicated.

	For the year ended/ As of December 31,			For the five months ended/ As of May 31,
	2022	2023	2024	2025
Gross Profit Margin ⁽¹⁾	16.9%	20.3%	16.7%	14.9%
Net Profit Margin ⁽²⁾	6.9%	9.0%	7.9%	6.8%
Debt to Asset Ratio ⁽³⁾	57.2%	51.8%	53.7%	56.2%
Current Ratio ⁽⁴⁾	1.4	1.6	1.6	1.5%
Return on Equity ⁽⁵⁾	20.2%	20.2%	15.8%	5.2%
Gearing Ratio ⁽⁶⁾	58.2%	34.5%	39.6%	45.6%
Quick Ratio ⁽⁷⁾	1.1	1.4	1.4	1.2

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenues for the year/period and multiplied by 100%.
- (2) Net profit margin is calculated using profit and total comprehensive income for the year divided by revenues for the year/period and multiplied by 100%.
- (3) Debt to asset ratio is calculated using total liabilities divided by total assets as of the end of the year/period and multiplied by 100%.
- (4) Current ratio is calculated using current assets divided by current liabilities as of the end of the year/period.
- (5) Return on equity is calculated using net profit for the year divided by the average of total equity as of the beginning and ending of the year/period and multiplied by 100%.
- (6) Gearing ratio is calculated using total debt (including bank and other borrowings, and lease liabilities) divided by shareholders' equity as of the end of the year/period and multiplied by 100%.
- (7) Quick ratio is calculated using total current assets less inventories divided by total current liabilities as of the end of the year/period.

MARKET RISK DISCLOSURE

Our management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments and other receivables, trade and bills receivables, due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, due to related parties and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Our finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each year comprising the Track Record Period, the finance department analyzes 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.

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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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of our own non-performance risk for interest-bearing bank borrowings as at the end of each year comprising the Track Record Period were assessed to be insignificant.

We invest in unlisted investments, which represent wealth management products issued by banks in mainland China. We have estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts. The discount for lack of marketability represents the amounts of premiums and discounts determined by our Group that market participants would take into account when pricing the investments.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in unlisted wealth management products issued by reputable banks in mainland China. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return.

To ensure proper oversight and mitigate risks, we have established a robust internal control mechanism for managing these investments. All potential investments are subject to a rigorous evaluation process, which involves assessing the risk-return profile, the creditworthiness of the issuing bank, and compliance with our investment policies. Once investments are made, we conduct continuous monitoring of their performance and credit risk, with regular updates provided to senior management and the Board. Additionally, our internal audit team periodically reviews the investment process to ensure adherence to regulatory requirements and internal policies.

Our management team has significant expertise in evaluating and managing financial investments, particularly wealth management products. With strong backgrounds in finance, accounting, and risk management, our team is well-equipped to analyze market trends, assess risks, and make informed decisions. We also remain vigilant about changes in financial markets and regulatory developments, which allows us to manage our investments proactively and effectively.

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The Board is actively involved in overseeing and governing our investment activities. It approves our overall investment policy to ensure alignment with our strategic objectives and provides oversight for key decisions regarding wealth management investments. Any proposed investment that exceeds a predetermined threshold or carries a higher level of risk requires prior approval from the Board. Furthermore, the Board receives regular reports on the performance and risk assessment of our investments, enabling it to provide ongoing guidance and oversight. Investments in wealth management products are subject to a multi-level approval process. Both the management team and the Board are involved, depending on the size and risk profile of the investment. This rigorous approval framework ensures that all investment decisions are thoroughly scrutinized and align with our financial and risk management objectives. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the [REDACTED] and the [REDACTED].

Our principal financial instruments, other than derivatives, comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to support our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management of our Company and the financial instruments division of our Company is responsible for the daily risk management by the operating management through functional departments (e.g., our credit management department reviews the credit sales incurred by our Company on a case-by-case basis) Our internal audit department conducts daily supervision of the implementation for our risk management policies and procedures, and reports the relevant findings in a timely manner to our audit committee. The overall objective of our risk management is to establish risk management policies that minimize the risks associated with various types of financial instruments without unduly affecting our competitiveness and resilience.

Interest Rate Risk

Our exposure to the risk of changes in fair value relates primarily to our bank borrowings with a floating interest rate.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit its exposure to foreign currency risk by minimizing its net foreign currency position. The following table sets forth a sensitivity test on fluctuation of exchange rates for the years indicated to a reasonably possible change in US\$ and RMB exchange rates, with all other variables held constant, of our profit or loss before tax (due to changes in the fair value of monetary assets and liabilities).

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	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Change in foreign exchange rates				
+/-5%	+/-15,502	+/-13,192	+/-21,367	+/-31,027
+/-10%	+/-31,004	+/-26,384	+/-42,734	+/-62,054
+/-15%	+/-46,506	+/-39,576	+/-64,101	+/-93,081
+/-20%	+/-62,008	+/-52,768	+/-85,468	+/-124,108

Credit Risk

We trade only with recognized and creditworthy third parties and there is no requirement for collateral. 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 and our exposure to bad debts is not significant. Concentrations of credit risk are managed by customer/counterparty and by industry sector.

Liquidity Risk

We monitor our exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realizable liquidity are maintained.

The liquidity of our Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. For details of the maturity profile of our financial liabilities as of the end of each year comprising the Track Record Period, based on the contractual undiscounted payments, see Note 43 to the Accountants' Report included in Appendix I to this document.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

We manage our capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

DIVIDENDS

As of the Latest Practicable Date, we do not have a dividend policy. Our Board may declare dividends in the future after taking into account factors, including results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. No dividend may be declared or paid other than out of our profits and reserves lawfully available for distribution, including share premium. Our earning per share was RMB0.85, RMB1.08, RMB0.99 and RMB 0.35 in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. We declared dividend of nil, RMB0.135, RMB0.206, and RMB0.170 per ordinary share for the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2025, respectively, all of which had been paid in full. For details, see Note 11 to the Accountants’ Report included in Appendix I to this document.

Our ability to declare and pay dividends will depend on the availability of dividends received from group companies in the PRC and other jurisdictions. Pursuant to PRC laws, dividends shall be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises’ registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED].

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As of May 31, 2025, [REDACTED] in an aggregate of RMB[REDACTED] million were incurred and charged to our consolidated statement of profit or loss, and RMB[REDACTED] million will be deducted from equity upon the [REDACTED]. We expect an additional [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), of which approximately RMB[REDACTED] million (HK\$[REDACTED] million) will be charged to our consolidated statements of profit or loss after May 31, 2025, and the remaining balance of approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be deducted from equity. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

We expect to incur a total of RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED], including (1) [REDACTED]-related expenses, which include [REDACTED] and [REDACTED] commissions, of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which include (i) fees and expenses of legal advisors and the Reporting Accountant of approximately RMB[REDACTED] million (HK\$[REDACTED] million) and (ii) other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in the document). Our [REDACTED] as a percentage of gross [REDACTED] is [REDACTED]%, at an [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

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[REDACTED]

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NO MATERIAL ADVERSE CHANGE

Our Directors confirm that as of the date of the document, there has been no material adverse change in our financial, operational or prospects since May 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED]), assuming the [REDACTED] is not exercised, after deducting the [REDACTED] and commissions (assuming the full payment of the discretionary incentive fee) and estimated expenses payable by us.

We intend to use the net [REDACTED] we will receive from the [REDACTED] for the following purposes:

- I. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the construction of a lithium-ion batteries production facility in Southeast Asia, which is one of our key development strategies. The lithium-ion batteries production facility to be constructed in Southeast Asia will primarily be used for producing batteries for data centers in order to cultivate our second growth pillar and increase our markets share regarding energy storage products for data centers. For details, see “Business — Our Strategies — Further develop our data center business” in this document. For the year ended December 31, 2024, our lithium-ion battery production capacity reached 2.13 GWh. In response to the growing downstream demands and to better service our overseas markets, we will further expand our production capacity by constructing a lithium-ion battery production facility with a designed annual production capacity of approximately 3.0 GWh. Our current lithium-ion battery production lines primarily manufacture energy storage batteries for telecom base stations and electrical energy storage settings and we do not have a dedicated production line for high-rate lithium-ion battery products specifically for data centers. Due to shifting market trends and the rising demand from data centers, we plan to establish a dedicated production line for lithium-ion batteries specifically designed for data center applications.

Additionally, we plan to expand our production capacity in Southeast Asia to serve our overseas market and enhance our global market presence, with a particular focus on Southeast Asian, European, and African market. For details, see “Business — Our Strategies — Expand our global presence” in this document. The Southeast Asian energy storage market has witnessed substantial growth in recent years, fueled by the region’s evolving demographics and economic advancements. From 2020 to 2024, Southeast Asian GDP grew at a robust CAGR of 6.9%, with projections indicating a rise from USD3.5 trillion in 2025 to USD4.6 trillion by 2029, achieving a CAGR of 6.8%. Concurrently, driven by the increasing population and rising expenditures, there is a growing demand for energy storage batteries in Southeast Asian region,

FUTURE PLANS AND USE OF [REDACTED]

particularly in nations like Indonesia and Vietnam. Beyond Southeast Asia, both Europe and Africa offer large market potentials. Europe is accelerating the deployment of renewable energy, since the EU has raised its binding renewable energy target for 2030 from 32% to at least 42.5%. The accelerated deployment of energy storage will help Europe absorb the newly installed renewable energy capacity and reduce its reliance on external energy sources. In Africa, where the grid infrastructure is weak and power supply is unstable in remote areas, approximately 600 million people still lack access to electricity. The large-scale deployment of energy storage systems, especially distributed energy storage systems, will effectively address Africa’s energy shortage problem. In particular:

- i. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the payment of construction costs of the main production plant(s) and ancillary infrastructures, such as warehouses, employee dormitories and offices. We plan to acquire a plot of land covering approximately 30,000 square meters for the construction of new production facilities;
- ii. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the purchase and installation of production equipment and software for the manufacturing of batteries. We plan to purchase equipment including but not limited to (i) batteries production equipment, such as mixing machines (machines used for positive and negative pulping, including automatic feeding and stock transfer); coating machines (double-sided coating of positive and negative battery terminals); and cell assembly system (a system which can complete welding, core-closing and shell insertion processes); (ii) public auxiliary facilities, such as ventilation systems (including but not limited to air conditioners and dehumidifiers), building structure (such as doors and windows) and lighting system; (iii) battery testing equipment, such as scanning electron microscopy and electrolyte detection equipment for morphology detection; and (iv) other relevant supporting software, such as monitoring systems, servers, and office software;
- iii. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the salaries of management team as well as construction and production related employees. We plan to primarily manage and operate overseas production facility through the deployment of domestic staff, supplemented by local recruitment. We anticipate having a workforce of around 50 employees at our production facility in Southeast Asia; and
- iv. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for trial productions and other early-stage expenses, among others, costs for obtaining various permits and licenses, fees for handling local government procedures and service fees for third-party agencies such as lawyers.

FUTURE PLANS AND USE OF [REDACTED]

- II. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is intended to be used to fund the establishment of a research and development center in Taizhou focusing on the research and development of: (i) enhanced energy storage battery life; (ii) solid state battery; (iii) sodium-ion battery; and (iv) BMS technology. We believe that R&D is vital for achieving our business success. For details, see “Business — Our Strategies — Continue to invest in R&D” in this document. Our existing R&D centers in Taizhou, Shenzhen, Beijing and Xiangyang mainly focus on innovations in battery manufacturing processes and development of specific batteries. For details, see “Business – Research and Development” in the document. As we are dedicated to further improve our capabilities in the underlying and foundational science of energy storage batteries, we plan to establish a new R&D center in Taizhou in replace of the existing Taizhou R&D center, focusing on cutting-edge battery technology research, including but not limited to the development and iteration of battery cells. This new R&D center aims to further our development of underlying battery technology. In contrast, the remaining existing R&D centers in Shenzhen, Beijing and Xiangyang will continue to concentrate on enhancing production efficiency. Therefore, the new R&D center will differ fundamentally from the existing ones in its focuses and objectives. With distinct focuses, the new and existing R&D centers will complement each other to achieve a comprehensive enhancement of our R&D capabilities.

In particular, we plan to allocate (i) [REDACTED]% of the the net [REDACTED], or HK\$[REDACTED] million, for construction of the research and development center; (ii) [REDACTED]% of the the net [REDACTED], or HK\$[REDACTED] million, for the acquisition of equipment and software, including but not limited to chemical dissolving tank, filter, battery high altitude low pressure testing machines and other test equipment, as well as three-dimensional software, office software, simulation software and other software systems; (iii) [REDACTED]% of the the net [REDACTED], or HK\$[REDACTED] million, for the recruitment of the research related staff; and (iv) [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for the execution of research projects.

- III. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is intended to be used to strengthen our overseas sales and marketing so that we can enhance our global presence, better serve our overseas customers and boost our international sales. For details, see “Business — Our Strategies — Further enhance and expand our energy storage business with customer-centric approach” and “Business — Our Strategies — Expand our global presence” in this document. We plan to establish a sales and marketing center in Singapore. Leveraging on the new sales and marketing center, we expect to further our business growth in Southeast Asia, especially in Singapore, Malaysia and India. In particular:

- i. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for to pay the rent for leased properties used for offices of our overseas sales and marketing team;

FUTURE PLANS AND USE OF [REDACTED]

- ii. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the recruitment of sales and marketing staff. We plan to deploy our sales and marketing staff in overseas locations, leveraging their experiences and insights to attract target companies and drive brand awareness. We plan to recruit additional sales and marketing experts skilled in international trade, digital marketing and marketing analysis, ensuring our strategies are both innovative and effective; and
- iii. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to carry out promotional activities in the regions that we are expanding to. We plan to actively participate in overseas product exhibitions and conferences to increase our exposure and brand recognition in international markets, thereby attracting more overseas customers. We plan to participate in a series of international exhibitions focusing on overseas energy storage, telecommunications, global photovoltaics, and industry-specific events.

- IV. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used to provide funding for working capital and other general corporate purposes.

The table below sets forth the expected implementation timetable of our planned use of our [REDACTED] for the purposes listed above, which is subject to changes based on our actual needs and market conditions at the relevant time:

	2025	2026	2027	Total
	<i>(HK\$ in millions)</i>			
Construction of a lithium-ion batteries production facility in Southeast Asia (construction costs of the main production plant(s) and ancillary infrastructures, purchase and installation of production equipment and software, recruitment of employees, and trial productions and other early-stage expenses)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishment of a new research and development center (construction of the R&D center, acquisition of equipment and software, recruitment of R&D staff, and execution of research projects)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strengthen our overseas sales and marketing (rent for overseas offices, recruitment of sales and marketing staff, and promotional activities)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Provide funding for working capital and other general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

The above allocation of the [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative price range. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the high end of our indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the low end of our indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED] million.

Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of our indicative [REDACTED]).

To the extent that the net [REDACTED] are not immediately applied to the above purposes, we intend to deposit the net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHUANGDENG GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CCB INTERNATIONAL CAPITAL LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of SHUANGDENG GROUP Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [•] to [•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the five months ended 31 May 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [•] to [•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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ACCOUNTANTS’ REPORT

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 31 May 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, 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 3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[DATE]

APPENDIX I

ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUES	5	4,072,480	4,259,777	4,498,522	1,394,185	1,866,608
Cost of sales		(3,382,884)	(3,393,009)	(3,747,639)	(1,119,099)	(1,588,050)
Gross profit		689,596	866,768	750,883	275,086	278,558
Other income and gains	5	50,614	77,718	115,584	37,727	40,533
Selling and marketing expenses		(100,255)	(151,785)	(138,043)	(50,102)	(53,254)
Administrative expenses		(126,516)	(162,748)	(156,470)	(50,506)	(45,672)
Research and development costs		(100,676)	(112,803)	(110,478)	(44,089)	(55,249)
Impairment losses on financial and contract assets, net		(22,607)	(6,347)	(19,181)	3,908	(10)
Other expenses		(21,467)	(34,145)	(20,169)	(5,663)	(11,556)
Finance costs	7	(49,372)	(30,005)	(19,842)	(5,626)	(12,002)
Share of profits and losses of an associate . .		(647)	(475)	428	296	32
PROFIT BEFORE TAX	6	318,670	446,178	402,712	161,031	141,380
Income tax expense	10	(37,645)	(60,975)	(49,381)	(21,339)	(14,677)
PROFIT FOR THE YEAR/PERIOD		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
Attributable to:						
Owners of the parent		281,019	385,203	353,331	139,692	126,703
Non-controlling interests		<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
EARNINGS PER SHARE						
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic:						
Profit for the year/period (RMB)	12	<u>0.85</u>	<u>1.08</u>	<u>0.99</u>	<u>0.39</u>	<u>0.35</u>
Diluted:						
Profit for the year/period (RMB)	12	<u>0.85</u>	<u>1.08</u>	<u>0.99</u>	<u>0.39</u>	<u>0.35</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR/PERIOD		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences:						
Exchange differences on translation of foreign operations		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>280,986</u>	<u>385,167</u>	<u>353,564</u>	<u>139,754</u>	<u>126,721</u>
Attributable to:						
Owners of the parent		280,969	385,167	353,564	139,754	126,721
Non-controlling interests		<u>17</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>280,986</u>	<u>385,167</u>	<u>353,564</u>	<u>139,754</u>	<u>126,721</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	832,046	1,084,247	1,217,124	1,181,807
Right-of-use assets	14	135,628	156,706	165,108	163,237
Other intangible assets	18	7,352	7,149	8,321	7,788
Investment in an associate	16	16,813	16,338	16,766	16,798
Prepayments, other receivables and other assets	17	2,686	7,144	2,358	1,748
Contract assets	21	6,908	8,410	13,154	13,284
Deferred tax assets	15	46,496	67,188	74,113	81,479
Restricted cash	24	—	35,392	23,567	24,401
Total non-current assets		1,047,929	1,382,574	1,520,511	1,490,542
CURRENT ASSETS					
Inventories	19	536,962	459,234	513,506	773,779
Trade and bills receivables	20	1,862,211	1,609,318	2,318,281	2,386,563
Contract assets	21	1,608	7,020	546	729
Prepayments, other receivables and other assets	17	82,730	63,930	85,290	127,041
Financial assets at fair value through profit or loss	22	—	—	86,000	—
Derivative financial instruments	22	—	—	3,355	—
Due from a related party	39	—	—	—	1,051
Debt investments at fair value through other comprehensive income	23	6,909	15,655	3,073	2,225
Restricted cash	24	228,740	303,497	235,134	214,592
Cash and cash equivalents	24	270,264	479,040	395,234	616,940
		2,989,424	2,937,694	3,640,419	4,122,920
Assets of a disposal group classified as held for sale	25	—	7,634	—	—
Total current assets		2,989,424	2,945,328	3,640,419	4,122,920

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December			As at 31 May
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables	26	701,876	837,172	973,979	1,225,637
Other payables and accruals	27	411,361	413,314	558,678	525,392
Derivative financial instruments	22	–	–	842	489
Contract liabilities	28	36,778	63,014	39,640	39,897
Interest-bearing bank and other borrowings . . .	29	944,845	410,528	673,333	847,726
Deferred government grants	30	12,817	17,633	20,878	20,992
Lease liabilities	14	5,128	6,496	8,017	6,802
Tax payable		25,666	29,670	27,908	8,971
Due to related parties	39	4,834	3,771	5,720	10,993
Provisions	31	7,300	7,794	7,158	7,893
		2,150,605	1,789,392	2,316,153	2,694,792
Liabilities directly associated with the assets classified as held for sale	25	–	1,472	–	–
Total current liabilities		2,150,605	1,790,864	2,316,153	2,694,792
NET CURRENT ASSETS		838,819	1,154,464	1,324,266	1,428,128
TOTAL ASSETS LESS CURRENT LIABILITIES					
		1,886,748	2,537,038	2,844,777	2,918,670
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings . . .	29	51,200	297,425	255,404	259,270
Deferred government grants	30	73,252	118,490	161,621	156,722
Lease liabilities	14	4,864	3,893	8,597	8,306
Provisions	31	29,304	32,069	31,694	33,900
Total non-current liabilities		158,620	451,877	457,316	458,198
Net assets		1,728,128	2,085,161	2,387,461	2,460,472
EQUITY					
Equity attributable to owners of the parent					
Share capital	32	358,269	358,269	358,269	358,269
Reserves	33	1,369,859	1,726,892	2,029,192	2,102,203
		1,728,128	2,085,161	2,387,461	2,460,472
Total equity		1,728,128	2,085,161	2,387,461	2,460,472

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Notes	Attributable to owners of the parent						Non-controlling interests	Total Equity
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		330,000	63,475	19,216	93,497	(715)	545,611	6	1,051,090
Profit for the year		–	–	–	–	–	281,019	6	281,025
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	(50)	–	11	(39)
Total comprehensive income for the year		–	–	–	–	(50)	281,019	17	280,986
Issue of shares	32	28,269	357,217	–	–	–	–	–	385,486
Share-based compensation reserve	34	–	–	10,589	–	–	–	–	10,589
Appropriation to statutory reserves		–	–	–	24,238	–	(24,238)	–	–
Withdrawal of non-controlling interests		–	–	–	–	–	–	(23)	(23)
At 31 December 2022		358,269	420,692*	29,805*	117,735*	(765)*	802,392*	–	1,728,128

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2023

	Notes	Attributable to owners of the parent						
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Total Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		358,269	420,692	29,805	117,735	(765)	802,392	1,728,128
Profit for the year.		–	–	–	–	–	385,203	385,203
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations		–	–	–	–	(36)	–	(36)
Total comprehensive income for the year.		–	–	–	–	(36)	385,203	385,167
Share-based compensation reserve	34	–	–	20,232	–	–	–	20,232
Dividend.	11	–	–	–	–	–	(48,366)	(48,366)
Appropriation to statutory reserves		–	–	–	38,817	–	(38,817)	–
At 31 December 2023		358,269	420,692*	50,037*	156,552*	(801)*	1,100,412*	2,085,161

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Notes	Attributable to owners of the parent					
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . .		358,269	420,692	50,037	156,552	(801)	1,100,412
Profit for the year. . .		–	–	–	–	–	353,331
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations . .		–	–	–	–	233	–
Total comprehensive income for the year .		–	–	–	–	233	353,331
Share-based compensation reserve.	34	–	–	22,539	–	–	–
Dividend.	11	–	–	–	–	–	(73,803)
Appropriation to statutory reserves . .		–	–	–	29,970	–	(29,970)
At 31 December 2024 .		358,269	420,692*	72,576*	186,522*	(568)*	1,349,970*

Five months ended 31 May 2024

	Note	Attributable to owners of the parent					
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . .		358,269	420,692	50,037	156,552	(801)	1,100,412
Profit for the period (unaudited)		–	–	–	–	–	139,692
Other comprehensive income for the period (unaudited):							
Exchange differences on translation of foreign operations (unaudited)		–	–	–	–	62	–
Total comprehensive income for the period (unaudited)		–	–	–	–	62	139,692
Share-based compensation reserve (unaudited)	34	–	–	9,380	–	–	–
At 31 May 2024 (unaudited)		358,269	420,692	59,417	156,552	(739)	1,240,104

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ACCOUNTANTS’ REPORT

Five months ended 31 May 2025

		Attributable to owners of the parent						
			Capital	Share-based	Reserve	Exchange	Retained	
	Notes	Share capital	reserve	compensation	funds	fluctuation	profits	Total Equity
		RMB'000	RMB'000	reserve		reserve		RMB'000
At 1 January 2025 . . .		358,269	420,692	72,576	186,522	(568)	1,349,970	2,387,461
Profit for the period . .		—	—	—	—	—	126,703	126,703
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations . .		—	—	—	—	18	—	18
Total comprehensive income for the period		—	—	—	—	18	126,703	126,721
Share-based compensation reserve	34	—	—	7,196	—	—	—	7,196
Dividend.	11	—	—	—	—	—	(60,906)	(60,906)
At 31 May 2025.		<u>358,269</u>	<u>420,692*</u>	<u>79,772*</u>	<u>186,522*</u>	<u>(550)*</u>	<u>1,415,767*</u>	<u>2,460,472</u>

* These reserve accounts comprise the consolidated reserves of RMB1,369,859,000, RMB1,726,892,000, RMB2,029,192,000 and RMB2,102,203,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		318,670	446,178	402,712	161,031	141,380
Adjustments for:						
Finance costs	7	49,372	30,005	19,842	5,626	12,002
Share of profits and losses of an associate . .		647	475	(428)	(296)	(32)
Interest income	5	(3,402)	(19,260)	(14,814)	(5,990)	(4,012)
(Gain)/loss on disposal of items of property, plant and equipment		(110)	(35)	(15)	–	17
Gain on disposal of right-of-use assets		–	(40)	–	–	(22)
Loss on disposal of a subsidiary	35	–	–	147	–	–
Gain on financial assets at fair value through profit or loss		–	–	–	–	(914)
Loss/(gain) on derivative financial instruments		–	–	2,748	–	(1,535)
Fair value (gain)/loss on derivative financial instruments	22	–	–	(2,513)	–	3,002
Depreciation of items of property, plant and equipment	13	116,642	110,371	126,283	44,368	63,560
Depreciation of right-of-use assets	14	9,176	9,473	12,925	5,022	6,652
Amortisation of other intangible assets	18	2,275	2,557	3,623	1,464	1,274
Amortisation of deferred government grants .	30	(13,800)	(16,811)	(18,521)	(7,137)	(8,785)
Provision/(reversal of provision) for trade and bills receivables and contract assets, net. .		22,105	6,687	18,185	(5,151)	(717)
Provision/(reversal of provision) for prepayments, other receivables and other assets, net		502	(340)	996	1,243	727
Impairment losses on assets of a disposal group classified as held for sale.	25	–	15,747	–	–	–
Impairment of inventories.	19	1,030	39,011	(22,338)	(18,216)	(552)
Foreign exchange differences, net.		(17,476)	(12,289)	(10,626)	(3,969)	(3,746)
Share incentive plan expense.		10,589	20,232	22,539	9,380	7,196
		<u>496,220</u>	<u>631,961</u>	<u>540,745</u>	<u>187,375</u>	<u>215,495</u>

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
(Increase)/decrease in trade and bills receivables and contract assets		(657,377)	229,095	(712,836)	(4,649)	(67,030)
Decrease/(increase) in prepayments, other receivables and other assets		82,210	17,287	(13,093)	(85,962)	(42,655)
Increase in due from a related party		–	–	–	–	(1,051)
(Increase)/decrease in amounts due to related parties		(394)	(1,063)	1,949	2,030	4,871
(Increase)/decrease in inventories		(94,337)	38,717	(31,934)	(113,738)	(259,721)
Increase/(decrease) in trade and bills payables		136,379	135,296	449,989	(109,763)	534,002
Increase/(decrease) in other payables and accruals		52,741	(4,132)	14,010	(16,894)	5,654
Increase/(decrease) in provision		7,846	3,259	(1,011)	(1,513)	2,941
(Decrease)/increase in contract liabilities . . .		(8,552)	26,236	(23,374)	46,264	257
Decrease in deferred government grants		(900)	(900)	–	–	–
Decrease/(increase) in restricted cash		1,234	(110,149)	80,188	120,262	19,708
Cash flows generated from operating activities		15,070	965,607	304,633	23,412	412,471
Interest received		3,402	19,260	14,814	5,990	4,012
Income taxes paid		(3,097)	(77,653)	(58,068)	(41,353)	(40,980)
Net cash flows generated from operating/ (used in) activities		15,375	907,214	261,379	(11,951)	375,503

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ACCOUNTANTS’ REPORT

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(80,619)	(382,245)	(155,639)	(95,794)	(126,722)
Proceeds from disposal of items of property, plant and equipment		1,735	2,810	5,057	93	367
Purchase of right-of-use assets.		–	(24,922)	(6,520)	(92)	–
Purchase of other intangible assets		(3,824)	(2,354)	(4,795)	(3,482)	(741)
Receipt of government grants for property, plant and equipment		26,000	68,395	64,897	40,140	4,000
Disposal of a subsidiary	35	–	–	5,640	–	–
Purchase of items of financial assets at fair value through profit or loss		–	–	(86,000)	–	–
Purchase of derivative financial instruments		–	–	(12,251)	–	–
Sold of items of derivative financial instruments.		–	–	–	–	2,322
Proceeds from disposal of financial assets at fair value through profit or loss.		1,000	–	–	–	86,914
Recovery of value-added tax attributable to the acquisition of property, plant, and equipment		–	–	35,127	–	–
Net cash flows used in investing activities		(55,708)	(338,316)	(154,484)	(59,135)	(33,860)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares		385,486	–	–	–	–
Withdrawal of non-controlling interests		(23)	–	–	–	–
New bank loans.		1,676,311	1,005,160	358,172	100,871	145,361
Repayment of bank loans.		(1,822,564)	(1,297,556)	(452,251)	(232,054)	(249,480)
Dividends paid		–	(48,366)	(73,803)	–	–
Interest paid		(48,837)	(29,614)	(19,311)	(5,401)	(11,769)
Payment of [REDACTED].		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Principal portion of lease payments.		(5,758)	(5,370)	(8,582)	(3,606)	(6,272)
Interest paid for lease payments.		(535)	(391)	(531)	(225)	(233)
Net cash flows generated from/(used in) financing activities		184,080	(376,137)	(203,783)	(140,415)	(123,107)

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		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.		143,747	192,761	(96,888)	(211,501)	218,536
Cash and cash equivalents at beginning of year/period.		99,032	270,264	479,582	479,582	395,234
Effect of foreign exchange rate changes, net.		<u>27,485</u>	<u>16,557</u>	<u>12,540</u>	<u>4,053</u>	<u>3,170</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>270,264</u>	<u>479,582</u>	<u>395,234</u>	<u>272,134</u>	<u>616,940</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances.		<u>270,264</u>	<u>479,040</u>	<u>395,234</u>	<u>271,989</u>	<u>616,940</u>
Cash and cash equivalents as stated in the statements of financial position	24	270,264	479,040	395,234	271,989	616,940
Cash and cash equivalents included in assets of a disposal group classified as held for sale	25	<u>—</u>	<u>542</u>	<u>—</u>	<u>145</u>	<u>—</u>
Cash and cash equivalents as stated in the statements of cash flows		<u>270,264</u>	<u>479,582</u>	<u>395,234</u>	<u>272,134</u>	<u>616,940</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at
		2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	329,326	351,976	345,875	336,174
Right-of-use assets	14	85,418	84,407	83,474	83,297
Other intangible assets	18	4,675	5,009	5,746	5,218
Investment in an associate	16	10,310	9,836	10,263	10,295
Investments in subsidiaries	1	190,945	280,960	297,015	297,697
Prepayments, other receivables and other assets	17	1,234	4,910	1,567	953
Contract assets	21	6,908	8,410	13,154	13,284
Deferred tax assets	15	33,123	44,767	42,767	43,219
Restricted cash	24	–	34,816	22,992	23,825
Total non-current assets		661,939	825,091	822,853	813,962
CURRENT ASSETS					
Inventories	19	383,540	358,128	331,651	541,540
Trade and bills receivables	20	1,849,593	1,606,630	2,287,046	2,288,934
Contract assets	21	1,608	7,020	546	729
Prepayments, other receivables and other assets	17	42,900	28,077	75,640	95,691
Financial assets at fair value through profit or loss	22	–	–	86,000	–
Derivative financial instruments	22	–	–	3,355	–
Debt investments at fair value through other comprehensive income	23	6,252	15,655	3,073	2,061
Due from related parties	39	55,911	28,231	82,024	152,842
Restricted cash	24	195,944	241,617	199,500	170,229
Cash and cash equivalents	24	220,582	455,382	349,502	587,911
Total current assets		2,756,330	2,740,740	3,418,337	3,839,937

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	As at 31 December			As at
					31 May
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables	26	459,342	486,909	667,276	731,867
Other payables and accruals	27	259,438	275,087	285,840	305,106
Derivative financial instruments	22	–	–	842	489
Contract liabilities	28	36,251	57,880	36,470	38,087
Interest-bearing bank and other borrowings	29	737,012	349,617	625,642	785,939
Deferred government grants	30	8,926	10,637	10,797	10,650
Lease liabilities	14	5,163	6,496	6,917	6,229
Tax payable		21,278	15,345	22,374	6,617
Due to related parties	39	153,137	190,438	179,331	355,482
Provisions	31	7,300	7,794	7,158	7,893
Total current liabilities		1,687,847	1,400,203	1,842,647	2,248,359
NET CURRENT ASSETS		<u>1,068,483</u>	<u>1,340,537</u>	<u>1,575,690</u>	<u>1,591,578</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,730,422</u>	<u>2,165,628</u>	<u>2,398,543</u>	<u>2,405,540</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	29	–	69,000	60,000	–
Deferred government grants	30	38,725	53,618	46,737	42,391
Lease liabilities	14	4,042	3,893	4,624	4,641
Provisions	31	29,304	32,069	31,694	33,900
Total non-current liabilities		72,071	158,580	143,055	80,932
Net assets		<u>1,658,351</u>	<u>2,007,048</u>	<u>2,255,488</u>	<u>2,324,608</u>
EQUITY					
Share capital	32	358,269	358,269	358,269	358,269
Other reserves	33	1,300,082	1,648,779	1,897,219	1,966,339
Total equity		<u>1,658,351</u>	<u>2,007,048</u>	<u>2,255,488</u>	<u>2,324,608</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

SHUANGDENG GROUP Co., Ltd. (the “**Company**”, formerly known as “**JIANGSU SHUANGDENG Co., Ltd.**”) was a joint stock company with limited liability established in the People’s Republic of China (“**PRC**”) on 28 December 2011 by Mr. Yang Shanji (楊善基), Mr. Qian Shan’gao (錢善高), Mr. Zhu Shiping (祝士平), Mr. Zhou Yuezhang (周躍章), Mr. Zhou Ping (周平), Mr. Zhou Weigang (周偉綱) and Mr. Zhai Lifeng (翟立鋒). The registered office of the Company is located at No. 999, Tianmu West Road, Jiangyan Economic Development Zone, Taizhou, Jiangsu Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the “**Group**”) are principally engaged in the research and development, manufacture and sale of lead-acid energy storage battery products and lithium-ion energy storage battery products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

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Name*	Notes	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hubei Shuangdeng Runyoung New Energy Co., Ltd.* (「湖北雙登潤陽新能源有限公司」) (“Shuangdeng Runyoung”)	(a)	Hubei 20-July-2007	RMB56,000,000	100	–	Lead-acid energy storage battery research and development, production and sales
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.* (「北京雙登慧峰聚能科技有限公司」) (“Huifeng Juneng”)	(b)	Beijing 5-March-2012	RMB30,000,000	100	–	Battery research and development
Jiangsu Shuangdeng Front New Energy Co., Ltd.* (「江蘇雙登富朗特新能源有限公司」) (“Shuangdeng Front”)	(c)	Shanghai 13-Nov-2006	RMB75,466,200	100	–	Lithium-ion energy storage battery research and development production and sales
Hubei Shuangdeng Energy Storage Technology Co., Ltd.* (「湖北雙登儲能科技有限公司」) (“Shuangdeng Energy Storage”)	(d)	Hubei 23-Dec-2022	RMB100,000,000	100	–	Lithium-ion energy storage battery research and development production and sales

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Name*	Notes	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
SHUANGDENG HOLDINGS INC. (“US Shoto”)	(e)	United States 29-Oct-2019	USD1,000,000	100	–	Shareholding platform
SHOTO ENERGY LLC (“SHOTO ENERGY”)	(f)	United States 21-Nov-2019	USD300,000	–	100	Energy storage battery sales
SHOTO SINGAPORE PTE. LTD. (“SINGAPORE SHOTO”)	(g)	Singapore 12-Jan-2023	SGD10,000	100	–	Shareholding platform
SHOTO ENERGY PTE. LTD. (“SINGAPORE SHOTO ENERGY”)	(h)	Singapore 21-March-2023	SGD10,000	–	100	Energy storage battery sales
SHOTO TECHNOLOGY (MALAYSIA) SDN.BHD. (“Malaysia SHOTO”)	(i)	Malaysia 18-March-2024	RM1,000	–	100	Energy storage battery production and sales

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- (a) *Shuangdeng Runyoung is registered as a limited liability company under PRC law. The statutory financial statements for the year ended 31 December 2022, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Jiangsu Mingrui Accounting Firm Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements for this entity for the years ended 31 December 2023 and 2024, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Hubei Huaren Zhiyuan Accounting Firm, a certified public accounting firm registered in the PRC.*
- (b) *Huifeng Juneng is registered as a limited liability company under PRC law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (c) *Shuangdeng Front is registered as a limited liability company under PRC law. The statutory financial statements for the years ended 31 December 2022 and 2023, prepared under PRC GAAP were audited by Jiangsu Mingrui Accounting Firm Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2024, prepared under PRC GAAP where audited by Shanghai Certified Public Accountants (Special General Partners), a certified public accounting firm registered in the PRC.*
- (d) *Shuangdeng Energy Storage is registered as a limited liability company under PRC law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022 and 2023, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The statutory financial statements for the year ended 31 December 2024, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Hubei Huaren Zhiyuan Accounting Firm, a certified public accounting firm registered in the PRC.*
- (e) *US Shoto is registered as a limited liability company under United States law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (f) *SHOTO ENERGY is registered as a limited liability company under United States law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (g) *SINGAPORE SHOTO is registered as a limited liability company under Singapore law. The statutory financial statements for the year ended 31 December 2023, prepared under Financial Reporting Standards of Singapore (“FRSs”) were audited by ACHIEVE PAC PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE, a certified public accounting firm registered in Singapore. The statutory financial statements for the year ended 31 December 2024, prepared under FRSs were audited by Ernst & Young LLP, SINGAPORE, a certified public accounting firm registered in Singapore.*
- (h) *SINGAPORE SHOTO ENERGY is registered as a limited liability company under Singapore law. The statutory financial statements for the year ended 31 December 2023, prepared under FRSs were audited by ACHIEVE PAC PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE, a certified public accounting firm registered in Singapore. The statutory financial statements for the year ended 31 December 2024, prepared under FRSs were audited by Ernst & Young LLP, SINGAPORE, a certified public accounting firm registered in Singapore.*
- (i) *Malaysia SHOTO is registered as a limited liability company under Malaysia law. The statutory financial statements for the year ended 31 December 2024, prepared under Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia were audited by Messrs. DAXIN KF&C PLT, a certified public accounting firm registered in Malaysia.*

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The Group was ultimately controlled by Mr. Yang Shanji.

The following table illustrates the details of investments in subsidiaries of the Company:

	As at 31 December			As at
				31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shuangdeng Runyoung	50,850	51,581	52,030	52,051
Huifeng Poly Energy	30,030	31,132	32,194	32,514
Shuangdeng Front	106,915	107,689	108,349	108,356
Chinashoto France SAS**	384	–	–	–
Shuangdeng Energy Storage	–	87,740	101,629	101,963
Pakistan Shoto*****	5	5	–	–
US Shoto.	2,761	2,761	2,761	2,761
SINGAPORE SHOTO	–	52	52	52
FU SHUANG INVESTMENT LIMITED ***	–	–	–	–
Anhui Shuangdeng New Energy Co., Ltd. (安徽雙登新能源有限公司) (“Anhui Shuangdeng”)****	–	–	–	–
Total	<u>190,945</u>	<u>280,960</u>	<u>297,015</u>	<u>297,697</u>

* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

** The company was deregistered in April 2023.

*** The company was deregistered in October 2022 and the paid-in capital is HKD 1.00.

**** The company was deregistered in May 2023 and the paid-in capital is nil.

***** The company was deregistered in December 2024.

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products, bills receivables classified as financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.3. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as 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.

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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 IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to <i>IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows (additional disclosure will be included in the financial statements). The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its wealth management products, derivative financial instruments and bills receivables at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

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Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets/a disposal group classified as held for sale), 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

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- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale.” The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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	4.75%
Leasehold improvements	15.70-23.77%
Plant and machinery	4.75-9.50%
Motor vehicles	19.00%
Furniture and others	19.00%

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 the end of each of the Relevant Periods.

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An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the 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.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets

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 each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

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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	50 years
Buildings	2 to 6 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.

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In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenues 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.

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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 the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes wealth management products and derivative instruments.

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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.

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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 each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade receivables, bills receivables and contract assets which apply the simplified approach as detailed below:

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

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Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables, bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. 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 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, certain other payables and accruals, amounts due to related parties, and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group’s normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the 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 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 the profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements are held at cost.

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Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

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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 Relevant Periods, 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 each of the Relevant Periods 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 and associates, 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

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- in respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 of the Relevant Periods 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 of the Relevant Periods 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 each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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Revenues recognition

Revenues from contracts with customers

Revenues 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 revenues reversal in the amount of cumulative revenues recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenues from sales of goods primarily arises from sales of lead-acid battery, lithium ion battery and others, which is recognised at the point in time when control of the products is transferred to the customer, generally on the acceptance of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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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 revenues when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates an employee share scheme. Employees (including directors) 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 for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 34 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 of the Relevant Periods until the vesting date reflects the extent to which the lock-up restricted 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.

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Service 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

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

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Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

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.

Foreign currencies

These Historical Financial Information are presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

Determining significant influence over entities in which the Group holds less than 20% equity interest

Despite the fact that the Group’s direct or indirect equity interest in Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. was 18% which was lower than 20%, the Group had significant influence with a board representative assigned and had the right to participate in the financial and operating policy decisions of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.

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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 level of future taxable profits together with future tax planning strategies.

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, The Group has tax losses of RMB4,118,000, RMB7,482,000, RMB19,253,000 and RMB1,332,000, respectively, carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB859,000, RMB2,691,000, RMB3,782,000 and RMB48,000, respectively, for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025. Further details on deferred taxes are disclosed in note 15 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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:

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in note 20 and note 21 to the Historical Financial Information, respectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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:

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).

Impairment of non-financial assets

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 of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other 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.

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Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 19 to the Historical Financial Information.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the Relevant Periods based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

Provision

The Group makes a provision for product warranty for the sale of battery products according to the best expected settlement under the sales agreement. The provision amount takes into account the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit or loss in future years. Further details of the provision are set out in note 31 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is the sale of lead-acid energy storage battery products and lithium-ion energy storage battery products. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.3 to the Historical Financial Information. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

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Geographical information

(a) Revenues from external customers

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Mainland China.	3,394,555	3,330,829	3,608,974	1,031,966	1,546,929
Overseas	677,925	928,948	889,548	362,219	319,679
Total revenues	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

The revenues information above is based on the locations of the direct customers who signed the sales agreements with the Group.

(b) Non-current assets

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Mainland China.	993,963	1,269,299	1,388,481	1,351,156
Overseas	—	—	18,838	18,474
Total non-current assets	<u>993,963</u>	<u>1,269,299</u>	<u>1,407,319</u>	<u>1,369,630</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenues from a single customer, including group of entities which are known to be under common control, accounted for over 10% of the Group’s total revenues during the Relevant Periods and the five months ended 31 May 2024 is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Customer A	990,257	907,533	589,642	N/A	189,496
Customer B	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>142,128</u>	<u>N/A</u>

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5. REVENUES, OTHER INCOME AND GAINS

An analysis of revenues is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Revenues from contracts with customers	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

Revenues from contracts with customers

(i) Disaggregated revenues information

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Types of goods or services					
Sales of lithium-Ion battery products	1,568,531	1,854,556	1,495,978	435,600	457,479
Sales of lead-acid battery products	2,421,622	2,337,230	2,907,232	927,108	1,357,504
Others (a).	<u>82,327</u>	<u>67,991</u>	<u>95,312</u>	<u>31,477</u>	<u>51,625</u>
Total	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

Timing of revenues recognition

Goods transferred at a point in time	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

(a) The amounts mainly include revenues from sales of waste including lead slag, used batteries, and electricity sales.

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The following table shows the amounts of revenues recognised in each of the Relevant Periods and the five months ended 31 May 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous years:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Sales of goods	<u>45,330</u>	<u>36,778</u>	<u>63,014</u>	<u>63,014</u>	<u>39,640</u>

(ii) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon the acceptance of the lead-acid battery products, lithium-Ion battery products and others by the customers and payment is generally due within 30 to 120 days from delivery.

The amounts of transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the five months ended 31 May 2024 is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Amounts expected to be recognised as revenues:					
Within one year . . .	<u>36,778</u>	<u>63,014</u>	<u>39,640</u>	<u>109,278</u>	<u>39,897</u>

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Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Government grants related to					
– Assets (i).	13,800	16,811	18,521	7,137	8,785
– Income	11,303	18,785	20,850	1,017	5,417
Additional VAT deduction (ii).	–	764	40,556	17,934	12,792
Interest income	3,402	19,260	14,814	5,990	4,012
Foreign exchange gains, net	17,476	12,289	10,626	3,969	3,746
Compensation income . . .	603	4,497	359	189	872
Rental income.	1,338	2,245	2,794	1,029	1,207
Others	2,692	3,067	7,064	462	3,702
Total	<u>50,614</u>	<u>77,718</u>	<u>115,584</u>	<u>37,727</u>	<u>40,533</u>

- (i) The Group has received certain government grants related to assets for investments in equipment and plant. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Details of these grants related to assets are set out in note 30 to the Historical Financial Information.
- (ii) According to the regulations of Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% deduction calculated based on the input value-added tax (“VAT”) from the VAT payable.

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6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Cost of inventories sold.		3,382,884	3,393,009	3,747,639	1,119,099	1,588,050
Depreciation of property, plant and equipment	13	116,642	110,371	126,283	44,368	63,560
Depreciation of right-of-use assets . .	14	9,176	9,473	12,925	5,022	6,652
Amortisation of other intangible assets	18	2,275	2,557	3,623	1,464	1,274
Research and development costs* . . .		38,207	42,767	33,953	14,221	23,020
Lease payments not included in the measurement of lease liabilities . .	14	3,957	4,511	5,817	2,540	2,524
Auditor’s remuneration		840	3,807	2,219	1,082	177
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’ and chief executive’s remuneration (note 8)):						
Wages and salaries.		292,019	335,495	311,649	115,995	119,715
Pension scheme contributions		31,039	38,393	34,281	12,759	13,170
Share incentive plan expense.		8,033	17,356	16,206	7,699	3,596
Foreign exchange differences, net. . .		(17,476)	(12,289)	(10,626)	(3,969)	(3,746)
Impairment losses on financial and contract assets, net:						
Impairment of trade and bills receivables, net	20	21,495	5,254	17,526	(4,875)	(1,437)
Impairment of contract assets, net . .	21	610	1,433	659	(276)	720
Impairment of financial assets included in prepayments, other receivables and other assets		502	(340)	996	1,243	727
Impairment losses on assets of a disposal group classified as held for sale		–	15,747	–	–	–
Provision for product warranty	31	30,719	36,516	38,436	12,497	17,324
Write-down/(reversal of write-down) of inventories to net realisable value	19	1,030	39,011	(22,338)	(18,216)	(552)

* Research and development costs do not include expenses relating to staff costs, depreciation and amortisation expenses, which are included in the respective total amounts disclosed separately above for each of these types of expenses.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Interest on bank and other borrowings	49,212	30,970	23,191	8,770	11,769
Interest on lease liabilities	535	391	531	225	233
Total interest expense on financial liabilities not at fair value through profit or loss	49,747	31,361	23,722	8,995	12,002
Less: Interest capitalised	(375)	(1,356)	(3,880)	(3,369)	–
Total	<u>49,372</u>	<u>30,005</u>	<u>19,842</u>	<u>5,626</u>	<u>12,002</u>

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s 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:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Fees	400	450	468	188	189
Other emoluments:					
Salaries, allowances and benefits in kind	3,447	3,544	4,172	1,584	1,567
Performance related bonuses *	12,856	13,496	10,486	4,370	2,454
Share incentive plan expense.	2,556	2,876	6,333	1,681	3,600
Subtotal.	<u>18,859</u>	<u>19,916</u>	<u>20,991</u>	<u>7,635</u>	<u>7,621</u>
Total	<u>19,259</u>	<u>20,366</u>	<u>21,459</u>	<u>7,823</u>	<u>7,810</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

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During the years ended 31 December 2022 and 31 December 2024, certain directors were granted awarded shares, in respect of their services to the Group, further details of which are set out in note 34 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the years ended 31 December 2022 and 2024 and the five months ended 31 May 2024 and 2025, is included in the above directors’ and chief executives’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2024 were as follows:

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Mr. Wang Jinliang	(iii)	250	300	150	125	–
Dr. Yin Junming		150	150	150	63	63
Mr. Wang Jin	(iv)	–	–	84	–	63
Mr. Wang Xi	(v)	–	–	84	–	63
Total		400	450	468	188	189

(b) Directors and supervisors

The remuneration of each director and the chief executive of the Company during the Relevant Periods and the five months ended 31 May 2024 is set out below:

2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:				
Dr. Yang Rui**	1,037	6,180	–	7,217
Dr. Yang Baofeng	852	4,980	1,642	7,474
Subtotal	1,889	11,160	1,642	14,691
Non-executive director:				
Mr. Qian Shan’gao	301	–	–	301
Supervisors:				
Mr. Wang Zhaobin	823	1,471	806	3,100
Ms. Sun Caiyun	224	148	108	480
Mr. Huang Xuegong	210	77	–	287
Subtotal	1,257	1,696	914	3,867
Total	3,447	12,856	2,556	18,859

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2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:				
Dr. Yang Rui	1,049	4,116	–	5,165
Dr. Yang Baofeng .	948	7,037	1,962	9,947
Subtotal	1,997	11,153	1,962	15,112
Non-executive director:				
Mr. Qian Shan’gao	300	–	–	300
Supervisors:				
Mr. Wang Zhaobin (i)	298	1,614	–	1,912
Mr. Lou Zhiqiang . (ii)	446	429	806	1,681
Ms. Sun Caiyun . .	286	206	108	600
Mr. Huang Xuegong	217	94	–	311
Subtotal	1,247	2,343	914	4,504
Total	3,544	13,496	2,876	19,916

2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:				
Dr. Yang Rui	973	3,695	3,152	7,820
Dr. Yang Baofeng .	901	3,745	1,335	5,981
Ms. He Rong (vi)	840	2,639	999	4,478
Subtotal	2,714	10,079	5,486	18,279
Non-executive director:				
Mr. Qian Shan’gao	300	–	–	300
Supervisors:				
Mr. Lou Zhiqiang .	645	286	739	1,670
Ms. Sun Caiyun . .	288	75	108	471
Mr. Huang Xuegong	225	46	–	271
Subtotal	1,158	407	847	2,412
Total	4,172	10,486	6,333	20,991

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Five months ended 31 May 2024 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Dr. Yang Rui	364	1,540	–	1,904
Dr. Yang Baofeng .	337	1,561	818	2,716
Ms. He Rong (vi)	309	1,100	482	1,891
Subtotal	1,010	4,201	1,300	6,511
Non-executive director:				
Mr. Qian Shan’gao	125	–	–	125
Supervisors:				
Mr. Lou Zhiqiang .	238	119	336	693
Ms. Sun Caiyun . .	119	31	45	195
Mr. Huang Xuegong	92	19	–	111
Subtotal	449	169	381	999
Total	1,584	4,370	1,681	7,635

Five months ended 31 May 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Dr. Yang Rui	363	872	2,627	3,862
Dr. Yang Baofeng .	336	872	370	1,578
Ms. He Rong (vi)	304	614	370	1,288
Subtotal	1,003	2,358	3,367	6,728
Non-executive director:				
Mr. Qian Shan’gao	125	–	–	125
Supervisors:				
Mr. Lou Zhiqiang .	231	67	224	522
Ms. Sun Caiyun . .	112	18	9	139
Mr. Huang Xuegong	96	11	–	107
Subtotal	439	96	233	768
Total	1,567	2,454	3,600	7,621

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****** Dr. Yang Rui is the chief executive of the Company during the Relevant Periods.

- (i) Mr. Wang Zhaobin has tendered his resignation with effect from 27 April 2023 due to age.
- (ii) Mr. Lou Zhiqiang has been appointed as a supervisor of the Company with effect from April 2023.
- (iii) Mr. Wang Jinliang has been appointed as an independent director of the Company with effect from December 2015 and has tendered his resignation with effect from 12 June 2024 due to age.
- (iv) Mr. Wang Jin has been appointed as an independent director of the Company with effect from June 2024.
- (v) Mr. Wang Xi has been appointed as an independent director of the Company with effect from June 2024.
- (vi) Ms. He Rong has been appointed as an executive director of the Company with effect from June 2024. She is also the chief financial officer of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025 included three, three, four, four and four directors and supervisor, respectively, details of whose remuneration are set out in note 8 to the Historical Financial Information.

Details of the remuneration for the remaining two, two, one, one and one highest paid employees who are neither directors, supervisors nor the chief executive of the Company during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025 are as follows:

	Year ended 31 December			Five months ended	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits					
in kind	1,520	1,807	832	309	308
Performance related bonuses	4,387	6,785	1,802	751	419
Share incentive plan expense. . . .	1,642	1,962	493	336	112
Total	7,549	10,554	3,127	1,396	839

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The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HKD1,000,000	–	–	–	–	1
HKD1,000,001 to HKD1,500,000	–	–	–	–	–
HKD1,500,001 to HKD2,000,000	–	–	–	1	–
HKD2,500,001 to HKD3,000,000	–	–	–	–	–
HKD3,000,001 to HKD3,500,000	–	–	1	–	–
HKD3,500,001 to HKD4,000,000	1	–	–	–	–
HKD4,500,001 to HKD5,000,000	1	1	–	–	–
HKD5,000,001 to HKD5,500,000	–	–	–	–	–
HKD7,000,001 to HKD7,500,000	–	1	–	–	–
Total	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>

During the Relevant Periods and the five months ended 31 May 2024, awarded shares were granted to two non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below:

The Company was qualified as a High and New Technology Enterprise in 2019 and 2022 and is entitled to a preferential tax rate of 15% from 2019 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shuangdeng Front was qualified as a High and New Technology Enterprise in 2021 and 2024 and is entitled to a preferential tax rate of 15% from 2021 to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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Shuangdeng Runyoung was qualified as a High and New Technology Enterprise in 2019 and 2022 and is entitled to a preferential tax rate of 15% from 2019 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Huifeng Juneng was qualified as a High and New Technology Enterprise in 2024 and is entitled to a preferential tax rate of 15% from 2024 to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shuangdeng Energy Storage was qualified as Micro and Small Enterprise pursuant to the PRC tax regulations and entitled to preferential tax rates of 2.5% for the year ended 31 December 2022.

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Current income tax – Mainland					
China	27,326	81,568	56,239	28,605	21,857
Current income tax – Overseas . .	96	99	67	9	186
Deferred income tax (<i>note 15</i>) . .	10,223	(20,692)	(6,925)	(7,275)	(7,366)
Income tax charge for the year/ period	<u>37,645</u>	<u>60,975</u>	<u>49,381</u>	<u>21,339</u>	<u>14,677</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries or jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the applicable tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Profit before tax	318,670	446,178	402,712	161,031	141,380
Tax at the tax rate of 15%	47,801	66,927	60,407	24,155	21,207
Effect of different tax rates of the subsidiaries	(209)	970	(4,337)	(515)	(29)
Expenses not deductible for tax . .	3,715	6,039	4,511	1,667	1,265
Additional deductible allowance for research and development costs	(14,521)	(15,652)	(14,982)	(6,197)	(7,814)
Temporary difference and tax losses not recognised	859	2,691	3,782	2,229	48
Tax charge at the Group's effective rate	<u>37,645</u>	<u>60,975</u>	<u>49,381</u>	<u>21,339</u>	<u>14,677</u>

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11. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dividends.	<u>–</u>	<u>48,366</u>	<u>73,803</u>	<u>–</u>	<u>60,906</u>

The Board of Directors declared the payment of a final dividend of RMBnil, RMB0.135, RMB0.206, nil and RMB0.170 per ordinary share for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings per share is calculated based on the profit attributable to the owners of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2024. The Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2024.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations.	<u>281,019</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
Shares					
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculations	<u>330,929,392</u>	<u>358,269,000</u>	<u>358,269,000</u>	<u>358,269,000</u>	<u>358,269,000</u>

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
At 1 January 2022:							
Cost.	351,288	6,553	742,379	7,871	81,588	212,203	1,401,882
Accumulated depreciation and impairment	(135,318)	(4,900)	(395,031)	(6,462)	(58,787)	–	(600,498)
Net carrying amount . .	215,970	1,653	347,348	1,409	22,801	212,203	801,384
At 1 January 2022, net of accumulated depreciation and impairment	215,970	1,653	347,348	1,409	22,801	212,203	801,384
Additions	53	3,460	121,084	3,716	6,957	13,659	148,929
Disposals	(17)	–	(860)	(439)	(309)	–	(1,625)
Depreciation provided during the year	(17,234)	(1,241)	(86,010)	(495)	(11,662)	–	(116,642)
Transfers.	28,033	–	185,330	289	11,411	(225,063)	–
At 31 December 2022, net of accumulated depreciation and impairment	226,805	3,872	566,892	4,480	29,198	799	832,046
At 31 December 2022:							
Cost.	379,358	10,012	1,029,464	7,366	94,708	799	1,521,707
Accumulated depreciation and impairment	(152,553)	(6,140)	(462,572)	(2,886)	(65,510)	–	(689,661)
Net carrying amount . .	226,805	3,872	566,892	4,480	29,198	799	832,046

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	379,358	10,012	1,029,464	7,366	94,708	799	1,521,707
Accumulated depreciation and impairment	(152,553)	(6,140)	(462,572)	(2,886)	(65,510)	–	(689,661)
Net carrying amount . .	<u>226,805</u>	<u>3,872</u>	<u>566,892</u>	<u>4,480</u>	<u>29,198</u>	<u>799</u>	<u>832,046</u>
At 1 January 2023, net of accumulated depreciation and impairment	226,805	3,872	566,892	4,480	29,198	799	832,046
Additions	1,636	7,974	6,208	2,981	5,824	360,972	385,595
Disposals	–	(23)	(2,269)	(178)	(305)	–	(2,775)
Reclassification to assets of a disposal group classified as held for sale (<i>note 25</i>)	–	–	(20,248)	–	–	–	(20,248)
Depreciation provided during the year	(17,543)	(1,694)	(81,133)	(1,369)	(8,632)	–	(110,371)
Transfers.	<u>–</u>	<u>–</u>	<u>11,563</u>	<u>197</u>	<u>3,603</u>	<u>(15,363)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>210,898</u>	<u>10,129</u>	<u>481,013</u>	<u>6,111</u>	<u>29,688</u>	<u>346,408</u>	<u>1,084,247</u>
At 31 December 2023:							
Cost.	380,994	17,963	1,001,189	9,782	100,996	346,408	1,857,332
Accumulated depreciation and impairment	(170,096)	(7,834)	(520,176)	(3,671)	(71,308)	–	(773,085)
Net carrying amount . .	<u>210,898</u>	<u>10,129</u>	<u>481,013</u>	<u>6,111</u>	<u>29,688</u>	<u>346,408</u>	<u>1,084,247</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	380,994	17,963	1,001,189	9,782	100,996	346,408	1,857,332
Accumulated depreciation.	(170,096)	(7,834)	(520,176)	(3,671)	(71,308)	–	(773,085)
Net carrying amount . .	210,898	10,129	481,013	6,111	29,688	346,408	1,084,247
At 1 January 2024, net of accumulated							
depreciation.	210,898	10,129	481,013	6,111	29,688	346,408	1,084,247
Additions	629	3,952	12,260	1,191	15,651	230,519	264,202
Disposals	–	(73)	(3,947)	(35)	(987)	–	(5,042)
Depreciation provided during the year	(22,179)	(2,801)	(89,055)	(1,523)	(10,725)	–	(126,283)
Transfers.	157,624	–	398,859	–	17,964	(574,447)	–
At 31 December 2024, net of accumulated depreciation and impairment	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
At 31 December 2024:							
Cost.	539,247	16,875	1,402,028	10,743	132,374	2,480	2,103,747
Accumulated depreciation.	(192,275)	(5,668)	(602,898)	(4,999)	(80,783)	–	(886,623)
Net carrying amount . .	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
At 1 January 2025:							
Cost.	539,247	16,875	1,402,028	10,743	132,374	2,480	2,103,747
Accumulated depreciation.	(192,275)	(5,668)	(602,898)	(4,999)	(80,783)	–	(886,623)
Net carrying amount . .	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
At 1 January 2025, net of accumulated depreciation.	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
Additions	7,744	–	1,910	202	1,059	17,077	27,992
Disposals	–	(87)	(206)	(1)	(90)	–	(384)
Depreciation provided during the period . .	(10,549)	(1,380)	(45,231)	(696)	(5,704)	–	(63,560)
Transfers.	–	–	3,216	–	200	(3,416)	–
Exchange realignment .	–	119	467	7	42	–	635
At 31 May 2025, net of accumulated depreciation.	344,167	9,859	759,286	5,256	47,098	16,141	1,181,807
At 31 May 2025:							
Cost.	546,991	16,909	1,405,113	10,932	133,276	16,141	2,129,362
Accumulated depreciation.	(202,824)	(7,050)	(645,827)	(5,676)	(86,178)	–	(947,555)
Net carrying amount . .	344,167	9,859	759,286	5,256	47,098	16,141	1,181,807

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s buildings with net carrying amounts of approximately RMB177,754,000, RMB164,245,000, RMB125,114,000 and RMB427,178,000, respectively, were pledged to secure certain interest-bearing bank and other borrowings of the Group. Further details are given in note 29 to the Historical Financial Information.

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The Company

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
At 1 January 2022:							
Cost.	216,350	5,949	393,824	6,414	54,804	33,553	710,894
Accumulated depreciation and impairment	(67,265)	(4,769)	(211,848)	(5,349)	(36,182)	–	(325,413)
Net carrying amount . .	<u>149,085</u>	<u>1,180</u>	<u>181,976</u>	<u>1,065</u>	<u>18,622</u>	<u>33,553</u>	<u>385,481</u>
At 1 January 2022, net of accumulated depreciation and impairment	149,085	1,180	181,976	1,065	18,622	33,553	385,481
Additions	–	2,720	15,577	3,598	3,714	3,024	28,633
Disposals	(11)	–	(30,745)	(439)	(191)	–	(31,386)
Depreciation provided during the year . . .	(10,285)	(932)	(33,804)	(403)	(7,978)	–	(53,402)
Transfers.	–	–	28,890	82	6,901	(35,873)	–
At 31 December 2022, net of accumulated depreciation and impairment	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>
At 31 December 2022:							
Cost.	216,339	8,669	403,591	5,585	62,041	704	696,929
Accumulated depreciation and impairment	(77,550)	(5,701)	(241,697)	(1,682)	(40,973)	–	(367,603)
Net carrying amount . .	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost.	216,339	8,669	403,591	5,585	62,041	704	696,929
Accumulated depreciation and impairment	(77,550)	(5,701)	(241,697)	(1,682)	(40,973)	–	(367,603)
Net carrying amount . .	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>
At 1 January 2023, net of accumulated depreciation and impairment	138,789	2,968	161,894	3,903	21,068	704	329,326
Additions	176	6,946	557	2,483	4,755	56,255	71,172
Disposals	–	–	(1,059)	(157)	(48)	–	(1,264)
Depreciation provided during the year . .	(10,283)	(1,274)	(27,911)	(1,061)	(6,729)	–	(47,258)
Transfers.	–	–	3,049	197	3,220	(6,466)	–
At 31 December 2023, net of accumulated depreciation and impairment	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>
At 31 December 2023:							
Cost.	216,515	15,615	397,774	7,917	69,216	50,493	757,530
Accumulated depreciation and impairment	(87,833)	(6,975)	(261,244)	(2,552)	(46,950)	–	(405,554)
Net carrying amount . .	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>

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ACCOUNTANTS’ REPORT

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	216,515	15,615	397,774	7,917	69,216	50,493	757,530
Accumulated depreciation and impairment	(87,833)	(6,975)	(261,244)	(2,552)	(46,950)	–	(405,554)
Net carrying amount . .	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>
At 1 January 2024, net of accumulated depreciation and impairment	128,682	8,640	136,530	5,365	22,266	50,493	351,976
Additions	580	988	14	499	7,769	33,652	43,502
Disposals	–	(28)	(877)	(9)	(28)	–	(942)
Depreciation provided during the year . . .	(11,478)	(2,282)	(26,264)	(1,295)	(7,342)	–	(48,661)
Transfers.	<u>27,220</u>	<u>–</u>	<u>49,530</u>	<u>–</u>	<u>6,602</u>	<u>(83,352)</u>	<u>–</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>145,004</u>	<u>7,318</u>	<u>158,933</u>	<u>4,560</u>	<u>29,267</u>	<u>793</u>	<u>345,875</u>
At 31 December 2024:							
Cost.	244,315	11,609	445,039	8,247	83,238	793	793,241
Accumulated depreciation and impairment	(99,311)	(4,291)	(286,106)	(3,687)	(53,971)	–	(447,366)
Net carrying amount . .	<u>145,004</u>	<u>7,318</u>	<u>158,933</u>	<u>4,560</u>	<u>29,267</u>	<u>793</u>	<u>345,875</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
At 1 January 2025:							
Cost.	244,315	11,609	445,039	8,247	83,238	793	793,241
Accumulated depreciation.	(99,311)	(4,291)	(286,106)	(3,687)	(53,971)	–	(447,366)
Net carrying amount . .	145,004	7,318	158,933	4,560	29,267	793	345,875
At 1 January 2025, net of accumulated depreciation.	145,004	7,318	158,933	4,560	29,267	793	345,875
Additions	1,329	–	851	154	455	8,294	11,083
Disposals	–	(73)	(192)	(1)	(14)	–	(280)
Depreciation provided during the period . .	(4,850)	(931)	(10,661)	(564)	(3,498)	–	(20,504)
Transfers.	–	–	1,013	–	146	(1,159)	–
At 31 May 2025, net of accumulated depreciation.	141,483	6,314	149,944	4,149	26,356	7,928	336,174
At 31 May 2025:							
Cost.	245,644	11,536	444,535	8,381	83,781	7,928	801,805
Accumulated depreciation.	(104,161)	(5,222)	(294,591)	(4,232)	(57,425)	–	(465,631)
Net carrying amount . .	141,483	6,314	149,944	4,149	26,356	7,928	336,174

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s buildings with net carrying amounts of approximately RMB117,248,000, RMB108,290,000, RMB125,114,000 and RMB122,163,000, respectively, were pledged to secure certain interest-bearing bank and other borrowings of the Company. Further details are given in note 29 to the Historical Financial Information.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts mainly for various items of buildings used in its operations. Leases of buildings generally have lease terms between 24 months and 72 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during each of the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	128,785	10,510	139,295
Additions	–	5,598	5,598
Depreciation charge	(3,180)	(5,996)	(9,176)
Disposal as a result of decrease the scope of lease	–	(89)	(89)
As at 31 December 2022 and 1 January 2023	125,605	10,023	135,628
Additions	24,922	7,753	32,675
Depreciation charge	(3,595)	(5,878)	(9,473)
Reclassification to assets of a disposal group classified as held for sale (note 25).	–	(1,000)	(1,000)
Disposal as a result of decrease the scope of lease	–	(1,124)	(1,124)
As at 31 December 2023 and 1 January 2024	146,932	9,774	156,706
Additions	6,520	14,481	21,001
Depreciation charge	(3,917)	(9,008)	(12,925)
Exchange realignment	–	326	326
As at 31 December 2024 and 1 January 2025	149,535	15,573	165,108
Additions	–	4,791	4,791
Depreciation charge	(1,587)	(5,065)	(6,652)
Exchange realignment	–	230	230
Disposal as a result of decrease the scope of lease	–	(240)	(240)
As at 31 May 2025	<u>147,948</u>	<u>15,289</u>	<u>163,237</u>

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As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the leasehold land with aggregate net carrying amounts of approximately RMB115,276,000, RMB136,855,000 and RMB96,887,000 and RMB95,911,000, respectively, was pledged to secure certain interest-bearing bank borrowings of the Group. Further details are given in note 29 to the Historical Financial Information.

The Company

	Leasehold land	Buildings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	78,319	10,885	89,204
Additions	–	5,599	5,599
Depreciation charge	(1,843)	(7,452)	(9,295)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(90)</u>	<u>(90)</u>
As at 31 December 2022 and 1 January 2023	76,476	8,942	85,418
Additions	–	9,305	9,305
Depreciation charge	(1,843)	(7,349)	(9,192)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(1,124)</u>	<u>(1,124)</u>
As at 31 December 2023 and 1 January 2024	74,633	9,774	84,407
Additions	–	8,939	8,939
Depreciation charge	(1,843)	(9,114)	(10,957)
Revision of a lease term arising from a change in the non-cancellable period of a lease	<u>–</u>	<u>1,085</u>	<u>1,085</u>
As at 31 December 2024 and 1 January 2025	72,790	10,684	83,474
Additions	–	5,285	5,285
Depreciation charge	(768)	(4,453)	(5,221)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(241)</u>	<u>(241)</u>
As at 31 May 2025	<u>72,022</u>	<u>11,275</u>	<u>83,297</u>

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As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the leasehold land with aggregate net carrying amounts of approximately RMB76,476,000, RMB74,633,000, RMB72,790,000 and RMB72,022,000, respectively, was pledged to secure certain interest-bearing bank borrowings of the Company. Further details are given in note 29 to the Historical Financial Information.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during each of the Relevant Periods are as follows:

The Group

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	10,241	9,992	10,389	16,614
New lease	5,598	7,753	14,481	4,791
Liabilities included in held for sale (note 25)	–	(822)	–	–
Accretion of interest recognised during the year/period	535	391	531	233
Payments	(6,293)	(5,761)	(9,113)	(6,505)
Disposal as a result of decrease the scope of lease	(89)	(1,164)	–	(262)
Exchange realignment	–	–	326	237
Carrying amount at the end of the year/period	<u>9,992</u>	<u>10,389</u>	<u>16,614</u>	<u>15,108</u>
Analysed into:				
Current portion	5,128	6,496	8,017	6,802
Non-current portion	<u>4,864</u>	<u>3,893</u>	<u>8,597</u>	<u>8,306</u>

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The Company

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Carrying amount at the beginning of the year/period	11,038	9,205	10,389	11,541
New lease	5,599	9,305	8,939	5,285
Accretion of interest recognised during the year/period	542	397	437	172
Payments	(7,885)	(7,354)	(9,309)	(5,866)
Disposal as a result of decrease the scope of lease	(89)	(1,164)	–	(262)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	1,085	–
Carrying amount at the end of the year/period	<u>9,205</u>	<u>10,389</u>	<u>11,541</u>	<u>10,870</u>
Analysed into:				
Current portion	5,163	6,496	6,917	6,229
Non-current portion	<u>4,042</u>	<u>3,893</u>	<u>4,624</u>	<u>4,641</u>

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

The Group

	Year ended 31 December			Five months ended	
	2022	2023	2024	31 May	
	RMB’000	RMB’000	RMB’000	2024	2025
				(unaudited)	
				RMB’000	RMB’000
Interest on lease liabilities	535	391	531	225	233
Depreciation charge of right-of-use assets	9,176	9,473	12,925	5,022	6,652
Expense relating to short-term leases	<u>3,957</u>	<u>4,511</u>	<u>5,817</u>	<u>2,540</u>	<u>2,524</u>
Total amount recognised in profit or loss	<u>13,668</u>	<u>14,375</u>	<u>19,273</u>	<u>7,787</u>	<u>9,409</u>

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The Company

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	542	397	437	190	172
Depreciation charge of right-of-use assets	9,295	9,192	10,957	4,428	5,221
Expense relating to short- term leases	<u>3,957</u>	<u>4,511</u>	<u>5,817</u>	<u>2,540</u>	<u>2,524</u>
Total amount recognised in profit or loss	<u>13,794</u>	<u>14,100</u>	<u>17,211</u>	<u>7,158</u>	<u>7,917</u>

(d) *The total cash outflow for leases is disclosed in note 36 to the Historical Financial Information.*

Included in the lease liabilities, amounts of RMB8,925,000, RMB7,144,000, RMB2,685,000 and RMB4,379,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively, were due to related parties. Details are disclosed in note 39 to the Historical Financial Information.

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15. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the year/period are as follows:

Deferred tax assets

	Impairment of financial and contract assets	Impairment of inventories plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	10,000	2,235	1,536	13,504	11,215	14,056	4,314	1,436	58,296
Deferred tax credited/(charged) to the profit or loss during the year (note 10).	3,567	(13)	(37)	(9,072)	1,695	(6,099)	1,177	(1,436)	(10,218)
Gross deferred tax assets at 31 December 2022	13,567	2,222	1,499	4,432	12,910	7,957	5,491	–	48,078
Deferred tax (charged)/credited to the profit or loss during the year (note 10).	(1,207)	5,851	183	(1,822)	12,197	4,250	488	786	20,726
Gross deferred tax assets at 31 December 2023	12,360	8,073	1,682	2,610	25,107	12,207	5,979	786	68,804

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	Impairment of financial and contract assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2023 and 1 January 2024.	12,360	8,073	1,682	2,610	25,107	12,207	5,979	786	68,804
Deferred tax credited/(charged) to the profit or loss during the year (note 10).	2,662	(2,911)	1,267	(2,610)	10,500	1,399	(151)	(1,568)	8,588
Gross deferred tax assets at 31 December 2024 and 1 January 2025.	15,022	5,162	2,949	–	35,607	13,606	5,828	(782)	77,392
Deferred tax (charged)/credited to the profit or loss during the period (note 10).	(278)	(336)	(535)	1,734	(489)	1,939	441	4,310	6,786
Gross deferred tax assets at 31 May 2025	14,744	4,826	2,414	1,734	35,118	15,545	6,269	3,528	84,178

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Deferred tax liabilities

	Fair value changes on financial assets at fair value through profit or loss	Right-of-use assets	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022.	—	1,577	1,577
Deferred tax charged/(credited) to the statement of profit or loss during the year (<i>note 10</i>).	79	(74)	5
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	79	1,503	1,582
Deferred tax (credited)/charged to the statement of profit or loss during the year (<i>note 10</i>).	(79)	113	34
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	—	1,616	1,616
Deferred tax charged to the statement of profit or loss during the year (<i>note 10</i>).	—	1,663	1,663
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025.	—	3,279	3,279
Deferred tax credited to the statement of profit or loss during the period (<i>note 10</i>).	—	(580)	(580)
Gross deferred tax assets at 31 May 2025.	—	2,699	2,699

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
Net deferred tax assets recognised in the consolidated statement of financial position	46,496	67,188	74,113	81,479
Net deferred tax liabilities recognised in the consolidated statement of financial position .	–	–	–	–

For the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group has tax losses arising overseas of RMB2,421,000, RMB2,900,000, RMB5,369,000 and RMB6,835,000, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

For the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group also has tax losses arising in Mainland China of RMB54,980,000, RMB36,444,000, RMB38,314,000 and RMB40,080,000, 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 they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
Deductible temporary differences.	229	28,129	549	1,911
Tax losses	27,852	22,072	41,286	39,845

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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The Company

The movements in deferred tax liabilities and assets during the year/period are as follows:

Deferred tax assets

	Impairment of financial and contract assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 . . .	9,237	1,921	1,656	6,034	7,569	11,073	4,314	–	41,804
Deferred tax credited/ (charged) to the profit or loss during the year	3,520	(139)	(275)	(6,034)	(421)	(5,089)	1,177	–	(7,261)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	12,757	1,782	1,381	–	7,148	5,984	5,491	–	34,543
Deferred tax credited to the profit or loss during the year	342	4,701	177	–	2,490	3,492	488	–	11,690

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	Impairment of financial and contract assets	Impairment of inventories and property, plant and equipment	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2023 and 1 January 2024	13,099	6,483	1,558	9,638	9,476	5,979	–	46,233
Deferred tax credited/ (charged) to the profit or loss during the year	2,705	(2,699)	173	(1,008)	(507)	(151)	127	(1,360)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	15,804	3,784	1,731	8,630	8,969	5,828	127	44,873
Deferred tax (charged)/ credited to the profit or loss during the period	(235)	35	(100)	(674)	624	441	(54)	37
Gross deferred tax liabilities at 31 May 2025	15,569	3,819	1,631	7,956	9,593	6,269	73	44,910

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Deferred tax liabilities

	Fair value changes on financial assets at fair value through profit or loss	Right-of-use assets	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022	–	1,633	1,633
Deferred tax charged/(credited) to the statement of profit or loss during the year	<u>79</u>	<u>(292)</u>	<u>(213)</u>
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	79	1,341	1,420
Deferred tax (credited)/charged to the statement of profit or loss during the year	<u>(79)</u>	<u>125</u>	<u>46</u>
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	–	1,466	1,466
Deferred tax charged to the statement of profit or loss during the year . . .	<u>–</u>	<u>640</u>	<u>640</u>
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	–	2,106	2,106
Deferred tax credited to the statement of profit or loss during the period. .	<u>–</u>	<u>(415)</u>	<u>(415)</u>
Gross deferred tax assets at 31 May 2025	<u>–</u>	<u>1,691</u>	<u>1,691</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Net deferred tax assets recognised in the consolidated statement of financial position	33,123	44,767	42,767	43,219
Net deferred tax liabilities recognised in the consolidated statement of financial position .	—	—	—	—

For the year ended 31 December 2021, the Company has tax losses arising in Mainland China of RMB39,955,000 that will expire in one to ten years for offsetting against future taxable profits.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

16. INVESTMENT IN AN ASSOCIATE

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets.	<u>16,813</u>	<u>16,338</u>	<u>16,766</u>	<u>16,798</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets.	<u>10,310</u>	<u>9,836</u>	<u>10,263</u>	<u>10,295</u>

The Group’s other payable balances with the associate are disclosed in note 39 to the Historical Financial Information.

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Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. (「雙登天鵬冶金江蘇有限公司」)*	Registered capital of RMB1 each	PRC/ Mainland China	18%	Recycling of battery products

* The English name of the company represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

Despite the fact that the Group’s equity interest in Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. was 18% which was lower than 20%, the Group had significant influence with a board representative assigned and had the right to participate in the financial and operating policy decisions of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.

The following table illustrates the summarised financial information in respect of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current assets	41,892	127,951	245,471	245,585
Non-current assets	51,459	48,487	48,381	48,659
Current liabilities	(3,672)	(70,993)	(226,036)	(227,052)
Non-current liabilities	(32,400)	(50,800)	(10,800)	(10,000)
Net assets.	57,279	54,645	57,016	57,192
Reconciliation to the Group’s interest in the associate:				
Proportion of the Group’s ownership	18%	18%	18%	18%
Carrying amount of the investment	10,310	9,836	10,263	10,295
Revenues	522,498	797,769	1,333,711	621,410
(Loss)/profit for the year/period. .	(5,027)	(2,644)	2,373	180
Total comprehensive (loss)/income for the year/period	(5,027)	(2,644)	2,373	180

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17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

		As at 31 December			As at 31 May
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Current					
Prepayments		66,755	26,957	40,921	69,502
Prepaid value-added tax	(i)	6,423	31,078	5,478	17,959
Deposits and other receivables	(ii)	9,552	5,895	38,891	39,580
		<u>82,730</u>	<u>63,930</u>	<u>85,290</u>	<u>127,041</u>
Non-current					
Prepayments for property, plant and equipment		2,124	4,859	–	–
Deposits and other receivables	(ii)	562	2,285	2,358	1,748
Total		<u>2,686</u>	<u>7,144</u>	<u>2,358</u>	<u>1,748</u>

The Company

		As at 31 December			As at 31 May
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Current					
Prepayments		30,849	21,446	37,724	57,093
Prepaid value-added tax	(i)	2,646	928	161	161
Deposits and other receivables	(ii)	9,405	5,703	37,755	38,437
Total		<u>42,900</u>	<u>28,077</u>	<u>75,640</u>	<u>95,691</u>
Non-current					
Prepayments for property, plant and equipment		1,022	2,661	–	–
Deposits and other receivables	(ii)	212	2,249	1,567	953
Total		<u>1,234</u>	<u>4,910</u>	<u>1,567</u>	<u>953</u>

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- (i) The Group’s domestic sales of goods and rendering of services are subject to PRC value-added-tax (“VAT”). Input VAT on purchases can be deducted from output VAT payable.
- (ii) The financial assets included in the above balances relate to deposits and other receivables which were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Periods, the deposits and other receivables had no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.
- (iii) As at 31 December 2024 and 31 May 2025, the Group and the Company’s deposits and other receivables of RMB5,108,000 and RMB4,422,000 were pledged for future guarantee.

18. OTHER INTANGIBLE ASSETS

The Group

	<u>Software</u>
	<u>RMB’000</u>
31 December 2022	
At 1 January 2022:	
Cost	17,239
Accumulated amortisation.	<u>(11,436)</u>
Net carrying amount	<u><u>5,803</u></u>
Cost at 1 January 2022, net of accumulated amortisation.	5,803
Additions	3,824
Amortisation provided during the year	<u>(2,275)</u>
At 31 December 2022	<u><u>7,352</u></u>
At 31 December 2022:	
Cost	21,063
Accumulated amortisation.	<u>(13,711)</u>
Net carrying amount	<u><u>7,352</u></u>

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ACCOUNTANTS’ REPORT

	<u>Software</u>
	<i>RMB’000</i>
31 December 2023	
At 1 January 2023:	
Cost	21,063
Accumulated amortisation.	<u>(13,711)</u>
Net carrying amount	<u><u>7,352</u></u>
Cost at 1 January 2023, net of accumulated amortisation.	7,352
Additions	2,354
Amortisation provided during the year	<u>(2,557)</u>
At 31 December 2023	<u><u>7,149</u></u>
At 31 December 2023:	
Cost	23,417
Accumulated amortisation.	<u>(16,268)</u>
Net carrying amount	<u><u>7,149</u></u>
31 December 2024	
At 1 January 2024:	
Cost	23,417
Accumulated amortisation.	<u>(16,268)</u>
Net carrying amount	<u><u>7,149</u></u>
Cost at 1 January 2024, net of accumulated amortisation.	7,149
Additions	4,795
Amortisation provided during the period.	<u>(3,623)</u>
At 31 December 2024	<u><u>8,321</u></u>
At 31 December 2024:	
Cost	28,212
Accumulated amortisation.	<u>(19,891)</u>
Net carrying amount	<u><u>8,321</u></u>

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ACCOUNTANTS’ REPORT

	<u>Software</u>
	<i>RMB’000</i>
31 May 2025	
At 1 January 2025:	
Cost	28,212
Accumulated amortisation.	<u>(19,891)</u>
Net carrying amount	<u><u>8,321</u></u>
Cost at 1 January 2025, net of accumulated amortisation.	8,321
Additions	741
Amortisation provided during the period.	<u>(1,274)</u>
At 31 May 2025	<u><u>7,788</u></u>
At 31 May 2025:	
Cost	28,953
Accumulated amortisation.	<u>(21,165)</u>
Net carrying amount	<u><u>7,788</u></u>

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ACCOUNTANTS’ REPORT

The Company

	<u>Software</u>
	<i>RMB’000</i>
31 December 2022	
At 1 January 2022:	
Cost	16,933
Accumulated amortisation.	<u>(11,383)</u>
Net carrying amount	<u><u>5,550</u></u>
Cost at 1 January 2022, net of accumulated amortisation.	5,550
Additions	795
Amortisation provided during the year	<u>(1,670)</u>
At 31 December 2022	<u><u>4,675</u></u>
At 31 December 2022:	
Cost	17,728
Accumulated amortisation.	<u>(13,053)</u>
Net carrying amount	<u><u>4,675</u></u>
Cost at 1 January 2023, net of accumulated amortisation.	4,675
Additions	2,235
Amortisation provided during the year	<u>(1,901)</u>
At 31 December 2023	<u><u>5,009</u></u>
At 31 December 2023:	
Cost	19,963
Accumulated amortisation.	<u>(14,954)</u>
Net carrying amount	<u><u>5,009</u></u>

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ACCOUNTANTS’ REPORT

	<u>Software</u>
	<i>RMB’000</i>
31 December 2024	
At 1 January 2024:	
Cost	19,963
Accumulated amortisation.	<u>(14,954)</u>
Net carrying amount	<u><u>5,009</u></u>
Cost at 1 January 2024, net of accumulated amortisation.	5,009
Additions	3,532
Amortisation provided during the year	<u>(2,795)</u>
At 31 December 2024	<u><u>5,746</u></u>
At 31 December 2024:	
Cost	23,495
Accumulated amortisation.	<u>(17,749)</u>
Net carrying amount	<u><u>5,746</u></u>
31 May 2025	
At 1 January 2025:	
Cost	23,495
Accumulated amortisation	<u>(17,749)</u>
Net carrying amount	<u><u>5,746</u></u>
Cost at 1 January 2025, net of accumulated amortisation.	5,746
Additions	353
Amortisation provided during the period.	<u>(881)</u>
At 31 May 2025	<u><u>5,218</u></u>
At 31 May 2025:	
Cost	23,848
Accumulated amortisation	<u>(18,630)</u>
Net carrying amount	<u><u>5,218</u></u>

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19. INVENTORIES

The Group

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Raw materials	130,689	50,499	62,501	109,745
Work in progress	229,067	304,463	260,227	285,088
Goods in transit	60,172	29,037	30,426	26,612
Finished goods	<u>131,844</u>	<u>129,056</u>	<u>191,835</u>	<u>383,265</u>
	551,772	513,055	544,989	804,710
Impairment allowance	<u>(14,810)</u>	<u>(53,821)</u>	<u>(31,483)</u>	<u>(30,931)</u>
Total	<u><u>536,962</u></u>	<u><u>459,234</u></u>	<u><u>513,506</u></u>	<u><u>773,779</u></u>

The movements in the loss allowance for impairment of inventories are as follows:

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year/ period	13,780	14,810	53,821	31,483
Provision for impairment losses, net	<u>1,030</u>	<u>39,011</u>	<u>(22,338)</u>	<u>(552)</u>
At the end of the year/period . . .	<u><u>14,810</u></u>	<u><u>53,821</u></u>	<u><u>31,483</u></u>	<u><u>30,931</u></u>

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The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Raw materials	77,840	30,581	27,977	66,039
Work in progress.	149,834	255,544	192,984	195,865
Goods in transit	60,172	29,037	30,426	26,612
Finished goods	107,576	86,184	105,491	278,485
	395,422	401,346	356,878	567,001
Impairment allowance	(11,882)	(43,218)	(25,227)	(25,461)
Total	<u>383,540</u>	<u>358,128</u>	<u>331,651</u>	<u>541,540</u>

The movements in the loss allowance for impairment of inventories are as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period.	11,258	11,882	43,218	25,227
Provision for impairment losses, net	624	31,336	(17,991)	234
At the end of the year/period . . .	<u>11,882</u>	<u>43,218</u>	<u>25,227</u>	<u>25,461</u>

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ACCOUNTANTS’ REPORT

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,876,808	1,601,100	2,303,208	2,386,187
Bills receivables	71,384	84,467	108,186	91,646
Impairment	(85,981)	(76,249)	(93,113)	(91,270)
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>
Denominated in RMB	1,596,408	1,371,254	2,075,333	2,160,339
Denominated in USD	263,064	235,391	239,128	222,107
Denominated in EUR	<u>2,739</u>	<u>2,673</u>	<u>3,820</u>	<u>4,117</u>
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>

The Group’s trading terms with its customers are mainly on credit. The credit term is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group’s bills receivables were all aged within six months and were not past due.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the bills receivables with net carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000 respectively, were pledged to secure certain of interest-bearing bank borrowings of the Group (note 29).

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the trade receivables with net carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000 respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Group (note 29).

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An ageing analysis of the Group’s trade and bills receivables, based on the revenues recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	1,539,794	1,353,109	2,002,842	2,074,787
7 to 12 months	219,859	162,330	207,905	204,561
1 to 2 years	88,935	84,630	100,448	100,994
2 to 3 years	11,976	8,772	6,132	5,449
3 to 4 years	1,647	477	954	772
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period	64,521	85,981	76,249	93,113
Impairment losses, net	21,495	5,254	17,526	(1,437)
Amount written off as uncollectible	(35)	(2,982)	(662)	(406)
Reclassification to assets of a disposal group classified as held for sale	—	(12,004)	—	—
At the end of the year/period . . .	<u>85,981</u>	<u>76,249</u>	<u>93,113</u>	<u>91,270</u>

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. 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. Generally, trade and bills receivables are written off according to management’s approval.

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During the Relevant Periods, there was no significant fluctuation for the overall expected credit loss rates, so the Group adopted similar expected credit loss rate.

Set out below is the information about the credit risk exposure on the Group’s trade and bills receivables using a provision matrix:

As at 31 December 2022

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount</u>	<u>Expected credit losses</u>	<u>Net carrying amount</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	14,275	14,275	–
Provision on a collective basis				
Aged less than 6 months	2.00	1,569,826	30,032	1,539,794
Aged 7 to 12 months	5.00	231,431	11,572	219,859
Aged 1 to 2 years	15.00	104,628	15,693	88,935
Aged 2 to 3 years	30.00	17,109	5,133	11,976
Aged 3 to 4 years	80.00	8,237	6,590	1,647
Aged over 4 years	100.00	<u>2,686</u>	<u>2,686</u>	<u>–</u>
Total		<u>1,948,192</u>	<u>85,981</u>	<u>1,862,211</u>

As at 31 December 2023

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount</u>	<u>Expected credit loss</u>	<u>Net carrying amount</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	90.25	19,025	17,168	1,857
Provision on a collective basis				
Aged less than 6 months	2.00	1,377,282	26,030	1,351,252
Aged 7 to 12 months	5.00	170,874	8,544	162,330
Aged 1 to 2 years	15.00	99,565	14,935	84,630
Aged 2 to 3 years	30.00	12,532	3,760	8,772
Aged 3 to 4 years	80.00	2,386	1,909	477
Aged over 4 years	100.00	<u>3,903</u>	<u>3,903</u>	<u>–</u>
Total		<u>1,685,567</u>	<u>76,249</u>	<u>1,609,318</u>

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ACCOUNTANTS’ REPORT

As at 31 December 2024

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	15,483	15,483	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,041,930	39,088	2,002,842
Aged 7 to 12 months	5.00	218,847	10,942	207,905
Aged 1 to 2 years	15.00	118,174	17,726	100,448
Aged 2 to 3 years	30.00	8,760	2,628	6,132
Aged 3 to 4 years	80.00	4,770	3,816	954
Aged over 4 years	100.00	<u>3,430</u>	<u>3,430</u>	<u>–</u>
Total		<u>2,411,394</u>	<u>93,113</u>	<u>2,318,281</u>

As at 31 May 2025

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	11,915	11,915	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,115,798	41,011	2,074,787
Aged 7 to 12 months	5.00	215,327	10,766	204,561
Aged 1 to 2 years	15.00	118,816	17,822	100,994
Aged 2 to 3 years	30.00	7,784	2,335	5,449
Aged 3 to 4 years	80.00	3,859	3,087	772
Aged over 4 years	100.00	<u>4,334</u>	<u>4,334</u>	<u>–</u>
Total		<u>2,477,833</u>	<u>91,270</u>	<u>2,386,563</u>

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ACCOUNTANTS’ REPORT

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	1,857,706	1,596,209	2,269,514	2,284,981
Bills receivables	71,384	84,467	108,186	91,646
Impairment.	(79,497)	(74,046)	(90,654)	(87,693)
Net carrying amount	<u>1,849,593</u>	<u>1,606,630</u>	<u>2,287,046</u>	<u>2,288,934</u>

The Company’s trading terms with its customers are mainly on credit. The credit period is generally from one to six months. The Company seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Company’s bills receivable were all aged within six months and were not past due.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the bills receivables with net carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 29).

As at 31 December 2022, 2023 and 2024 and 31 May 2025 certain of the trade receivables with net carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 29).

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ACCOUNTANTS’ REPORT

An ageing analysis of the Company’s trade and bills receivables, based on the revenues recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	1,537,756	1,352,432	1,973,862	1,979,895
7 to 12 months	217,118	162,263	206,223	201,936
1 to 2 years	84,593	83,943	100,366	100,988
2 to 3 years	9,136	7,617	5,700	5,373
3 to 4 years	990	375	895	742
Total	<u>1,849,593</u>	<u>1,606,630</u>	<u>2,287,046</u>	<u>2,288,934</u>

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period.	57,807	79,497	74,046	90,654
Impairment losses, net	<u>21,690</u>	<u>(5,451)</u>	<u>16,608</u>	<u>(2,961)</u>
At the end of the year/period . . .	<u>79,497</u>	<u>74,046</u>	<u>90,654</u>	<u>87,693</u>

The Company apply the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. 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. Generally, trade and bills receivables are written off according to management’s approval.

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Set out below is the information about the credit risk exposure on the Company’s trade and bills receivables using a provision matrix:

As at 31 December 2022

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	14,275	14,275	–
Provision on a collective basis				
Aged less than 6 months	2.00	1,566,645	29,969	1,536,676
Aged 7 to 12 months	5.00	228,545	11,427	217,118
Aged 1 to 2 years	15.00	100,380	15,057	85,323
Aged 2 to 3 years	30.00	13,551	4,065	9,486
Aged 3 to 4 years	80.00	4,952	3,962	990
Aged over 4 years	100.00	<u>742</u>	<u>742</u>	<u>–</u>
Total		<u>1,929,090</u>	<u>79,497</u>	<u>1,849,593</u>

As at 31 December 2023

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	90.25	19,025	17,170	1,855
Provision on a collective basis				
Aged less than 6 months	2.00	1,376,593	26,016	1,350,577
Aged 7 to 12 months	5.00	170,803	8,540	162,263
Aged 1 to 2 years	15.00	98,756	14,813	83,943
Aged 2 to 3 years	30.00	10,882	3,265	7,617
Aged 3 to 4 years	80.00	1,873	1,498	375
Aged over 4 years	100.00	<u>2,744</u>	<u>2,744</u>	<u>–</u>
Total		<u>1,680,676</u>	<u>74,046</u>	<u>1,606,630</u>

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ACCOUNTANTS’ REPORT

As at 31 December 2024

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	15,483	15,483	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,012,360	38,496	1,973,864
Aged 7 to 12 months	5.00	217,077	10,854	206,223
Aged 1 to 2 years	15.00	118,077	17,712	100,365
Aged 2 to 3 years	30.00	8,142	2,443	5,699
Aged 3 to 4 years	80.00	4,475	3,580	895
Aged over 4 years	100.00	<u>2,086</u>	<u>2,086</u>	<u>–</u>
Total		<u>2,377,700</u>	<u>90,654</u>	<u>2,287,046</u>

As at 31 May 2025

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	11,915	11,915	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,018,962	39,067	1,979,895
Aged 7 to 12 months	5.00	212,564	10,628	201,936
Aged 1 to 2 years	15.00	118,809	17,821	100,988
Aged 2 to 3 years	30.00	7,676	2,303	5,373
Aged 3 to 4 years	80.00	3,709	2,967	742
Aged over 4 years	100.00	<u>2,992</u>	<u>2,992</u>	<u>–</u>
Total		<u>2,376,627</u>	<u>87,693</u>	<u>2,288,934</u>

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21. CONTRACT ASSETS

The Group and the Company

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contract assets arising from:				
Sale of products	9,590	17,937	16,866	17,899
Impairment.	<u>(1,074)</u>	<u>(2,507)</u>	<u>(3,166)</u>	<u>(3,886)</u>
Net carrying amount	<u>8,516</u>	<u>15,430</u>	<u>13,700</u>	<u>14,013</u>

The expected timing of recovery or settlement for contract assets at the end of each of the Relevant Periods is as follows:

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	1,608	7,020	546	729
After one year.	<u>6,908</u>	<u>8,410</u>	<u>13,154</u>	<u>13,284</u>
Total	<u>8,516</u>	<u>15,430</u>	<u>13,700</u>	<u>14,013</u>

The Group and the Company

The movements in the loss allowance for impairment of contract assets are as follows:

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year/ period.	464	1,074	2,507	3,166
Impairment losses, net	<u>610</u>	<u>1,433</u>	<u>659</u>	<u>720</u>
At the end of the year/period . . .	<u>1,074</u>	<u>2,507</u>	<u>3,166</u>	<u>3,886</u>

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An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the ageing from the invoice of trade receivables for groupings of various customer segments with similar loss patterns. 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 expected credit losses on the Group’s contract assets for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025 were assessed to be minimal. Set out below is the information about the credit risk exposure on the Group’s contract assets using a provision matrix for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
Expected credit loss rate.	11.20%	13.98%	18.77%	21.71%
Gross carrying amount (RMB’000)	9,590	17,937	16,866	17,899
Expected credit losses (RMB’000)	1,074	2,507	3,166	3,886

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Asset				
Wealth management products (i)	<u>–</u>	<u>–</u>	<u>86,000</u>	<u>–</u>
Forward currency contracts	<u>–</u>	<u>–</u>	<u>3,355</u>	<u>–</u>
Liability				
Derivative financial instruments (ii)	<u>–</u>	<u>–</u>	<u>842</u>	<u>489</u>

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- (i) The unlisted investments were wealth management products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (ii) The derivative financial instruments were non-deliverable commodity derivative contracts. Commodity derivative contracts utilised by the Group are mainly standardised lead futures contracts on the Shanghai Futures Exchange (“SHFE”).

23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Current				
Bills receivables	6,909	15,655	3,073	2,225

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Current				
Bills receivables	6,252	15,655	3,073	2,061

Certain of the Group’s bills receivables are held within a business model with the objective of both holding to collect contractual cash flows and selling, which are classified as debt investments at fair value through other comprehensive income.

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24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances . .	416,882	657,538	426,566	643,116
Time deposits	82,122	160,391	227,369	212,817
Total	<u>499,004</u>	<u>817,929</u>	<u>653,935</u>	<u>855,933</u>
Less:				
Restricted bank deposits:				
Pledged for issuance of				
bills (i)	41,762	50,402	388	309
Pledged for issuance of				
letters of guarantee (ii)	103,376	128,096	27,245	22,167
Pledged for future				
guarantee (iii)	1,480	–	–	–
Pledged for litigation (iv)	–	–	3,700	3,700
Restricted time deposits:				
Pledged for issuance of				
bills (i)	61,263	117,888	91,121	81,128
Pledged for issuance of				
letters of guarantee (ii)	<u>20,859</u>	<u>42,503</u>	<u>136,247</u>	<u>131,689</u>
Restricted cash:	228,740	338,889	258,701	238,993
Current portion	228,740	303,497	235,134	214,592
Non-current portion . . .	–	35,392	23,567	24,401
Cash and cash equivalents	<u>270,264</u>	<u>479,040</u>	<u>395,234</u>	<u>616,940</u>
Denominated in USD	92,263	49,416	306,612	490,273
Denominated in RMB	401,799	763,648	341,421	351,613
Denominated in EUR	4,353	4,358	5,752	12,836
Denominated in PKR	589	507	–	–
Denominated in MYR	<u>–</u>	<u>–</u>	<u>150</u>	<u>1,211</u>
Total	<u>499,004</u>	<u>817,929</u>	<u>653,935</u>	<u>855,933</u>

(i) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB103,025,000, RMB168,290,000, RMB91,509,000 and RMB81,437,000 respectively, were pledged for issuance of bills payables.

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- (ii) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB124,235,000, RMB170,599,000, RMB163,492,000 and RMB153,856,000 respectively, were pledged to issue the letter of guarantee in banks to provide guarantees in respect of purchase contracts signed with suppliers.
- (iii) As at 31 December 2022, restricted bank deposits of RMB1,480,000 were pledged for future guarantee.
- (iv) As at 31 December 2024 and 31 May 2025, restricted bank deposits of RMB3,700,000 and RMB3,700,000 were pledged for litigation.

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Cash and bank balances . .	354,722	631,840	376,713	610,172
Time deposits	61,804	99,975	195,281	171,793
Total	416,526	731,815	571,994	781,965
Less:				
Restricted bank deposits:				
Pledged for issuance of				
bills (i)	32,830	49,991	–	94
Pledged for issuance of				
letter of guarantee (ii)	99,830	126,468	27,210	22,167
Pledged for future				
guarantee (iii)	1,480	–	–	–
Restricted time deposits:				
Pledged for issuance of				
bills (i)	40,945	58,047	60,409	41,479
Pledged for issuance of				
letters of guarantee (ii)	20,859	41,927	134,873	130,314
Restricted cash:	195,944	276,433	222,492	194,054
Current portion	195,944	241,617	199,500	170,229
Non-current portion . . .	–	34,816	22,992	23,825
Cash and cash equivalents	220,582	455,382	349,502	587,911
Denominated in USD	91,456	39,955	284,487	475,741
Denominated in RMB	320,730	687,502	281,905	296,601
Denominated in EUR	4,340	4,358	5,602	9,623
Total	416,526	731,815	571,994	781,965

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- (i) *As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB73,775,000, RMB108,038,000, RMB60,409,000 and RMB41,573,000 respectively, were pledged for issuance of bills payables.*
 - (ii) *As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB120,689,000, RMB168,395,000, RMB162,083,000 and RMB152,480,000,, respectively, were pledged to issue the letters of guarantee in banks to provide guarantees in respect of purchase contracts signed with suppliers.*
 - (iii) *As at 31 December 2022, restricted bank deposits of RMB1,480,000 were pledged for future guarantee.*

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

25. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the shareholder resolution dated on 15 November 2023, Huifeng Juneng was approved to dispose of its subsidiary, Huai’an Huifeng Juneng, by transferring its entire equity interest to a third party, and the disposal plan is to be completed within one year. As at 31 December 2023, final negotiations for the sale were in progress and the related assets and liabilities were classified as held for sale on the Group’s consolidated balance sheet. In August 2024, Huifeng Juneng entered into an equity transfer agreement with an unaffiliated third party and the equity transfer was completed as of September 2024.

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The major classes of assets and liabilities of Huai’an Huifeng Juneng classified as held for sale as at 31 December 2023 are as follows:

	Balance before fair value re-measurement as at 31 December 2023	Fair value re-measurement	As at 31 December 2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Assets			
Property, plant and equipment	20,248	(15,747)	4,501
Right-of-use assets	1,000	–	1,000
Trade receivables	1,452	–	1,452
Prepayments, other receivables and other assets	139	–	139
Cash and short-term deposits	<u>542</u>	<u>–</u>	<u>542</u>
Assets classified as held for sale . . .	<u>23,381</u>	<u>(15,747)</u>	<u>7,634</u>
Liabilities			
Other payables and accruals	10	–	10
Tax payable	10	–	10
Lease liabilities	822	–	822
Deferred government grants	<u>630</u>	<u>–</u>	<u>630</u>
Liabilities directly associated with the assets classified as held for sale	<u>1,472</u>	<u>–</u>	<u>1,472</u>
Net assets directly associated with the disposal group	<u>21,909</u>	<u>(15,747)</u>	<u>6,162</u>

And in accordance with IFRS 5, assets held for sale with a carrying amount of RMB21,909,000 were written down to their fair value of RMB6,162,000, resulting in a loss of RMB15,747,000, which was included in profit or loss for the year ended 31 December 2023.

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26. 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			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	<u>701,876</u>	<u>837,172</u>	<u>973,979</u>	<u>1,225,637</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	<u>459,342</u>	<u>486,909</u>	<u>667,276</u>	<u>731,867</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms.

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Salary payables	110,571	128,439	126,165	109,115
Payable for purchase of property, plant and equipment	99,026	105,902	223,088	138,471
Deposit received	37,297	50,386	52,685	62,560
Other tax payables	32,591	14,173	28,497	49,729
Unexpired endorsement transfers .	44,166	50,874	77,127	75,647
Dividend payables	–	–	–	60,906
Other payables and accruals	<u>87,710</u>	<u>63,540</u>	<u>51,116</u>	<u>28,964</u>
Total	<u>411,361</u>	<u>413,314</u>	<u>558,678</u>	<u>525,392</u>

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The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Salary payables	88,355	97,957	90,905	74,838
Payable for purchase of property, plant and equipment	19,942	36,397	38,399	25,785
Deposit received	18,077	29,142	31,436	36,373
Other tax payables	18,586	9,443	22,770	40,832
Unexpired endorsement transfers .	47,958	50,874	77,127	46,008
Dividend payables	–	–	–	60,906
Other payables and accruals	66,520	51,274	25,203	20,364
Total	259,438	275,087	285,840	305,106

Other payables are unsecured and non-interest-bearing, repayable within 1 year. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Short-term advances received from customers				
Sales of goods	36,778	63,014	39,640	39,897

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Short-term advances received from customers				
Sales of goods	36,251	57,880	36,470	38,087

Contract liabilities include advances received to deliver battery products. The changes in contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers in relation to the sale of battery products.

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29. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Notes	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 31 May 2025		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current													
Bank loans – pledged and guaranteed	(a)	3.60-4.35	2023	43,052	2.80-4.00	2024	20,021	–	–	–	–	–	–
Bank loans – pledged	(b)	1.98-3.90	2023	398,690	2.80-4.68	2024	178,051	2.40-4.55	2025	108,348	2.40-4.28	2025	78,026
Bank loans – guaranteed	(c)	3.20-3.60	2023	232,758	2.80-2.90	2024	64,957	2.40-4.80	2025	67,598	2.29-4.80	2026	97,590
Bank loans – unsecured		2.39-3.60	2023	251,455	2.80	2024	107,555	2.30-2.54	2025	389,764	2.15-2.54	2025	510,950
Current portion of long term bank loans – pledged and guaranteed	(a)	4.00	2023	18,890	4.00	2024	18,884	3.15-3.50	2025	38,516	2.90-3.50	2025	52,576
Current portion of long term bank loans – pledged	(b)	–	–	–	–	–	–	2.60	2025	20,017	2.60	2025	10,006
Current portion of long term bank loans – guaranteed	(c)	–	–	–	3.00	2024	21,060	2.60-2.70	2025	49,090	2.55-2.70	2026	98,578
Total – current				944,845			410,528			673,333			847,726
Non-current													
Bank loans – pledged and guaranteed	(a)	4.00	2024-2026	51,200	3.50-4.00	2025-2029	228,425	2.40-4.80	2026-2029	195,404	2.90-3.50	2026-2029	259,270
Bank loans – pledged	(b)	–	–	–	3.00	2025	20,000	–	–	–	–	–	–
Bank loans – guaranteed	(c)	–	–	–	3.00	2025	49,000	2.55	2026	60,000	–	–	–
Total – non-current				51,200			297,425			255,404			259,270
Total				996,045			707,953			928,737			1,106,996

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank loans repayable:				
Within one year or on demand . . .	944,845	410,528	673,333	847,726
In the second year	18,600	119,702	109,809	66,088
In the third to fifth years, inclusive	32,600	139,200	145,595	193,182
Beyond five years	—	38,523	—	—
Total	<u>996,045</u>	<u>707,953</u>	<u>928,737</u>	<u>1,106,996</u>

(a) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with the amounts of RMB113,142,000, RMB267,330,000, RMB233,920,000 and RMB311,846,000, respectively, were secured by:

- (i) the pledge of certain of the Group’s leasehold land with carrying amounts of RMB8,502,000, RMB32,758,000, RMB24,097,000 and RMB23,888,000, respectively;
- (ii) the pledge of certain of the Group’s property, plant and equipment with carrying amounts of RMB47,821,000, RMB45,111,000, nil and RMB305,015,000, respectively;
- (iii) the pledge of certain of the Group’s patent rights in 2022;
- (iv) the guarantee from the Company.

(b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with amounts of RMB398,690,000, RMB198,051,000, RMB128,365,000 and RMB88,032,000, respectively, were secured by:

- (i) the pledge of certain of the Group’s leasehold land with carrying amounts of RMB106,774,000, RMB104,097,000, RMB72,790,000 and RMB72,023,000, respectively;
- (ii) the pledge of certain of the Group’s property, plant and equipment with carrying amounts of RMB129,933,000, RMB119,134,000, RMB125,114,000 and RMB122,163,000, respectively;

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- (iii) the pledge of certain of the Group’s bills receivables with carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively;
- (iv) the pledge of certain of the accounts receivable of the Group, with carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively.
- (c) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with amounts of RMB232,758,000, RMB135,017,000, RMB176,688,000 and RMB196,168,000, respectively, were guaranteed by the Company.

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The Company

	Notes	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 31 May 2025		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current													
Bank loans – pledged	(a)	1.98-3.80	2023	342,634	2.80-4.68	2024	156,026	2.40-4.55	2025	108,348	2.40-4.28	2025	78,026
Bank loans – guaranteed	(b)	3.20-3.30	2023	170,169	2.80-2.90	2024	64,957	2.40-4.80	2025	67,598	2.29-4.80	2026	97,590
Bank loans – unsecured		2.39-3.60	2023	224,209	3.00	2024	107,574	2.40-2.54	2025	380,589	2.15-2.54	2025	501,739
Current portion of long term bank loans – pledged	(a)	–	–	–	–	–	–	2.60	2025	20,017	2.60	2025	10,006
Current portion of long term bank loans – guaranteed	(b)	–	–	–	3.00	2024	21,060	2.60-2.70	2025	49,090	2.55-2.70	2026	98,578
Total – current				737,012			349,617			625,642			785,939
Non-current													
Bank loans – pledged	(a)	–	–	–	3.00	2025	20,000	–	–	–	–	–	–
Bank loans – guaranteed	(b)	–	–	–	3.00	2025	49,000	2.55	2026	60,000	–	–	–
Total – non-current				–			69,000			60,000			–
Total				737,012			418,617			685,642			785,939

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank loans repayable:				
Within one year or on demand . . .	737,012	349,617	625,642	785,939
In the second year	—	69,000	60,000	—
Total	<u>737,012</u>	<u>418,617</u>	<u>685,642</u>	<u>785,939</u>

(a) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s bank borrowings with amounts of RMB342,634,000, RMB176,026,000, RMB128,365,000 and RMB88,032,000 respectively, were secured by:

- (i) the pledge of certain of the Company’s leasehold land with carrying amounts of RMB76,476,000, RMB74,633,000, RMB72,790,000 and RMB72,023,000, respectively;
- (ii) the pledge of certain of the Company’s property, plant and equipment with carrying amounts of RMB117,248,000, RMB108,290,000, RMB125,114,000 and RMB122,163,000, respectively;
- (iii) the pledge of certain of the Company’s bills receivables with carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively;
- (iv) the pledge of certain of the accounts receivable of the Company, with carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively.

(b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s bank borrowings with the amounts of RMB170,169,000, RMB135,017,000, RMB176,688,000 and RMB196,168,000, respectively, were guaranteed by Shuangdeng Front.

The financial liabilities that are part of the Group’s supplier finance arrangements included in interest-bearing bank and other borrowings are normally settled on 240-360 days following the due date of comparable trade payable. The range of payment due dates for comparable trade payables is 30-90 days after invoice date.

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The Group has established supplier finance arrangements that are offered to the related parties in group or some of the Group’s key suppliers in Mainland China with the banks. The Group has the right to choose suppliers and initiate the financial arrangement. Suppliers that participate in the supplier finance arrangements will receive payments at the original due dates on invoices sent to the Group from the banks. For the banks to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. The Group provides the security to the banks and the supplier finance arrangements use the group’s utility in the bank. The Group takes the interest. Upon the maturity date of the debt, the Group must make unconditional payment to the banks and the banks have the right to deduct the payment from the Group’s bank account directly.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank and other borrowings in the statement of financial position and within the current portion of unsecured bank loans.

The Group

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:				
Interest-bearing bank and other borrowings of which suppliers have received payments.	<u>47,402</u>	<u>10,000</u>	<u>332,753</u>	<u>453,903</u>

The Company

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:				
Interest-bearing bank and other borrowings of which suppliers have received payments.	<u>47,402</u>	<u>10,000</u>	<u>332,753</u>	<u>453,903</u>

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For financial liabilities that are part of the supplier finance arrangements included in interest-bearing bank and other borrowings, the related non-cash transaction is disclosed in note 36 to the Historical Financial Information.

30. DEFERRED GOVERNMENT GRANTS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	74,769	86,069	136,123	182,499
Addition.	26,000	68,395	64,897	4,000
Liabilities included in held for sale (note 25).	–	(630)	–	–
Amortisation during the year/period	(14,700)	(17,711)	(18,521)	(8,785)
At the end of the year/period	<u>86,069</u>	<u>136,123</u>	<u>182,499</u>	<u>177,714</u>
Current portion	12,817	17,633	20,878	20,992
Non-current portion	<u>73,252</u>	<u>118,490</u>	<u>161,621</u>	<u>156,722</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	50,459	47,651	64,255	57,534
Addition.	8,000	28,265	3,895	–
Amortisation during the year/period	(10,808)	(11,661)	(10,616)	(4,493)
At the end of the year/period	<u>47,651</u>	<u>64,255</u>	<u>57,534</u>	<u>53,041</u>
Current portion	8,926	10,637	10,797	10,650
Non-current portion	<u>38,725</u>	<u>53,618</u>	<u>46,737</u>	<u>42,391</u>

As at 31 December 2023, deferred government grants with a carrying value of RMB630,000 were reclassified to assets and liabilities of disposal group classed as held for sale in note 25 to the Historical Financial Information.

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31. PROVISIONS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	28,758	36,604	39,863	38,852
Addition.	30,719	36,516	38,436	17,324
Amount utilised during the year/ period.	(22,873)	(33,257)	(39,447)	(14,383)
At the end of the year/period	<u>36,604</u>	<u>39,863</u>	<u>38,852</u>	<u>41,793</u>
Portion classified as current liabilities.	<u>7,300</u>	<u>7,794</u>	<u>7,158</u>	<u>7,893</u>
Non-current portion	<u>29,304</u>	<u>32,069</u>	<u>31,694</u>	<u>33,900</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	28,758	36,604	39,863	38,852
Addition.	29,917	35,401	36,311	16,720
Amount utilised during the year/ period.	(22,071)	(32,142)	(37,322)	(13,779)
At the end of the year/period	<u>36,604</u>	<u>39,863</u>	<u>38,852</u>	<u>41,793</u>
Portion classified as current liabilities.	<u>7,300</u>	<u>7,794</u>	<u>7,158</u>	<u>7,893</u>
Non-current portion	<u>29,304</u>	<u>32,069</u>	<u>31,694</u>	<u>33,900</u>

The Group provides warranties of 3 to 8 years to its customers on the battery products. The amount of the provision for the warranties is estimated based on the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. Any increase or decrease in provision will affect the profit or loss in future years. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

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32. SHARE CAPITAL

	<u>Number of ordinary shares</u>	<u>Share capital</u> <i>RMB’000</i>
As at 1 January 2022	<u>330,000,000</u>	<u>330,000</u>
Issuance of shares (a)	<u>28,269,000</u>	<u>28,269</u>
As at 31 December 2022 and 2023 and 2024.	358,269,000	358,269
Issuance of shares	<u>—</u>	<u>—</u>
As at 31 May 2025	<u>358,269,000</u>	<u>358,269</u>

The share capital of the Group and the Company as at the end of each of the Relevant Periods was RMB358,269,000, RMB358,269,000, RMB358,269,000 and RMB358,269,000, respectively. The movements are as follows:

- (a) In December 2022, the Company issued 28,269,000 shares in total with par value of RMB1.00 each to Xiangyang Gaoqian Venture Capital Center (Limited Partnership)(“襄陽高謙創業投資中心(有限合夥)”), Zaoyang Changjiang Venture Capital Fund Partnership (Limited Partnership)(“棗陽長江創業投資基金合夥企業(有限合夥)”) and Xiamen Hengsheng Zizhu Equity Investment Partnership (Limited Partnership) (“廈門恒盛紫竹股權投資合夥企業(有限合夥)”). The total proceeds of approximately RMB385,486,000 in December 2022 were received with approximately RMB28,269,000 and RMB357,217,000 was credited to the Company’s share capital and capital reserves, respectively.

33. RESERVES

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statement of changes in equity of the Historical Financial Information.

Capital reserve

The capital reserve mainly comprises the share premium of the Company and the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group.

Details of share premium of the Company are included in note 32 to the Historical Financial Information.

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Reserve funds

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 reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the Historical Financial Information of operations with a functional currency other than RMB.

The amounts of the Company’s reserves and the movements therein are presented as below:

	Capital reserve	Share-based compensation reserve	Reserve funds	Retained profits	Total reserves
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022 . .	63,475	19,216	93,497	518,017	694,205
Profit for the year	–	–	–	238,071	238,071
Issue of shares	357,217	–	–	–	357,217
Share-based compensation reserve	–	10,589	–	–	10,589
Appropriation to statutory reserves . . .	–	–	24,238	(24,238)	–
At 31 December 2022 .	<u>420,692</u>	<u>29,805</u>	<u>117,735</u>	<u>731,850</u>	<u>1,300,082</u>
Profit for the year	–	–	–	376,831	376,831
Share-based compensation reserve	–	20,232	–	–	20,232
Dividend	–	–	–	(48,366)	(48,366)
Appropriation to statutory reserves . . .	–	–	38,817	(38,817)	–
At 31 December 2023 .	<u>420,692</u>	<u>50,037</u>	<u>156,552</u>	<u>1,021,498</u>	<u>1,648,779</u>

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	Capital reserve	Share-based compensation reserve	Reserve funds	Retained profits	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	–	–	–	299,704	299,704
Share-based compensation reserve	–	22,539	–	–	22,539
Dividend	–	–	–	(73,803)	(73,803)
Appropriation to statutory reserves . . .	–	–	29,970	(29,970)	–
At 31 December 2024 .	<u>420,692</u>	<u>72,576</u>	<u>186,522</u>	<u>1,217,429</u>	<u>1,897,219</u>
Profit for the period . . .	–	–	–	122,830	122,830
Share-based compensation reserve	–	7,196	–	–	7,196
Dividend	–	–	–	(60,906)	(60,906)
At 31 May 2025	<u>420,692</u>	<u>79,772</u>	<u>186,522</u>	<u>1,279,353</u>	<u>1,966,339</u>

34. SHARE INCENTIVE SCHEME

Restricted share awards

The Company operates share incentive scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, supervisors, senior management and other key employees of the Group who, in the opinion of the board of directors, contribute directly to the overall business performance and sustainable development of the Group. The Scheme became effective on 30 June 2019.

On 30 June 2019, a total of 6,700,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,723,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,729,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,209,000, RMB2,902,000, RMB1,209,000 and nil, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 25 September 2019, a total of 2,360,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB2,368,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB8,711,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,204,000, RMB1,204,000, RMB903,000 and nil, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 14 February 2020, a total of 7,605,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB7,631,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB28,069,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,451,000, RMB2,577,000, RMB1,990,000 and RMB236,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 7 December 2020, a total of 6,600,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,622,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,360,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,320,000, RMB2,770,000, RMB2,859,000 and RMB1,191,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 30 July 2021, a total of 3,000,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB3,010,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB11,073,000, the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB196,000, RMB196,000, RMB196,000 and RMB82,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 15 July 2022, a total of 1,800,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,588,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,545,000, the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,795,000, RMB3,592,000, RMB3,592,000 and RMB1,496,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 5 December 2022, a total of 2,840,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB13,888,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB38,727,000, and the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB414,000, RMB4,968,000, RMB4,421,000 and RMB-225,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 3 March 2023, a total of 1,210,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB5,917,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB16,500,000, and the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,750,000, RMB2,100,000 and RMB875,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2023 and 2024 and the five months ended 31 May 2025.

On 1 November 2023, a total of 1,000,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB5,440,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB15,564,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB273,000, RMB2,089,000 and RMB844,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2023 and 2024 and the five months ended 31 May 2025.

On 30 July 2024, a total of 4,100,000 shares of the Company were awarded to the director of the Company at a consideration of RMB25,584,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB57,105,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amount of RMB3,152,000 and RMB2,627,000, in respect of the Shares under the Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2024 and the five months ended 31 May 2025.

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On 22 November 2024, a total of 150,000 shares of the Company were awarded to the employees of the Company at a consideration of RMB953,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB1,798,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amount of RMB28,000 and RMB70,000, in respect of the Shares under the Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2024 and the five months ended 31 May 2025.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares. The Group accounts for the Scheme as an equity-settled plan.

Any dividends declared in respect of the shares awarded during the lock-up restricted period belong to the participants. However, the participants do not have any voting right in respect of the shares awarded during the lock-up restricted period.

The following shares were outstanding under the Scheme during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

	<u>Number of shares</u>
As at 1 January 2022	24,245,000
Granted during the year	4,640,000
Forfeited during the year	<u>(2,265,000)</u>
As at 31 December 2022 and 1 January 2023	26,620,000
Granted during the year	2,210,000
Forfeited during the year	<u>(350,000)</u>
As at 31 December 2023 and 1 January 2024	28,480,000
Granted during the year	4,250,000
Forfeited during the year	<u>(550,000)</u>
As at 31 December 2024 and 1 January 2025	32,180,000
Forfeited during the period	<u>(500,000)</u>
As at 31 May 2025	<u><u>31,680,000</u></u>

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The weighted average remaining contractual lives for the outstanding restricted shares granted were 2.76, 1.97, 1.54 and 1.26 years as of the end of each of the Relevant Periods, respectively.

35. DISPOSAL OF A SUBSIDIARY

	<u>2024</u>
	<i>RMB’000</i>
Net assets disposed of:	
Current assets	7,577
Current liabilities	<u>(1,430)</u>
Subtotal	6,147
Loss on disposal	<u>(147)</u>
Total consideration	<u><u>6,000</u></u>
Satisfied by:	
Cash	<u><u>6,000</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<u>2024</u>
	<i>RMB’000</i>
Cash consideration	6,000
Cash and bank balances disposed of	<u>(360)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>5,640</u></u>

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) *Major non-cash transactions*

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,598,000, RMB7,753,000, RMB14,481,000 and RMB4,791,000, respectively, in respect of lease arrangements for buildings.

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During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group reclassified trade payables of RMB35,402,000, nil, RMB313,182,000 and RMB282,344,000, respectively, to interest-bearing bank and other borrowings in respect of the supplier finance arrangements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022	1,096,848	10,241
Changes from financing cash flows	(195,465)	(6,293)
Interest capitalised (<i>note 7</i>).	375	–
Additions of lease liabilities	–	5,598
Disposal as a result of decrease the scope of lease.	–	(89)
Increase arising from supplier finance arrangements	35,402	–
Foreign exchange movement	10,048	–
Interest expense (<i>note 7</i>)	<u>48,837</u>	<u>535</u>
At 31 December 2022	<u>996,045</u>	<u>9,992</u>

Year ended 31 December 2023

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	996,045	9,992
Changes from financing cash flows	(323,366)	(5,761)
Interest capitalised (<i>note 7</i>).	1,356	–
Additions of lease liabilities	–	7,753
Liabilities included in held for sale (<i>note 25</i>).	–	(822)
Disposal as a result of decrease the scope of lease.	–	(1,164)
Foreign exchange movement	4,304	–
Interest expense (<i>note 7</i>)	<u>29,614</u>	<u>391</u>
At 31 December 2023	<u>707,953</u>	<u>10,389</u>

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Year ended 31 December 2024

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2024	707,953	10,389
Changes from financing cash flows	(117,270)	(9,113)
Interest capitalised (<i>note 7</i>)	3,880	–
Additions of lease liabilities	–	14,481
Increase arising from supplier finance arrangements	313,182	–
Foreign exchange movement	1,681	326
Interest expense (<i>note 7</i>)	<u>19,311</u>	<u>531</u>
At 31 December 2024	<u>928,737</u>	<u>16,614</u>

Five months ended 31 May 2025

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2025	928,737	16,614
Changes from financing cash flows	(115,888)	(6,505)
Additions of lease liabilities	–	4,791
Disposal as a result of decrease the scope of lease	–	(262)
Increase arising from supplier finance arrangements	282,344	–
Foreign exchange movement	34	237
Interest expense (<i>note 7</i>)	<u>11,769</u>	<u>233</u>
At 31 May 2025	<u>1,106,996</u>	<u>15,108</u>

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(c) Total cash outflow for leases

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Within operating activities	3,957	4,511	5,817	2,540	2,524
Within financing activities	6,293	5,761	9,113	3,831	6,505
Total	<u>10,250</u>	<u>10,272</u>	<u>14,930</u>	<u>6,371</u>	<u>9,029</u>

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	<u>–</u>	<u>194,746</u>	<u>160,414</u>	<u>2,204</u>

38. PLEDGE OF ASSETS

Details of the Group’s restricted time deposits and bank deposits pledged for issuance of the Group’s bills payables to suppliers, letters of guarantee and future guarantee are included in note 24 to the Historical Financial Information.

Details of the Group’s property, plant and equipment pledged for the Group’s bank borrowings are included in note 13 and note 29 to the Historical Financial Information.

Details of the Group’s leasehold land pledged for the Group’s bank borrowings are included in note 14 and note 29 to the Historical Financial Information.

Details of the Group’s bills receivables pledged for the Group’s bank borrowings are included in note 20 and note 29 to the Historical Financial Information.

Details of the Group’s trade receivables pledged for the Group’s bank borrowings are included in note 20 and note 29 to the Historical Financial Information.

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Details of the Group’s other receivables pledged for the Group’s future guarantee is included in note 17 to the Historical Financial Information.

39. RELATED PARTY TRANSACTIONS

(a) Name and relationship

<u>Name of related party[*]</u>	<u>Relationship with the Company</u>
Dr. Yang Baofeng (楊寶峰)	Executive Director and deputy general manager, core technical staff
Shuangdeng Cable Co., Ltd. (雙登電纜股份有限公司) ^{**}	Company controlled by Dr. Yang Rui
Jiangsu Fushanda New Energy Technology Co., Ltd. (江蘇福善達新能源科技 有限公司) ^{**}	Company controlled by Dr. Yang Rui
Jiangsu Shuangdeng Group Limited (江蘇雙登集團有限公司)	Company controlled by Mr. Yang Shanji
Jiangsu Weili Energy Materials Co., Ltd. (“江蘇維鋰新能源材料有限 公司”)	Company controlled by Mr. Yang Shanji’s nephew

* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

** Before August 2024, Shuangdeng Cable Co., Ltd. and Jiangsu Fushanda New Energy Technology Co., Ltd. were controlled by Mr. Yang Shanji. Since August 2024, Shuangdeng Cable Co., Ltd. and Jiangsu Fushanda New Energy Technology Co., Ltd. were controlled by Dr. Yang Rui.

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- (b) *The Group had the following material related party transactions and outstanding balances during the Relevant Periods and the five months ended 31 May 2024:*

The Group

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Notes					
Sales of goods to:						
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	(i)	16,796	13,917	33,500	14,459	13,490
Jiangsu Weili Energy Materials Co., Ltd. . . .		—	—	—	—	299
Total		<u>16,796</u>	<u>13,917</u>	<u>33,500</u>	<u>14,459</u>	<u>13,789</u>
Purchases of products/ services from:						
Jiangsu Fushanda New Energy Technology Co., Ltd.	(i)	15,495	16,496	20,243	8,446	12,695
Shuangdeng Cable Co., Ltd.	(i)	260	420	557	354	941
Jiangsu Weili Energy Materials Co., Ltd. . . .		—	—	—	—	358
Total		<u>15,755</u>	<u>16,916</u>	<u>20,800</u>	<u>8,800</u>	<u>13,994</u>
Rental expenses to:						
Jiangsu Shuangdeng Group Limited	(ii)	<u>5,132</u>	<u>4,833</u>	<u>5,085</u>	<u>2,361</u>	<u>2,689</u>

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(c) *Outstanding balances with related parties*

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due to related parties				
Shuangdeng Cable Co., Ltd.	1,311	438	674	465
Jiangsu Fushanda New Energy Technology Co., Ltd.	3,217	3,025	4,946	10,428
Jiangsu Shuangdeng Group Limited	206	206	–	–
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	100	100	100	100
Total	<u>4,834</u>	<u>3,769</u>	<u>5,720</u>	<u>10,993</u>
Trade related:				
Due from a related party				
Jiangsu Weili Energy Materials Co., Ltd.	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,051</u>
Non-trade related:				
Due to related parties				
Dr. Yang Baofeng.	<u>–</u>	<u>2</u>	<u>–</u>	<u>–</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due from subsidiaries				
Jiangsu Shuangdeng Front New Energy Co., Ltd.	28,313	–	–	–
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	–	–	27,269	90,445
SHOTO ENERGY PTE. LTD. . . .	–	4,032	23,673	20,275
SHOTO TECHNOLOGY (MALAYSIA) SDN.BHD.	<u>–</u>	<u>–</u>	<u>1,901</u>	<u>7,126</u>
Total	<u>28,313</u>	<u>4,032</u>	<u>52,843</u>	<u>117,846</u>

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due to related parties				
Jiangsu Fushanda New Energy Technology Co., Ltd.	3,018	3,001	4,943	10,200
Shuangdeng Cable Co., Ltd.	315	427	664	454
Jiangsu Shuangdeng Group Limited	206	206	–	–
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	100	100	100	100
Total	<u>3,639</u>	<u>3,734</u>	<u>5,707</u>	<u>10,754</u>
Trade related:				
Due to subsidiaries				
Jiangsu Shuangdeng Front New Energy Co., Ltd.	34,468	117,917	93,140	168,515
Hubei Shuangdeng Runyoung New Energy Co., Ltd.	84,853	65,561	77,206	73,899
Hubei Shuangdeng Energy Storage Technology Co., Ltd.	–	2,496	2,758	99,493
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	–	681	520	2,821
Total	<u>119,321</u>	<u>186,655</u>	<u>173,624</u>	<u>344,728</u>
Non-trade related:				
Due from subsidiaries				
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	27,111	23,181	13,780	15,280
Anhui Shuangdeng New Energy Co., Ltd.	1	–	–	–
Jiangsu Shuangdeng Front New Energy Co., Ltd.	–	9	–	12
Chinashoto France SAS	486	–	–	–
SHOTO SINGAPORE PTE. LTD. .	–	1,009	15,401	19,704
Total	<u>27,598</u>	<u>24,199</u>	<u>29,181</u>	<u>34,996</u>

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related:				
Due to related parties				
Dr. Yang Baofeng.	-	2	-	-
Non-trade related:				
Due to subsidiaries				
Jiangsu Shuangdeng Front New				
Energy Co., Ltd.	30,177	47	-	-

- (i) The prices are mutually agreed after taking the prevailing market prices into consideration.
- (ii) The Group has entered into lease agreements in respect of buildings from Jiangsu Shuangdeng Group Limited. The rental fees under the lease were RMB5,132,000, RMB4,833,000, RMB5,085,000 and RMB2,689,000 for the years ended 31 December 2022, 2023 and 2024 and 31 May 2025, respectively. The Group recognised right-of-use assets of RMB8,672,000, RMB6,559,000, RMB2,129,000 and RMB3,968,000, and lease liabilities of RMB8,925,000, RMB7,144,000, RMB2,685,000 and RMB4,379,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively. The transactions were made according to the prices and terms agreed with the related parties.
- (iii) The amounts due from related parties are unsecured, interest-free and repayable on demand. The management of the Company considers there is no significant credit risk for amounts due from related parties.
- (iv) The amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

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(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	(unaudited) <i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	5,366	5,800	5,472	2,081	2,062
Performance related bonuses	17,242	20,280	12,289	5,121	2,872
Share incentive plan expense	<u>4,197</u>	<u>4,838</u>	<u>6,826</u>	<u>2,016</u>	<u>3,711</u>
Total	<u><u>26,805</u></u>	<u><u>30,918</u></u>	<u><u>24,587</u></u>	<u><u>9,218</u></u>	<u><u>8,645</u></u>

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40. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group endorsed certain bills receivables (the “**Endorsed Bills**”) with carrying amounts of RMB44,166,000, RMB50,874,000, RMB77,127,000 and RMB75,647,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse were as RMB113,983,000, RMB148,287,000, RMB169,948,000 and RMB59,685,000 at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group discounted certain bills receivables (the “**Discounted Bills**”) with carrying amounts of RMB8,509,000, RMB208,000 and RMB236,000 and RMB5,785,000, respectively (the “**Discounting**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated banking borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amounts of the Discounted Bills during the year to which the banks have recourse were RMB19,882,000 and RMB208,000, RMB32,523,000 and RMB24,404,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group endorsed certain bills receivables that were not due accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB48,757,000, RMB98,588,000, RMB224,773,000, RMB117,397,000, respectively, and discounted certain bills receivables that were not due accepted by banks in Mainland China (the “**Derecognised Bills**”) with carrying amounts of RMB47,868,000, nil, RMB32,354,000 and nil, respectively. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law

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of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, disregarding the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has recognised losses of RMB1,054,000, nil, nil and nil, respectively, on the date of transfer of the Derecognised Bills.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets

As at 31 December 2022

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	6,909	–	6,909
Trade and bills receivables . . .	–	–	1,862,211	1,862,211
Financial assets included in prepayments, other receivables and other assets . .	–	–	10,114	10,114
Restricted cash	–	–	228,740	228,740
Cash and cash equivalents . . .	–	–	270,264	270,264
Total	<u>–</u>	<u>6,909</u>	<u>2,371,329</u>	<u>2,378,238</u>

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As at 31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	15,655	–	15,655
Trade and bills receivables . . .	–	–	1,609,318	1,609,318
Financial assets included in prepayments, other receivables and other assets	–	–	8,180	8,180
Restricted cash	–	–	338,889	338,889
Cash and cash equivalents . . .	–	–	479,040	479,040
Total	–	15,655	2,435,427	2,451,082

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	3,073	–	3,073
Trade and bills receivables . . .	–	–	2,318,281	2,318,281
Financial assets included in prepayments, other receivables and other assets .	–	–	41,249	41,249
Financial assets at fair value through profit or loss	86,000	–	–	86,000
Derivative financial instruments	3,355	–	–	3,355
Restricted cash	–	–	258,701	258,701
Cash and cash equivalents . . .	–	–	395,234	395,234
Total	89,355	3,073	3,013,465	3,105,893

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As at 31 May 2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	2,225	–	2,225
Trade and bills receivables . . .	–	–	2,386,563	2,386,563
Financial assets included in prepayments, other receivables and other assets .	–	–	41,328	41,328
Due from a related party	–	–	338	338
Restricted cash	–	–	238,993	238,993
Cash and cash equivalents . . .	–	–	616,940	616,940
Total	<u>–</u>	<u>2,225</u>	<u>3,284,162</u>	<u>3,286,387</u>

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Financial liabilities

As at 31 December 2022

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Due to related parties	4,834
Financial liabilities included in other payables and accruals	235,578
Trade and bills payables	701,876
Interest-bearing bank and other borrowings	996,045
Lease liabilities	<u>9,992</u>
Total	<u><u>1,948,325</u></u>

As at 31 December 2023

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Due to related parties	3,771
Financial liabilities included in other payables and accruals	242,365
Trade and bills payables	837,172
Interest-bearing bank and other borrowings	707,953
Lease liabilities	<u>10,389</u>
Total	<u><u>1,801,650</u></u>

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As at 31 December 2024

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
	<i>RMB’000</i>	<i>RMB’000</i>
Due to related parties.	–	5,720
Financial liabilities included in other payables and accruals	–	229,966
Trade and bills payables.	–	973,979
Interest-bearing bank and other borrowings. . . .	–	928,737
Lease liabilities.	–	16,614
Derivative financial instruments.	<u>842</u>	<u>–</u>
Total	<u><u>842</u></u>	<u><u>2,155,016</u></u>

As at 31 May 2025

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
	<i>RMB’000</i>	<i>RMB’000</i>
Due to related parties.	–	10,993
Financial liabilities included in other payables and accruals	–	366,548
Trade and bills payables.	–	1,225,637
Interest-bearing bank and other borrowings. . . .	–	1,106,996
Lease liabilities.	–	15,108
Derivative financial instruments.	<u>489</u>	<u>–</u>
Total	<u><u>489</u></u>	<u><u>2,725,282</u></u>

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments and other receivables, trade and bills receivables, due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, due to related parties and current portion of interest-bearing bank 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. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The 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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	6,909	–	6,909

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	15,655	–	15,655

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As at 31 December 2024

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	3,073	–	3,073
Financial assets at fair value through profit or loss	–	86,000	–	86,000
Derivative financial instruments	<u>–</u>	<u>3,355</u>	<u>–</u>	<u>3,355</u>
Total	<u>–</u>	<u>92,428</u>	<u>–</u>	<u>92,428</u>

As at 31 May 2025

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Derivative financial instruments	<u>–</u>	<u>2,225</u>	<u>–</u>	<u>2,225</u>

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Liabilities measured at fair value:

As at 31 December 2024

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1) RMB’000</u>	<u>Significant observable inputs (Level 2) RMB’000</u>	<u>Significant unobservable inputs (Level 3) RMB’000</u>	
Derivative financial instruments	<u>842</u>	<u>–</u>	<u>–</u>	<u>842</u>

As at 31 May 2025

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1) RMB’000</u>	<u>Significant observable inputs (Level 2) RMB’000</u>	<u>Significant unobservable inputs (Level 3) RMB’000</u>	
Derivative financial instruments	<u>489</u>	<u>–</u>	<u>–</u>	<u>489</u>

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to support the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management of the Company and the Financial Instruments Division is responsible for the daily risk management by the operation management through functional departments (e.g., the Company’s Credit Management Department reviews the credit sales incurred by the Company on a case-by-case basis). The Company’s Internal Audit Department conducts daily supervision of the implementation for the Company’s risk management policies and procedures, and reports the relevant findings in a timely manner to the Company’s Audit Committee. The overall objective of the Company’s risk management is to establish risk management policies that minimizes the risks associated with various types of financial instruments without unduly affecting the Company’s competitiveness and resilience.

Interest rate risk

The Group’s exposure to the risk of changes in fair value relates primarily to the Group’s bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit or loss after tax through the impact on floating rate borrowings and the Group’s equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
		<i>RMB’000</i>	<i>RMB’000</i>
2022			
RMB	100	(1,540)	(1,540)
RMB	(100)	1,540	1,540
2023			
RMB	100	(944)	(944)
RMB	(100)	944	944
2024			
RMB	100	(1,044)	(1,044)
RMB	(100)	1,044	1,044
Five months ended 31 May 2025			
RMB	100	(771)	(771)
RMB	(100)	771	771

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Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant, of the Group’s profit or loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	(Decrease)/ increase in foreign exchange rate	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
	%	RMB’000	RMB’000
2022			
If RMB strengthens against US\$	(5)	(15,502)	(15,502)
If RMB weakens against US\$	5	15,502	15,502
2023			
If RMB strengthens against US\$	(5)	(13,192)	(13,192)
If RMB weakens against US\$	5	13,192	13,192
2024			
If RMB strengthens against US\$	(5)	(21,367)	(21,367)
If RMB weakens against US\$	5	21,367	21,367
Five months ended 31 May 2025			
If RMB strengthens against US\$	(5)	(31,027)	(31,027)
If RMB weakens against US\$	5	31,027	31,027

Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. 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 and the Group’s exposure to bad debts is not significant. Concentrations of credit risk are managed by customer/ counterparty and by industry sector.

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Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

31 December 2022

	12 months	Lifetime ECLs			
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	6,909	–	–	–	6,909
Trade and bills receivables*	–	–	–	1,948,192	1,948,192
Contract assets*	–	–	–	9,590	9,590
Financial assets included in prepayments, other receivables and other assets -Normal**	13,605	–	–	–	13,605
Restricted cash	228,740	–	–	–	228,740
Cash and cash equivalents	<u>270,264</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>270,264</u>
Total	<u>519,518</u>	<u>–</u>	<u>–</u>	<u>1,957,782</u>	<u>2,477,300</u>

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	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	15,655	–	–	–	15,655
Trade and bills receivables*	–	–	–	1,685,567	1,685,567
Contract assets*	–	–	–	17,937	17,937
Financial assets included in prepayments, other receivables and other assets -Normal**	11,859	–	–	–	11,859
Restricted cash	338,889	–	–	–	338,889
Cash and cash equivalents	479,040	–	–	–	479,040
Total	<u>845,443</u>	<u>–</u>	<u>–</u>	<u>1,703,504</u>	<u>2,548,947</u>

31 December 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	3,073	–	–	–	3,073
Trade and bills receivables*	–	–	–	2,411,394	2,411,394
Contract assets*	–	–	–	16,866	16,866
Financial assets included in prepayments, other receivables and other assets -Normal**	45,937	–	–	–	45,937
Restricted cash	258,701	–	–	–	258,701
Cash and cash equivalents	395,234	–	–	–	395,234
Total	<u>702,945</u>	<u>–</u>	<u>–</u>	<u>2,428,260</u>	<u>3,131,205</u>

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	12 months	Lifetime ECLs			
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income . .	2,225	—	—	—	2,225
Trade and bills receivables*	—	—	—	2,477,833	2,477,833
Contract assets*	—	—	—	17,899	17,899
Financial assets included in prepayments, other receivables and other assets -Normal**	46,746	—	—	—	46,746
Due from a related party .	338	—	—	—	338
Restricted cash	238,993	—	—	—	238,993
Cash and cash equivalents	616,940	—	—	—	616,940
Total	905,242	—	—	2,495,732	3,400,974

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 and note 21 to the Historical Financial Information.

** 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.”

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and other receivables are respectively disclosed in notes 20 and 17 to the Historical Financial Information.

At the end of the each of the Relevant Periods, the Group had certain concentrations of credit risk as 56%, 45%, 42% and 35% of the Group’s trade and bills receivables were due from the Group’s five largest customers, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realisable liquidity are maintained.

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The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

Due to the Group’s supplier finance arrangements, the relevant interest-bearing bank and other borrowings are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group’s payment terms for interest-bearing bank and other borrowings covered by the arrangements are either identical to the payment terms for other interest-bearing bank and other borrowings or extended by around 240-360 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 29 to the financial statements.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022					
	On demand	Within 1 year	1 to 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>
Lease liabilities	–	5,413	4,601	500	10,514
Interest-bearing bank and other borrowings	–	965,547	54,525	–	1,020,072
Trade and bills payables . .	–	701,876	–	–	701,876
Financial liabilities included in other payables and accruals	–	235,578	–	–	235,578
Due to related parties . . .	–	4,834	–	–	4,834
Total	–	1,913,248	59,126	500	1,972,874

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As at 31 December 2023					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	6,788	3,470	–	10,258
Interest-bearing bank and other borrowings	–	426,395	279,828	39,510	745,733
Trade and bills payables . .	–	837,172	–	–	837,172
Financial liabilities included in other payables and accruals . .	–	242,365	–	–	242,365
Due to related parties . . .	2	3,769	–	–	3,771
Total	2	1,516,489	283,298	39,510	1,839,299

As at 31 December 2024					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	8,344	8,821	–	17,165
Interest-bearing bank and other borrowings	–	687,292	268,736	–	956,028
Trade and bills payables . .	–	973,979	–	–	973,979
Financial liabilities included in other payables and accruals . .	–	229,966	–	–	229,966
Due to related parties . . .	280	5,440	–	–	5,720
Total	280	1,905,021	277,557	–	2,182,858

As at 31 May 2025					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	7,107	8,486	–	15,593
Interest-bearing bank and other borrowings	–	856,226	276,814	–	1,133,040
Trade and bills payables . .	–	1,225,637	–	–	1,225,637
Financial liabilities included in other payables and accruals . .	–	366,548	–	–	366,548
Due to related parties . . .	5,340	5,653	–	–	10,993
Total	5,340	2,461,171	285,300	–	2,751,811

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Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

44. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 31 May 2025.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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TAXATION AND FOREIGN EXCHANGE

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, which does not constitute legal or taxation advice 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 investor into account, some of which may be subject to Special Regulations. Accordingly, prospective investors should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Document, 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, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion below. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

In the discussion of Hong Kong and PRC tax laws, it provides an overview of the relevant legal implications only, which should not be assumed that the relevant tax authorities or courts in the PRC or Hong Kong will accept or agree with the interpretations or contents as set out below.

THE PRC TAXATION

1. Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For foreign individuals who are non-PRC residents, if they receive dividends from a PRC enterprise, they are usually required to pay a 20% individual income tax unless they are specifically exempted by the tax authorities of the State Council or shall pay at a reduced rate as permitted under relevant tax treaties.

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According to the Notice on Issues concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2015] No. 101) issued by the MOF on September 7, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than one year, the dividend incomes shall be exempted from personal income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is one month or less, the income from dividends shall be included into the taxable incomes in full amount; if the stock holding period is more than one month and up to one year, the dividend income shall be included into the taxable incomes at the reduced rate of 50% for the time being. Individual income taxes on the aforesaid incomes shall be collected at the uniform rate of 20%.

Pursuant to the Notice of the SAT on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, the overseas resident individual shareholders of a domestic non-foreign-invested enterprise which issued stocks in Hong Kong are entitled to relevant preferential tax treatments in accordance with the tax treaties entered into by and between PRC and the countries they came from as well as the taxation arrangement between the Mainland China and Hong Kong (or Macau). The individual income tax shall be withheld at a preferential tax rate of 10% generally for dividends paid and profits to overseas resident individual shareholders by the domestic non-foreign-invested enterprise which issued stocks in Hong Kong, and no application procedure is required. For individual shareholders receiving dividends who are tax residents of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the withholding agents may apply for enjoying the lower preferential tax rate in accordance with the procedures required and, upon approval by the tax authorities, the surplus amount will be refunded. For individual shareholders receiving dividends who are tax residents of countries that have entered into a tax treaty with the PRC that provides for tax rates higher than 10% but lower than 20%, the withholding agents are required to withhold the individual income tax at the effective rates under the treaties for dividends or bonuses paid, and no application procedure is required under such circumstances. For individual shareholders receiving dividends who are tax residents of countries without taxation treaties with the PRC or, the withholding agents are required to withhold the individual income tax at a rate of 20% for dividends and bonuses paid.

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Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion Regarding Income Tax (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid to a Hong Kong resident (including natural persons and legal entities) by a PRC enterprise, but such tax amount shall not exceed 10% of the gross amount of the dividends payable. If a Hong Kong resident directly holds 25% or more equity interest in a PRC resident enterprise, such tax amount shall not exceed 5% of the total dividends payable by PRC resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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)) signed on July 19, 2019 provides that such preferential tax rates shall not apply to arrangement or transaction made for the primary purpose of gaining such tax benefit. The implementation of the provisions of tax agreements on dividends must comply with the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) 《國家稅務總局關於執行稅收協議股息條款有關問題的通知》(國稅函[2009]81號) and relevant taxation laws and regulation in the PRC.

In accordance with the requirements of 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》) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

According to the Enterprise Income Tax Law of the PRC which was promulgated by the National People’s Congress on March 16, 2007 and was newly amended on December 29, 2018 and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC which was promulgated by the State Council on December 6, 2007 that came into effect on January 1, 2008 and was newly amended on April 23, 2019, enterprise investors are subject to enterprise income tax at a rate of 25%. A non-resident enterprise that has no establishment or premises within the PRC but has income from the PRC, and a non-resident enterprise that has establishment or premises in the PRC but its income has no actual connection to such establishment or premises in the PRC, shall be subject to PRC withholding tax generally at the rate of 10% on its income sourced from the PRC (including dividends derived from PRC resident enterprises issuing shares in Hong Kong). The aforementioned income tax payable by non-resident enterprises shall be deducted at source, with the payer being the withholding agent, and the income tax shall be withheld by the withholding agent from the amount payable.

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The Notice of the State Administration of Taxation on Matters Concerning Withholding Enterprise Income Tax When China Resident Enterprises Distribute Dividends to Foreign Non-resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated and implemented by State Administration of Taxation on November 6, 2008 further clarified that resident enterprises in the PRC distributing dividends to foreign non-resident enterprise shareholders of H shares for 2008 and for the years onwards shall be subject to the enterprise income tax withheld at a tax rate of 10%. The Response to Questions on Enterprise Income Tax over Dividend of B-Shares and Other Shares Received by Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》) issued by State Administration of Taxation which came into effect on July 24, 2009 further provides that any PRC resident enterprise listed on stock exchanges outside the PRC must withhold enterprise income tax at the rate of 10% from dividends distributed by them for 2008 and for the years onwards to non-resident enterprises. The above tax rates are subject to further changes based on the tax treaties or agreements (if applicable) signed between the PRC and the relevant countries or regions.

According to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on 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 and came into effect on August 12, 2006, the Chinese 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 on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《〈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 a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, 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議股息條款有關問題的通知》).

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Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC resident companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the relevant PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the relevant PRC tax authorities.

2. Taxation on Share Transfer

VAT and Local Additional Tax

The Provisional 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》), which was promulgated on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional 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》), which was promulgated on December 25, 1993, and was amended on December 15, 2008 and October 28, 2011 set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay value-added tax at the rates of 0%, 6%, 11% and 17% on all the goods sold and services provided, unless otherwise stipulated.

According to the Notice of Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016 and latest amended on April 1, 2019, units and individuals engaged in sales and services in China shall pay value-added tax, and “engaging in sales and services in China” refers to the situation where the buyer or seller of taxable services is located in China. The notice also stipulates that the transfer of financial products (including the transfer of ownership of marketable securities) is subject to VAT tax at a rate of 6% on taxable income (i.e., the balance after selling price minus buying price) for general or overseas VAT payers. However, personal transfers of financial products are exempt from value-added tax. This is also specified in Annex 3 of the Notice of Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner issued by the Ministry of Finance and the State Administration of Taxation (i.e., the Provisional Policies of Implementing the Pilot Program of Replacing

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Business Tax with Value-Added Tax) that became effective on January 1, 2009. According to the laws and regulations, if the holder is a non-resident individual, the sale or disposal of H shares is exempt from PRC value-added tax; if the holder is a non-resident enterprise and the purchaser of H shares is an overseas individual or entity, the holder does not necessarily have to pay PRC value-added tax, but if the purchaser of H shares is a domestic individual or entity, the holder may be required to pay PRC value-added tax. However, in practice, it remains uncertain whether non-PRC resident enterprises are required to pay PRC value-added tax when disposing of H shares.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge.

3. Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation about the Catalogue of Preferential Individual Income Tax Policies with Continued Effect promulgated and implemented by the Ministry of Finance and the State Administration of Taxation on December 29, 2018, the Circular of the Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares will remain effective.

In addition, the Circular on Issues Relating to Collection of Individual Income Tax on Income Derived from the Transfer of Restricted Shares of Listed Companies by Individuals (《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》)(Caishui [2009] No. 167), which was jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC and came into effect on December 31, 2009, stipulates that income from transfer of shares of listed companies from the public offering and transfer market of listed companies on the Shanghai Stock Exchange and the Shenzhen Stock Exchange will continue to be exempted from individual income tax, except for the relevant restricted shares as defined in the Supplementary Circular on Issues Relating to Collection of Individual Income Tax on Income Derived from the Transfer of Restricted Shares of Listed Companies by Individuals (《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》) (Caishui [2010] No. 70), which was jointly issued by these authorities and

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came into effect on November 10, 2010. As of the Latest Practicable Date, the aforesaid provision did not specify whether or not individual income tax would be levied on the income derived by non-PRC resident individuals from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or place in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premise. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced pursuant to special arrangements or relevant agreements signed between the PRC and the jurisdictions where the non-resident enterprises are located.

4. 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 SCNPC on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

5. Estate Duty

Currently, no estate duty has been levied in the PRC under the PRC laws.

HONG KONG TAXATION

Under the current practice of the Inland Revenues Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

1. Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed

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at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

2. Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% 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 0.2% 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 10 times the duty payable may be imposed.

3. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the section headed “Regulatory Overview” in this document.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the “SAFE”) under the People’s Bank of China (the “PBOC”) is responsible for administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

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The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》)(the “Foreign Exchange Control Regulations”), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on 5 August, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was issued by the PBOC on June 20, 1996 and implemented on July 1, 1996, abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of foreign exchange administrative authorities, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

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According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) which was issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of SAFE at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of this document and other disclosure documents. Domestic companies (excluding banking financial institutions) must present overseas listing business registration certificates, initial public offerings (or additional issuances), and repurchase businesses to open special foreign exchange accounts in local banks, and handle fund exchange and transfer for related businesses.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015 and was amended on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment via the banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenues and expenditure situations.

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On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》). The notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debt offering proceeds and remitted foreign listing proceeds for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenues from capital accounts.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020 which came into effect on the same date, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction.

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1. THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》)(the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of state departments, rules and regulations of 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 (2023 Revision)(《中華人民共和國立法法(2023年修訂)》)(the “**Legislation Law**”), the National People’s Congress (the “**NPC**”) and the Standing Committee of the NPC are empowered to exercise the legislative power of the State in accordance with the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, State organs, and other matters. The Standing Committee of the NPC is empowered to formulate and amend the laws other than those required to be enacted by the NPC, and to supplement and amend 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 Standing Committee of the NPC can be authorized by the NPC to formulate such relevant 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 local 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 conservation, 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. 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. 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. Autonomous regulations and separate regulations of autonomous regions will become enforceable after being reported to and approved by the standing committees of the NPC. Autonomous regulations and separate regulations of autonomous prefectures and autonomous counties will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the provinces, autonomous regions and municipalities.

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The ministries and commissions of the State Council, PBOC, the National Audit Office and the subordinate institutions with administrative functions directly under the State Council and institutions prescribed by law may formulate 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 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.

The Constitution has the highest legal effect. No laws, administrative regulations, local regulations, autonomous regulations, separate rules nor regulations shall contravene the Constitution. Laws have a higher legal effect than administrative regulations, local regulations, rules and regulations. Administrative regulations have a higher legal effect than local regulations, and rules and regulations. Local regulations have a higher legal effect than the rules and regulations of local government of the same or lower tier. The rules and regulations enacted by the people’s government of provinces, autonomous regions have a higher legal effect than the rules and regulations enacted by the people’s government of the cities divided into districts or autonomous prefecture within the administrative region of the province or autonomous region.

The NPC has the power to change or revoke any inappropriate laws enacted by the Standing Committee, and to revoke any autonomous regulations or separate regulations approved by the Standing Committee that violate the provisions of the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to revoke any administrative regulations that conflict with the Constitution and laws, the power to revoke any local regulations that conflict with the Constitution, laws or administrative regulations, and the power to revoke the regulations of any province, autonomous region, or municipality directly under the Central Government. Autonomy regulations or local regulations approved by the Standing Committee of the NPC that violate the provisions of the Constitution and the Legislation Law. The State Council has the power to change or revoke any inappropriate departmental regulations and local government regulations. The people’s congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to change or revoke any inappropriate local regulations enacted or approved by their respective standing committees. The people’s governments of provinces and autonomous regions have the right to change or revoke any inappropriate regulations formulated by the people’s governments at lower levels.

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According to the Constitution and the Legislation Law, the power of legal interpretation belongs to the Standing Committee of the NPC. According to the Resolution of the Standing Committee of the National People’s Congress on Strengthening Legal Interpretation implemented on June 10, 1981, all issues concerning the specific application of laws and decrees in court trials shall be interpreted by the Supreme People’s Court. All issues related to the specific application of laws and decrees in the procuratorial work of the procuratorate shall be interpreted by the Supreme People’s Procuratorate. If there are principled differences in the interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate, they shall be submitted to the Standing Committee of the NPC for explanation or decision. Other relevant legal and statutory issues other than the above shall be interpreted by the State Council and the competent departments. The State Council and its ministries and commissions also have the right to interpret the administrative regulations and departmental rules promulgated by them. At the local level, the power to interpret local laws rests with the local legislative and administrative agencies that promulgate the relevant laws.

2. THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People’s Court of the PRC (《中華人民共和國人民法院組織法》) amended by the Standing Committee of the NPC on October 26, 2018 and came into effect on January 1, 2019, the PRC judicial system comprises the Supreme People’s Court, the local people’s courts at all levels, and military courts and other specialized people’s courts.

The local people’s courts at all levels are composed of the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up civil, criminal, and economic tribunals and certain people’s tribunals based on the status of the region, population and cases. The trial courts of the intermediate people’s courts are similar to those of the basic people’s court, and other specialized trial courts may be set up when necessary. The Supreme People’s Court shall be the highest judicial organ of the state. The Supreme People’s Court shall supervise the administration of justice by the local people’s courts at all levels and by the special people’s courts. The Supreme People’s Procuratorate has the power to supervise the judgements and rulings of the people’s courts at all levels that have entered into force of law. The higher people’s courts have the power to supervise the judgements and rulings of the people’s courts at lower levels that have entered into force of law.

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The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》)(the “**Civil Procedure Law**”), last amended on September 1, 2023 and came into effect on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people’s court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the defendant’s place of domicile, the place where the contract is executed or signed, the plaintiff’s place of domicile, or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction. Judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court finds any definite errors in a legally effective final judgment, ruling or paper of mediation of the people’s court at all levels or the people’s courts at the next higher level find any definite errors in a legally effective final judgment, ruling or paper of mediation of the people’s court at a lower level, the Supreme People’s Court or such people’s courts shall have the power to bring the case to trial or to direct the people’s courts at lower levels to conduct a retrial. If the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment, ruling or paper of mediation of such court, and consider that the case should be retried, the case shall be submitted to the judicial committee of the people’s court at the same level for discussion and decision.

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A foreign individual, a person without nationality, a foreign enterprise or organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at the PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the litigation rights of the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the PRC court. In accordance with the international treaties to which the People’s Republic of China is a signatory or participant, or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other litigation activities on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people’s court or an award made by a PRC arbitration tribunal, the other party may apply to the people’s court for the enforcement of the same within two years (or it may also apply for postponement of enforcement or revocation).

Where a party requests for enforcement of an effective judgment or ruling made by a people’s court, but the opposite party or his property is not within the territory of the People’s Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people’s court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Judgments or rulings that violate the basic legal principles of PRC laws, national sovereignty or security, or not be in social and public interest would not be recognized or enforced.

3. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》)(the “**PRC 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 PRC 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 PRC Arbitration Law. Pursuant to the PRC Arbitration Law, an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties involved 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.

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Under the PRC Arbitration Law and PRC 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, if the people’s court, after forming a collegial tribunal, finds that there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or the arbitration procedure violates the statutory procedure, the making of an award on matters beyond the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission), the people’s court may refuse to enforce an arbitral award made by an 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 directly 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 (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 recognize or refuse such enforcement under certain circumstances, including where the recognition or enforcement of the award is against the public policy of that state. At the time of the PRC’s accession to the New York 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.

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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 Arrangement Concerning 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 came into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangement, awards made by the Mainland arbitral bodies in accordance with the PRC Arbitration Law may be enforced in Hong Kong, and the awards made by the Hong Kong arbitral bodies in accordance with the Arbitration Ordinance of the Hong Kong Special Administrative Region may also be enforced in the Mainland of China. If the Mainland courts deem the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland to be against public interests of the Mainland, or if the Hong Kong SAR courts deem the enforcement of such arbitration awards to be against the public policies in the Hong Kong SAR, such awards may not be enforced. On November 26, 2020, the Supreme People’s Court of China promulgated 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 (the “**Supplemental Arrangement**”). Pursuant to the Supplemental Arrangement, before or after accepting an application for enforcement of an arbitral award, the court concerned may, upon application and in accordance with the law of the place where the arbitral award is to be enforced, take measures of preservation or enforcement.

4. JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the “Arrangement between the Supreme People’s Court and the Courts of the Hong Kong Special Administrative Region Concerning Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》)” promulgated by the Supreme People’s Court on January 25, 2024 and implemented on January 29, 2024, the arrangement may be applied to the reciprocal recognition and enforcement of judgments in civil and commercial matters entered into force by the courts of the Mainland and the Hong Kong Special Administrative Region, as well as to the reciprocal recognition and enforcement of judgments in civil claims in criminal cases. Applications for the recognition and enforcement of judgments under the arrangement shall be made: (1) in the Mainland, to the intermediate people’s court at the place of domicile of the applicant, or the place of domicile of the respondent, or the place of location of the applicant’s property; and (2) in the Hong Kong Special Administrative Region, to the High Court. The applicant shall file the application with one of the People’s Courts that meets the requirements of the first part of the preceding paragraph. If the application is filed with more than two People’s Courts having jurisdiction, the People’s Court which files the application first shall have jurisdiction.

Accordingly, a party may apply to the People’s Court of the PRC or the High Court of the Hong Kong Special Administrative Region for the recognition and enforcement of a final judgment delivered in the PRC or in Hong Kong that satisfies certain conditions set out above.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

5. THE PRC SECURITIES LAWS, REGULATIONS

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC, and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics, and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) govern the application and approval procedures for public offerings of equity securities, trading of equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information, investigation, penalties and dispute resolutions with respect to listed companies.

On December 25, 1995, the State Council promulgated the Special Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的特別規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares, and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law (《中華人民共和國證券法》)(the “**Securities Law**”) was implemented on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The Securities Law was amended on December 28, 2019 and came into effect on March 1, 2020. The Securities Law is divided into 14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, acquisition of listed companies, and the obligations and responsibilities of stock exchanges, securities companies and the State Council’s securities supervisory and regulatory authorities.

The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law stipulates that domestic companies shall satisfy the relevant requirements of the State Council before they can list their shares overseas. Currently, the issuance and trading of securities (including shares) issued overseas are principally governed by rules and regulations promulgated by the State Council and the CSRC.

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6. THE COMPANY LAW OF THE PRC, TRIAL ADMINISTRATIVE MEASURES OF OVERSEAS SECURITIES OFFERING AND GUIDELINES

The Company Law of the PRC (《中華人民共和國公司法》)(the “**PRC Company Law**”) was adopted by the Standing Committee of the NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was subsequently revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively. The latest revision of the PRC Company Law was implemented on July 1, 2024.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)(the “**Trial Measures of Overseas Securities Offering**”) and five relevant guidelines, which came into effect on March 31, 2023. The Trial Measures of Overseas Securities Offering are applicable to the issuance and listing of securities by domestic enterprises.

The Guidelines on the Articles of Association of Listed Companies (the “**Guidelines**”) issued by the CSRC on December 16, 1997, which were last revised on December 15, 2023, and became effective on the same date, provide guidance on the formulation of a company’s articles of association. Accordingly, the requirements set out in the Guidelines have been incorporated into the Company’s articles of association, a summary of which is set out in the section headed “Appendix — Summary of Articles of Association” in this document.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures of Overseas Securities Offering and the Guidelines.

General

A joint stock limited company is an enterprise legal person incorporated in the PRC under the PRC Company Law, which has independent legal person property and the right to enjoy such legal person property, and whose registered capital is divided into shares of equal nominal value. The liability of the shareholders of a company is limited to the number of shares held by each shareholder and the company is liable to its creditors to the extent of the total value of its assets.

A joint stock limited company shall conduct its business in compliance with laws and administrative regulations. A joint stock limited company may invest in other limited liability companies and joint stock limited companies, and the liability of the joint stock limited company to such investee companies is limited to the amount invested. Unless otherwise provided by law, a joint stock limited company may not, as an investor, bear joint and several liability for the debts of the investee companies.

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Incorporation

A joint stock limited company may be established by promotion or public subscription. A joint stock limited company shall have a minimum of one person but no more than 200 people as its promoters, over half of which must have a domicile within the territory of the People’s Republic of China. The registered capital of a joint stock limited company shall be the total number of issued shares registered with the company’s registration authority.

In the case of a joint stock limited company established by promotion, the promoters shall subscribe for the full number of shares to be issued upon the establishment of the company as provided for in the articles of association. Where a company limited by shares is established by public subscription, the shares subscribed by the promoters shall not be less than 35% of the total number of shares to be issued at the time of the establishment of the company as stipulated in the articles of association; provided, however, that if there are any other provisions in the laws and administrative regulations, they shall apply according to the provisions thereof.

The promoters shall, before the incorporation of the company, pay the full amount of the shares for which they have subscribed. If a promoter fails to pay for the shares he has subscribed for, or if the actual value of the non-monetary property used as a capital contribution is significantly less than the amount of the shares subscribed for, the other promoters are jointly and severally liable to the extent of the shortfall in the capital contribution.

Where the shares issued remain undersubscribed by the time of incorporation of the company, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. After the promoters and subscribers have paid the share capital or delivered the non-monetary capital contribution, their share capital shall not be withdrawn except in the case where the shares are not fully subscribed as scheduled, or where the promoters fail to convene an inauguration meeting as scheduled, or where the inauguration meeting resolves not to establish the company.

The board of directors shall authorize its representatives to apply to the registrar of companies for registration of the establishment of the company within thirty days after the conclusion of the inauguration meeting.

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Share Capital

The shareholders may make a capital contribution in currencies, or in kind, intellectual property rights, land use rights, equity interests, creditor’s rights and other non-monetary assets which can be appraised with monetary value and transferred lawfully; provided, however, that such assets are not prohibited from being contributed as capital as stipulated by laws and administrative regulations. Non-monetary assets used as capital contribution shall be appraised and verified and shall not be over- or under-appraised. If laws and administrative regulations have provisions on valuation and valuation, those provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber.

According to the Trial Measures of Overseas Securities Offering, a domestic enterprise making an initial public offering or listing overseas shall file the application for listing with CSRC within three working days after submitting the listing application documents overseas. Domestic enterprises that issue and list their shares overseas may raise funds and pay dividends in foreign currencies or Renminbi.

Increase in Share Capital

Pursuant to the PRC Company Law, when a company issues new shares, the shareholders shall make resolutions on the following matters: 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 the class and amount of the new shares proposed to be issued to existing shareholders. If shares without par value are issued, the proceeds from the issuance of the new shares is to be included in the registered capital.

After the shares issued by the company have been paid up, a public announcement must be made accordingly.

Reduction of Share Capital

When a company needs to reduce its registered capital, the company shall prepare a balance sheet and an inventory of assets, the company shall notify its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days. The creditors of the company are entitled to require the company to repay its debts or provide guarantees for such debts within 30 days from receipt of the notification or within 45 days from the date of the announcement if he/she/it has not received any notification.

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Repurchase of Shares

Pursuant to the PRC Company Law, a company may not repurchase its own shares other than for the following purposes: (i) reducing its registered capital; (ii) merging with other companies which hold its shares; (iii) granting shares for the purpose of implementing an employee share scheme or share incentive plan; (iv) repurchasing of the company’s shares from shareholders who vote against a resolution regarding a merger or split with other companies at a shareholders’ general meeting; (v) utilizing the shares to convert convertible corporate bonds issued by a listed company; and (vi) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders.

The acquisition by a company of its own shares under scenarios (i) and (ii) above shall be approved by way of a resolution of a shareholders’ general meeting; acquisition by a company of its own shares under scenarios (iii), (v) and (vi) above may be approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company’s articles of association or the authorization of the shareholders’ general meeting.

Upon the acquisition by a company of its own shares under scenario (i), such shares shall be deregistered within 10 days from the date of the acquisition; such shares shall be transferred or canceled within six months under the scenarios (ii) or (iv); the total shares held by the company after the share repurchase under the scenarios (iii), (v) or (vi) shall not exceed 10% of the total shares issued by the company and such shares shall be transferred or canceled within three years.

A listed company that undertakes a share repurchase shall fulfill its information disclosure obligations in accordance with the provisions of securities laws. If the share repurchase is carried out under scenarios (iii), (v) or (vi), such shares should be publicly traded on a centralized basis.

The Company shall not accept the shares of the Company as the subject of pledge.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant rules and regulations. A shareholder should effect a transfer of his/her shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Transfer of registered shares by shareholders must be made by endorsement on the back of the share certificates or in any other manner stipulated by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. A transfer of bearer shares shall become effective upon the delivery of the certificates to the transferee by the shareholder.

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No changes of registration in the share register shall be effected during a period of 20 days prior to convening a shareholders’ general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions. However, where the law provides otherwise for the registration of changes in the register of shareholders of a listed company, such provisions shall apply.

Pursuant to the PRC Company Law, shares issued prior to the public offering of the shares may not be transferred within one year from the date on which the shares of a joint stock limited company are listed on the stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company each year. They shall not transfer the shares they hold within one year from the date of the company’s listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Guidelines, holders of ordinary shares of a joint stock limited company are entitled to the following rights:

- (1) to receive dividends and other distributions in respect of the number of shares held;
- (2) to attend or appoint a proxy to attend shareholders’ general meetings and exercise voting rights in respect of the number of shares held;
- (3) to supervise, make recommendations or inquire about the company’s operations;
- (4) to transfer, donate or pledge their shares in accordance with applicable laws, regulations and the company’s articles of association;
- (5) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders’ general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports;
- (6) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the termination or liquidation of the company;
- (7) to request the company to acquire the shares of any shareholder who dissent on a resolution regarding a merger or division at the shareholders’ meeting; and
- (8) any other shareholders’ rights provided for in laws, administrative regulations and the company’s articles of association.

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The obligations of shareholders include the obligation to abide by the company’s articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company’s debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them, to not abuse shareholders’ rights to harm the interests of the company or other shareholders of the company, to not abuse the company’s independent status and limited liability as a legal person to harm the interests of the company’s creditors, and any other shareholder obligation specified in the articles of association.

Shareholders’ General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders’ general meeting may exercise its powers:

- (1) to elect and dismiss the directors and supervisors not being representative(s) of employees and to decide on the matters relating to the remuneration of directors and supervisors;
- (2) to review and approve the reports of the board of directors;
- (3) to review and approve the reports of the supervisory board;
- (4) to review and approve the company’s profit distribution proposals and loss recovery proposals;
- (5) to decide on any increase or reduction of the company’s registered capital;
- (6) to decide on the issue of corporate bonds;
- (7) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (8) to amend the company’s articles of association; and
- (9) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law, a shareholders’ general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following:

- (1) the number of directors is less than the number required by law or less than two-thirds of the number specified in the articles of association;
- (2) the total outstanding losses of the company amounted to one-third of the company’s total paid-in share capital;

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- (3) shareholders individually or in aggregate holding 10% or more of the company’s shares request to convene an extraordinary general meeting;
- (4) the board deems necessary;
- (5) the supervisory board so proposes; or
- (6) 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 is incapable of performing or is not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his/her duties, a director recommended by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties, the supervisory board shall convene and preside over the shareholders’ general meeting in a timely manner. If the supervisory board fails to convene and preside over the shareholders’ general meeting, shareholders individually or in aggregate holding 10% or more of the company’s shares for 90 days or more consecutively may unilaterally convene and preside over the shareholders’ general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of an extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days prior to the meeting. A single shareholder who holds, or several shareholders who jointly hold, more than 1% of the shares of the company may submit an interim proposal in writing to the board of directors within 10 days before the general meeting. The board of directors shall notify other shareholders within two days upon receipt of the proposal and submit the interim proposal to the shareholders’ general meeting for deliberation, except in the case where the interim proposal violate the laws, administrative regulations or the company’s articles of association, or falls beyond the scope of the shareholders’ general meeting. A company that publicly issues shares shall make the notification specified in the preceding two paragraphs in the form of an announcement.

Pursuant to the PRC Company Law, shareholders present at a shareholders’ general meeting have one vote for each share they hold, except for class shareholders. Shares of the Company held by the Company do not carry voting rights.

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An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders’ general meeting pursuant to the provisions of the articles of association or a resolution of the shareholders’ general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders’ general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and such other matters must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders’ general meeting promptly, at which the shareholders shall vote on such matters.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders’ attendance register and the proxy forms.

Board of Directors

Under the PRC Company Law, a joint stock limited company is required to establish a board of directors. A joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee comprising directors on the board of directors, which shall exercise the powers and functions of the supervisory committee as provided for in the Company Law, and shall not have a supervisory board or supervisors. The audit committee shall consist of three or more members, and a majority of the members shall not hold positions other than director in the company, and shall not have any relationship with the company that may affect their independent and objective judgement. Employee representatives of the company’s board of directors may be members of the Audit Committee.

The term of office of directors shall be prescribed by the company’s articles of association, and each term of office shall not exceed three years. A director may be re-elected upon expiry of his/her term of office. If a director is not re-elected in time upon expiration of his/her term of office, or if a director resigns during his/her term of office and as a result the number of members of the board of directors is less than a quorum, the original director shall continue to perform his/her duties as a director in accordance with the provisions of the laws, administrative regulations, and the company’s articles of association until a duly re-elected director assumes his/her duties as a director of the company.

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Under the PRC Company Law, the board of directors may exercise its powers:

- (1) to convene shareholders’ general meetings and report on its work to the shareholders’ general meetings;
- (2) to implement the resolutions passed by the shareholders at the shareholders’ general meetings;
- (3) to decide on the company’s operational plans and investment proposals;
- (4) to formulate the company’s profit distribution proposals and loss recovery proposals;
- (5) to formulate proposals for the increase or reduction of the company’s registered capital and the issue of corporate bonds;
- (6) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (7) to decide on the setup of the company’s internal management organs;
- (8) to appoint or dismiss the company’s managers and decide on his/her remuneration and, based on the manager’s recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- (9) to formulate the company’s basic management system; and
- (10) to exercise any other authority stipulated in the articles of association.

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 10 days before the meeting. An extraordinary board meeting may be proposed to be convened by shareholders representing one-tenth or more of the voting rights, one-third or more of the directors or the supervisory board. The chairman of the board of directors shall convene and preside over a meeting of the board of directors within ten days from the receipt of such proposal. The board of directors may otherwise determine the means and the period of notice for convening an extraordinary 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. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

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The directors shall be liable for the resolutions of the board. If a resolution of the board of directors violates the 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 the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company: (1) a person who is unable or has limited ability to undertake any civil liabilities; (2) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, or where less than two years have lapsed from the date of the completion of the probationary period if having been given probation; (3) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (4) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally liable, where less than three years have elapsed since the date of such revocation or closure; and (5) a person who has been classified by a people’s court as a dishonest judgement debtor as a result of failing to settle a large amount of overdue debts. If a company violates the provisions of the preceding paragraph in electing or appointing a director, the election or appointment shall be invalid. If any of the circumstances listed in the preceding paragraph occurs during a director’s term of office, the Company shall terminate his or her duties.

Under the PRC Company Law, the board 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.

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Supervisory Board

Under the PRC Company Law, a joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee under the board of directors comprising directors to exercise the powers and functions of the supervisory board, in place of a supervisory board or supervisors. Otherwise, a joint stock limited company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company’s staff, among which the proportion of representatives of the company’s staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company’s staff at the supervisory board shall be democratically elected by the company’s staff at the staff representative assembly, general staff meeting or other manners of democratic election.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum.

Directors and senior management members shall not act concurrently as supervisors.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of all the supervisors. Where the chairman of the supervisory board is incapable of performing, or is not performing his/her duties, the duties shall be performed by the vice chairman of the supervisory board. Where the vice chairman of the supervisory board is incapable of performing, or is not performing his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over the supervisory board meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum.

The supervisory board of the company shall be convened at least once every six months. Under the PRC Company Law, a resolution of the supervisory board shall be passed by more than half of all supervisors.

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The supervisory board may exercise its powers:

- (1) to review the company’s financial affairs;
- (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of the shareholders’ general meetings;
- (3) when the acts of a director or a senior management personnel are detrimental to the company’s interests, to require the director and senior management to correct those acts;
- (4) to propose the convening of extraordinary shareholders’ general meetings;
- (5) to submit proposals to the shareholders’ general meetings;
- (6) to bring legal actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law;
- (7) to request directors and senior management to submit reports regarding the performance of their duties; and
- (8) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

According to the PRC Company Law, senior management refers to managers, deputy managers, financial officers, secretaries to the board of a company and other personnel as stipulated in the articles of association.

A company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise his/her powers in accordance with the provisions of the articles of association or as authorized by the board of directors. Supervisors may be present at board meetings.

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Duties of Directors, Supervisors and Senior Management

Under the PRC Company Law, directors, supervisors and senior management personnel are obliged to be faithful and diligent towards the company, and should take measures to avoid any conflict between their own interests and the interests of the company, and should not make use of their powers to obtain improper benefits. Directors, supervisors and senior management have a duty of diligence to the company and should exercise reasonable care in performing their duties in the best interests of the company, as would normally be expected of a manager.

Directors, supervisors and senior management personnel are prohibited from:

- (1) misappropriating company property or funds;
- (2) depositing company funds into accounts under their own names or the names of other individuals;
- (3) using their position to accept bribe or other illegal income;
- (4) accepting for their own benefit commissions from a third party for transactions conducted with the company;
- (5) unauthorized divulgence of confidential information of the company;
- (6) other acts in violation of their duty of loyalty to the company.

Directors, supervisors and senior management, who directly or indirectly enter into contracts or transactions with the company, shall report to the board of directors or the shareholders’ meeting on matters relating to such contracts or transactions, and have such matters resolved by the board of directors or the shareholders’ meeting in accordance with the provisions of the articles of association.

Directors, supervisors and senior management shall not use their position to procure business opportunities for themselves or others that should have otherwise been available to the company, except for one of the following circumstances:

- (1) having reported the matter to the board of directors or shareholders’ meeting, and having such matter resolved by the board of directors or the shareholders’ meeting in accordance with the provisions of the articles of association;
- (2) where the business opportunity cannot be utilized by the company in accordance with the laws, administrative regulations or the articles of association of the company.

Income derived by directors, supervisors and senior management from violations of the Company Law shall belong to the company.

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If the presence of the directors, supervisors and senior managers is requested by the shareholders’ meeting, the directors, supervisors and senior managers shall attend the shareholders’ meeting and address inquiries from shareholders.

Where a director, supervisor or senior management personnel violates the laws, administrative regulations or the provisions of 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 more than 1% of the company’s shares consecutively for more than 180 days may request in writing that the supervisory board institute litigation at the people’s court. Where a supervisor violates the laws, administrative regulations or the provisions of the articles of association in the performances of his/her duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the board of directors institute litigation at the people’s court on his/their behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving such written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company’s interests, the aforementioned shareholder(s) shall have the power to institute litigation directly at the people’s court in his/their own name for the company’s benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at the people’s court in accordance with the procedure described above. Where a director, supervisor or senior management of a wholly-owned subsidiary of the company violates the laws, administrative regulations or the provisions of the articles of association resulting in any loss to the company, or in infringement of the lawful rights and interests of such subsidiary, shareholder(s) holding individually or in aggregate more than 1% of the company’s shares consecutively for more than 180 days may request in writing that the supervisory board and board of directors of the subsidiary institute litigation at the people’s court, or institute litigation directly at the people’s court in his/their own name.

Where a director, supervisor or senior management personnel violates the laws, administrative regulations or the provisions of the articles of association resulting in any loss to the shareholders, the shareholders may institute litigation at the people’s court.

Finance and Accounting

Under the PRC Company Law, the company shall establish its own financial and accounting systems in accordance with the laws, administrative regulations and the regulations of the Ministry of Finance of the State Council. The Company shall prepare a financial report at the end of each financial year, which shall be audited by a public accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the Ministry of Finance of the State Council.

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A company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders’ annual general meeting. A joint stock limited company of which the shares are publicly issued must publish its financial report.

When distributing each year’s profits after taxation, the company shall set aside 10% of its profits after taxation for the company’s statutory common reserve fund until the fund has reached more than 50% of the PRC company’s registered capital.

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 good the losses before any allocation is set aside for the statutory common reserve fund as stipulated above.

After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders’ general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund.

After the company has made good its losses and made allocations to its discretionary common reserve fund, a limited liability company shall distribute its profits in proportion to the paid-in capital of the shareholders, unless all shareholders agree not to distribute profits in proportion to their capital contributions. A joint stock limited company shall distribute its profits in proportion to the number of shares held by the shareholders, unless otherwise provided for in the articles of association of the company.

The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

The premium received by the company from the issuance of shares at an issue price in excess of the nominal value of the shares, proceeds from the issuance of no-par shares not included in the registered capital, and other items as required by the Ministry of Finance of the State Council to be treated as the capital reserve fund shall be accounted for as the company’s capital reserve fund. The common reserve fund shall be used to make up for the company’s losses, expand the company’s business operation, or be transferred into the company’s registered capital.

When a company’s common reserve fund is used to make up for its losses, it should first be used as a discretionary capital reserve fund and a statutory capital reserve fund; if it is still unable to make up for the losses, it may be used as a capital reserve in accordance with the regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company’s assets shall not be deposited in any account opened under the name of an individual.

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Appointment and Dismissal of Accounting Firm

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company’s auditing shall be determined by a shareholders’ general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the supervisory board conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders’ general meeting regarding any amendment to a company’s articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. Any amendment to the company’s articles of association must be made in accordance with the procedures set out in the company’s articles of association. If it involves the registration of a company, the change must be registered with the registration authority.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons: (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders have resolved at a shareholders’ general meeting to dissolve the company; (iii) the company shall be dissolved by reason of its merger or division; (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; 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 shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders’ interests. In the event that a company is dissolved on the aforesaid reasons, the company shall make public the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

In the event of scenarios (i) and (ii) set out in the preceding paragraph and has not yet distributed its property to its shareholders, the company may carry on its existence by amending its articles of association or by resolution of the shareholders’ meeting. The amendment to the articles of association or the resolution of the shareholders’ meeting in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders’ meeting.

Where the company is dissolved under the circumstances set forth in items (i), (ii), (iv) or (v) above, it should establish a liquidation committee wherein the directors are the liquidation obligors within 15 days of the date on which the dissolution matter occurs.

The liquidation committee shall be composed of directors or any other person determined by a shareholders’ general meeting. If liquidation obligors fail to fulfil their liquidation obligations in a timely manner causing losses to the company or its creditors, they shall be liable to pay compensation. If a liquidation committee is not established within the stipulated period, the company’s creditors can apply to the people’s court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people’s court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

- (1) to sort out the company’s assets and to prepare a balance sheet and an inventory of assets;
- (2) to notify the company’s creditors or publish announcements;
- (3) to deal with any outstanding business related to the liquidation;
- (4) to pay any overdue tax together with any tax arising during the liquidation process;
- (5) to settle the company’s claims and liabilities;
- (6) to handle the company’s remaining assets after its debts have been paid off; and
- (7) to represent the company in any civil procedures.

The liquidation committee shall notify the company’s creditors within 10 days of its establishment and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor’s rights and furnish relevant evidence. The liquidation committee shall register such creditor’s rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Upon disposal of the company’s property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders’ general meeting or a people’s court for endorsement. The remaining part of the company’s assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company’s property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company’s property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people’s court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people’s court, the liquidation committee shall hand over the administration of the liquidation to the official receiver appointed by the people’s court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders’ general meeting or the people’s court for verification, and to the company registration authority for the cancellation of company registration.

In addition, liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Merger and Division

Under the PRC Company Law, a company may merge by way of absorption or by establishing a new merging entity. If a company adopts the merger by absorption, the absorbed company shall be dissolved; if a company merges by forming a new company, the merging parties shall be dissolved.

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days from the date of reception of the notification, or within 45 days from the date of the announcement if he has not received such notification, request the company to settle any outstanding debts or provide corresponding guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. The company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days.

Changes in the registration as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In case of dissolution of a company, the company shall apply for cancellation of registration in accordance with the law; in case of establishment of a new company, the company shall be registered for establishment in accordance with the law.

Overseas Listing

According to the Trial Measures of Overseas Securities Offering, a domestic enterprise shall report its application for overseas issuance and listing to the CSRC for record within three working days after submitting the application documents for overseas issuance and listing. The remittance and cross-border flow of funds related to overseas issuance and listing of domestic enterprises shall comply with national regulations on cross-border investment and financing, foreign exchange management and cross-border RMB management.

APPENDIX V

SUMMARY OF ARTICLE OF ASSOCIATION

This appendix contains a summary of the main provisions of the Articles of Association approved on July 19, 2024, which will take effect on the date of [REDACTED] of H shares on the Stock Exchange. This main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, and therefore may not contain all the information that is important for potential investors.

General Provisions

The Company is a joint stock limited liability company in perpetual existence.

The Articles of Association shall become a legally binding document regulating the Company’s organization and activities, as well as the rights and obligations between the Company and each shareholder and between the shareholders, and are binding on the Company and its shareholders, directors, supervisors and senior management.

Shares and Transfer of Shares

Shares of the Company shall be issued in a fair and equal manner and shares of the same class shall carry the same rights.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity and individual.

The Company does not have a class of shares.

Shares of the Company held by promoters shall not be transferred for a period of one year after the Company’s establishment. Shares issued prior to the Company’s public offering of shares shall not be transferred for a period of one year from the date of listing and trading of the Company’s shares on the stock exchange.

The directors, supervisors and senior management of the Company shall declare to the Company the shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of shares held by them in the Company each year during their term of office; their shares in the Company shall not be transferred within one year from the date of listing and trading of the Company’s shares. The shares of the Company held by the abovementioned persons shall not be transferred within six months after their departure from office.

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SUMMARY OF ARTICLE OF ASSOCIATION

Increase, Reduction and Repurchase of Shares

Based on its operating and development needs, the Company may, pursuant to the laws and regulations and resolutions made at shareholders’ general meetings, increase its capital in the following ways:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) distribution of dividends to existing shareholders;
- (IV) conversion of funds in the capital reserve to share capital;
- (V) other means prescribed by laws and administrative regulations and approved by the China Securities Regulatory Commission and the securities regulatory authorities of the places where the Company’s shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital pursuant to the Company Law, other relevant provisions and procedures specified in the Articles of Association.

The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association, repurchase its shares under the following circumstances:

- (I) reduction of the registered capital of the Company;
- (II) merger with another company holding shares of the Company;
- (III) use of shares for employee stock ownership plans or equity incentives;
- (IV) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders’ general meeting on the merger or division of the Company;
- (V) use of shares for conversion of corporate bonds convertible into shares issued by the Company;
- (VI) necessity for maintaining company value and protecting shareholders’ equity;
- (VII) any other circumstances stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed.

The Company shall not trade its shares except in the aforesaid circumstances.

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SUMMARY OF ARTICLE OF ASSOCIATION

Shareholders

The rights of the Company’s shareholders are as follows:

- (I) to receive distribution of dividends and other forms of benefits according to the number of shares held;
- (II) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the shareholders’ general meeting and exercise corresponding rights to vote;
- (III) to supervise the Company’s operations, put forward proposals or raise enquiries;
- (IV) to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association;
- (V) to inspect the Articles of Association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of meetings of the Board, resolutions of meetings of the Supervisory Committee and financial accounting reports;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (VII) with respect to shareholders who voted against any resolution adopted at the shareholders’ general meeting on the merger or demerger of the Company, entitled to demand the Company to acquire the shares held by them;
- (VIII) any other rights stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of 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 comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw shares unless required by the laws and regulations;

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SUMMARY OF ARTICLE OF ASSOCIATION

- (IV) not to abuse their shareholders’ rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

Shareholders of the Company who abuse their shareholders’ rights and thereby cause loss to the Company or other shareholders shall be liable for indemnity according to the law. Where shareholders of the Company abuse the Company’s position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (V) any other obligations imposed by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Shareholders’ General Meeting

General Provisions

The shareholders’ general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (I) to decide on the Company’s operational policies and investment plans;
- (II) to elect and remove directors and supervisors not represented by employees and to decide on matters relating to the remuneration of directors and supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the Company’s proposals for annual financial budget and final accounts;
- (VI) to consider and approve the Company’s profit distribution plans and loss recovery plans;
- (VII) to decide on any increase or reduction of the Company’s registered capital;
- (VIII) to decide on the issue of corporate bonds;
- (IX) to decide on issues such as merger, division, dissolution, liquidation and change of form of the Company;

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- (X) to amend the Articles of Association;
- (XI) to decide on the engagement and dismissal of the accounting firm of the Company;
- (XII) to consider and approve the guarantees as provided for in Article 45;
- (XIII) to consider the purchase, disposal of substantial assets or external investment of the Company with an amount exceeding 30% (including 30%) of the latest audited total assets of the Company within one year;
- (XIV) to consider and approve the changes in the use of proceeds;
- (XV) to consider equity incentive plans and employee stock ownership plans;
- (XVI) to consider other matters which are required to be determined at the shareholders’ general meeting as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Shareholders’ general meetings include annual general meetings and extraordinary general meetings. The Company shall hold annual general meetings and extraordinary general meetings as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association to ensure that shareholders can exercise their rights in accordance with the law. Annual general meetings shall be held by the Company once every year and within six months from the close of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within 2 months upon the occurrence of the following events:

- (I) the number of directors is less than the number as stipulated in Company Law or less than two-thirds of the number as specified in the Articles of Association;
- (II) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (III) requested by the shareholder(s) individually or collectively holding 10% or more of the shares of the Company;
- (IV) whenever the Board considers it necessary;
- (V) when the Supervisory Committee proposes to hold such a meeting;

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(VI) any other circumstances as stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' General Meetings

The independent non-executive directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to a proposal by an independent non-executive director to convene an extraordinary general meeting, the Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting. Such proposal shall be made to the Board in writing. The Board shall give a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Shareholder(s) individually or collectively holding more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting. Such request shall be made to the Board in writing. The Board shall give a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days upon receipt of the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

If the Supervisory Committee or shareholders decide(s) to convene the shareholders' general meeting by itself/themselves, it/they shall issue a written notice to the Board. Prior to the resolutions of the shareholders' general meeting are made in accordance with the law, the shares held by the convening shareholder(s) shall not be less than 10% of the shares of the Company.

Proposals and Notices of Shareholders' General Meetings

The Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to make a proposal to the Company at a shareholders' general meeting of the Company.

The shareholder(s) individually or jointly holding more than 1% of the Company's shares may make provisional proposals in writing to the convener of a shareholders' general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such provisional proposals to the shareholders within two days after receipt thereof.

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Except as provided by the preceding paragraph, the convener of a shareholders' general meeting shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals subsequent to the issue of the notice of the shareholders' general meeting.

Proposals which are not specified in the notice of the shareholders' general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the shareholders' general meeting.

The convener shall notify shareholders by announcement 20 days prior to the date of the annual general meeting (excluding the date of which the meeting is convened) and 15 days prior to the date of the extraordinary general meeting (excluding the date of which the meeting is convened).

Holding of Shareholders' General Meetings

All shareholders of the ordinary shares registered on the register of shareholders on the equity registration date or their proxies shall be entitled to attend the shareholders' general meeting and speak and exercise their and voting rights in accordance with the relevant laws, regulations and the Articles of Association.

Any shareholder shall be entitled to attend the meeting in person, or appoint a proxy to attend, speak and vote on his/her behalf.

The shareholders' general meeting shall be presided over by the chairman of the Board. Where the chairman cannot or fails to perform his/her duties, half of the directors or more shall jointly recommend one director to preside over the meeting.

A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the presider violates the Rules of Procedure in a way that makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the presider of the meeting so as to carry on with the meeting, subject to the approval of more than one half of the attending shareholders with voting rights.

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The convener shall ensure that the shareholders’ general meeting does not end until a final resolution is made. In case the shareholders’ general meeting is suspended or the shareholders’ general meeting is prevented from passing a resolution due to force majeure or other special reasons, necessary measures shall be taken to reconvene the meeting as soon as possible or to directly terminate the meeting, and timely make announcements and reports in accordance with laws, regulations or securities regulatory rules of the place where the Company’s shares are listed.

Voting and Resolutions at Shareholders’ General Meetings

The resolutions of shareholders’ general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by more than one half of the votes held by the shareholders (including proxies of shareholders) attending the shareholders’ general meeting.

The following matters shall be approved by the shareholders’ general meeting through ordinary resolutions:

- (I) work reports of the Board and the Supervisory Committee;
- (II) profit distribution plans and loss recovery plans drafted by the Board;
- (III) appointment or dismissal of the members of the Board and the Supervisory Committee not represented by employees, their remunerations and the method of payment thereof;
- (IV) the Company’s annual budgets and final accounts;
- (V) annual report of the Company;
- (VI) other matters other than those approved by special resolution as stipulated in the laws, administrative regulations or the Articles of Association.

A special resolution shall be adopted by more than two-thirds of the votes held by the shareholders (including proxies of shareholders) attending the shareholders’ general meeting.

The following matters shall be approved by special resolution at the shareholders’ general meeting:

- (I) the increase or decrease of the registered capital of the Company;
- (II) division, merger, dissolution and liquidation of the Company or the change of form of the Company;
- (III) amendment of the Articles of Association;

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- (IV) substantial assets acquired, disposed of or invested externally by the Company for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (V) equity incentive plans;
- (VI) other matters as required by the laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, and confirmed by an ordinary resolution at a shareholders’ general meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Shareholders (including proxies thereof) who vote shall exercise their voting rights in accordance with the number of voting shares represented by them, and each share carries the right to one vote.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders’ general meeting.

In compliance with the provisions of applicable laws, regulations, securities regulatory rules of the place where the Company’s shares are listed, the Board, independent non-executive directors and shareholders who meet the relevant requirements can openly gather voting rights from shareholders. Voting rights shall be gathered with sufficient disclosure of information, such as preference of vote, to shareholders from whom voting rights are gathered. Compensation or compensation in disguise for the voting rights gathered is prohibited. Except for statutory conditions, the Company shall not set a minimum shareholding limit for gathering voting rights.

If any shareholder is required to abstain from voting on a resolution or is restricted to voting only in favour of or against a resolution under the Listing Rules of the Hong Kong Stock Exchange, the votes cast by that shareholder or his proxy in violation of such requirements or restrictions shall not be counted.

Shareholders attending the shareholders’ general meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention. The securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder’s intent.

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The resolutions of the shareholders' general meeting shall be announced in a prompt manner according to laws, regulations or securities regulatory rules of the place where the Company's shares are listed, and the announcement shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the form of voting, the voting result of each proposal and the detailed content of each resolution passed.

Directors

Directors shall be elected or replaced at the shareholders' general meetings each for a term of three years. A director may seek re-election upon expiry of the said term. If not otherwise required by laws, any director (including the managing director or other executive directors) may be removed by an ordinary resolution at a shareholders' general meeting before the expiry of his/her term of office; however, the claim for compensation made by the director under any contract shall not be affected by the removal.

The term of office of a director shall commence from the date on which the said director assumes office to the expiry of the current term of the Board. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected director assumes his/her office.

Without the violation the regulatory rules of the place where the Company's shares are listed, director appointed by the Board to fill a casual vacancy or add the quota of directors of the Board shall only serve from the date of appointment until the first annual general meeting of the Company after his/her appointment and is eligible for re-election.

A director may serve concurrently as general manager or other senior management member, provided that the aggregate number of the directors who serve concurrently as general manager or other senior management members shall not exceed one half of the total number of directors of the Company.

The Board of the Company does not have any director who is represented by employee.

A director may resign before expiry of his/her term of office. The resigning director shall submit a written resignation to the Board. The Board will disclose relevant information to shareholders within two days.

In the event that the resignation of any director results in the number of members of the Board of the Company being less than the statutory minimum requirement, the said director shall continue to perform duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected director assumes his/her office.

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Save for the circumstances in the preceding paragraph, the resignation of a director shall become effective upon submission of his/her resignation to the Board.

If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her obligations of honesty to the Company and shareholders thereof shall remain effective within one year upon the end of his/her term of office.

The director’s confidentiality obligation in respect of trade secrets of the Company survives the termination of his/her term of office until such secrets become publicly known. Duration of other obligations of honesty shall be determined following the principle of fairness, depending on the length of time between the incident and the leave, and the circumstances and conditions under which the relationship with the Company ended.

Directors’ qualification shares: the articles of association do not provide for directors’ qualification shares.

Board

The Board shall consist of 7 directors, with 3 independent non-executive directors and one chairman. At all times, the Board shall have more than one-third independent non-executive directors, and the total number of independent non-executive directors shall not be less than three. At least one independent non-executive director shall have appropriate professional qualifications in line with regulatory requirements or be equipped with appropriate accounting or relevant financial management expertise.

The Board shall consist of one chairman which shall be elected by a majority of all directors.

The Board exercises the following powers:

- (I) to convene the shareholders’ general meeting and report on work to the shareholders’ general meeting;
- (II) to implement the resolutions of the shareholders’ general meeting;
- (III) to determine the business and investment plans of the Company;
- (IV) to devise the annual financial budget and closing account plans of the Company;
- (V) to devise the profit distribution plans and loss recovery plans of the Company;
- (VI) to formulate the plans for increasing or decreasing the Company’s registered capital, the issuance of bonds or other securities, as well as the listing of the Company;

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- (VII) to formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, or merger, division, dissolution and change of the form of the Company;
- (VIII) to determine such matters as the Company’s external investment, acquisition or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction within the scope authorized by the shareholders’ general meeting;
- (IX) to decide on the setup of the Company’s internal management organization;
- (X) to appoint or dismiss the Company’s general manager and the secretary of the Board; based on the nomination of the general manager, to appoint or dismiss senior management members of the Company such as deputy general manager and finance manager and determine their remunerations and rewards and punishments;
- (XI) to set the basic management systems of the Company;
- (XII) to make the modification plan to the Articles of Association;
- (XIII) to manage the disclosure of company information;
- (XIV) to propose the appointment or replacement of the accounting firm that performs audits for the Company at the shareholders’ general meeting;
- (XV) to attend to the work report of the Company’s general manager and review the work of the general manager;
- (XVI) assume the ultimate responsibility for money laundering risk management and perform the following duties: establish the goal of building a money laundering risk management culture; review money laundering risk management strategies; approve money laundering risk management policies and procedures; authorize senior management to take the lead in money laundering risk management; regularly review anti-money laundering work reports and promptly understand major money laundering risk events and remediation; and perform other relevant duties as required by relevant laws, administrative regulations, departmental rules and other normative documents;
- (XVII) other powers and duties authorized by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Matters beyond the scope of authority of the shareholders’ general meeting shall be submitted to the shareholders’ general meeting for deliberation.

Board meetings shall be held at least four times a year (about once a quarter) and shall be convened by the chairman of the Board with written notice to all directors and supervisors 14 days prior to the meeting.

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Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the supervisory committee may propose to convene an interim Board meeting. The chairman shall convene and preside over a Board meeting within 10 days from the receipt of the proposal.

Notices of interim Board meeting convened by the Board shall be sent by hand, mail, fax or email. The notification time limit is at least 3 days before holding the meeting. The obligation to notify in advance may be waived with the consent of all directors. If a director has attended the meeting and has not raised any objection that the meeting notice has not been received before attending the meeting or while attending the meeting, the meeting notice shall be deemed to have been issued to him/her.

The Board meeting shall be attended by more than one half of the directors. Resolutions made by the Board shall be approved by a majority of all directors. When the Board considers the external guarantee, the resolution shall also be approved by at least two-thirds of the directors present at the Board meeting.

Voting on the resolutions of the Board shall be conducted on a one-person-one-vote basis.

The voting procedure for Board resolutions is on-site voting.

To ensure that Directors can fully express their opinions, interim Board meetings may be held in other ways and signed by the participating directors.

A director who is related/connected to an enterprise involved in a matter resolved at a board meeting shall not exercise his/her voting rights on that resolution, nor shall he/she exercise his/her voting rights on behalf of other directors. The Board meeting shall be held with the attendance of a majority of the unaffiliated/connected directors, and the resolutions made at the Board meeting shall be passed by a majority of the unaffiliated directors. If the number of unaffiliated/connected directors attending the Board meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

Borrowing Authority

The Articles of Association do not contain any specific provision regarding the exercise of borrowing authority by the Directors.

Senior Management

The Company shall consist of one general manager who is appointed or dismissed by the Board. The general manager, deputy general manager, financial controller and secretary of the Board are the senior management personnel of the Company.

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General Manager

Each term of office of the general manager is three years and is renewable upon re-election.

The general manager is responsible to the Board and exercises the following powers:

- (I) to be in charge of the production and operational management of the Company, organize the enforcement of resolutions of the Board and report to the Board on work;
- (II) to organize the implementation of the annual operation plans and investment schemes of the Company;
- (III) to formulate the structure scheme of the internal management department of the Company;
- (IV) to formulate the fundamental management policies of the Company;
- (V) to formulate the specific management rules of the Company;
- (VI) to propose to the Board of Directors the appointment or dismissal of senior management such as the Company’s deputy general manager and finance controller;
- (VII) to decide on the appointment or dismissal of responsible management personnel except those whose appointment or dismissal shall be determined by the Board of Directors;
- (VIII) other functions and powers authorized by the Articles of Association and the Board.

The general manager shall attend the Board meetings without voting rights.

Secretary of the Board

The Company shall have a secretary of the Board who shall be nominated by the chairman and appointed or dismissed by the Board. Before the expiration of the term of the secretary of the Board, the Company shall have sufficient reasons for dismissing the secretary of the Board and shall not dismiss him/her without reason. The secretary of the Board is responsible for the preparation and document storage for the Company’s shareholders’ general meetings and Board meetings, as well as the management of the Company’s shareholder information and handling information disclosure matters.

Supervisory Committee

The Company shall have a Supervisory Committee comprised of 3 supervisors.

The supervisory committee shall have one chairman which is elected by at least a majority of its members by voting.

APPENDIX V

SUMMARY OF ARTICLE OF ASSOCIATION

Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee; if the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a supervisor who has been elected by more than one half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall comprise shareholder representatives and employee representatives, in which its proportion shall not be less than one-third.

The shareholder representatives in the Supervisory Committee shall be elected by the shareholders’ general meeting; the employee representative shall be elected democratically by the employees of the Company at the employee representatives’ meeting.

The Supervisory Committee shall exercise the following powers:

- (I) to examine the regular reports of the Company prepared by the Board of Directors and produce written opinions thereon;
- (II) to examine the financial operations of the Company;
- (III) to supervise the performance of duties to the Company by the directors and senior management, and propose dismissal of any director or senior management member who violates the laws, administrative regulations, the Articles of Association or resolutions of shareholders’ general meeting;
- (IV) to require directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (V) to propose the convening of an extraordinary general meeting, and to convene and preside over the shareholders’ general meeting when the Board of Directors fails to perform such duties as specified in the Company Law;
- (VI) to submit proposals to the shareholders’ general meeting;
- (VII) to institute legal proceedings against the directors and senior management members according to the Company Law;
- (VIII) in the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professionals, such as accounting firms and law firms, to assist in its work; any expenses incurred thereby shall be borne by the Company;
- (IX) to exercise other functions and powers as specified in the laws, administrative regulations, departmental rules, securities regulatory authorities where the Company’s shares are listed and the Articles of Association.

APPENDIX V

SUMMARY OF ARTICLE OF ASSOCIATION

Financial and Accounting System

In distributing the after-tax profit of the current year, the Company shall withdraw 10% of the profit as its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After withdrawing statutory reserve fund from after-tax profit, the Company may, subject to a resolution of the shareholders’ general meeting, withdraw discretionary reserve fund from after-tax profit.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings unless otherwise specified in the Articles of Association.

If the shareholders’ general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provisions.

The Company’s shares held by the Company are not entitled to any profit distribution.

The reserve fund of the Company can be used for making up for losses of the Company, expanding the Company’s production and operation or increasing the registered capital of the Company.

To make up for the Company’s loss from the reserve fund, discretionary reserve fund and statutory reserve fund shall be used first; if it still cannot be made up, the capital reserve fund can be used in accordance with regulations.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company’s registered capital prior to such conversion.

The policy of profit allocation of the Company shall be:

- (I) Profit distribution principles: The Company adopts consistent and stable profit distribution policy, which should emphasize on investors’ reasonable investment return and take into account the immediate and long-term interests of shareholders to ensure the Company’s sustainable development.
- (II) Means of profit distribution: The Company may distribute profits in the form of cash, shares and by the combination of cash and share or otherwise as permitted by the law and regulations.

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STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a joint stock company with limited liability in the PRC on December 28, 2011. As of the Latest Practicable Date, the registered share capital of our Company was RMB358,269,000.

Our Company has established a place of business in Hong Kong at Room 504, 5/F, Cheong Tai Commercial Building, 60-66 Wing Lok Street, Sheung Wan, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on August 23, 2024. Mr. Tam Ka Lung, the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of our Company

There has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of our Subsidiaries

Shoto Technology (Malaysia) Sdn Bhd

On February 7, 2024, Shoto Technology (Malaysia) Sdn Bhd was incorporated in Malaysia as private company limited by shares with the authorized share capital of RM2,500,000 divided into 2,500,000 shares of RM1.00 each.

Save as disclosed above, there has been no alteration in share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Shareholders held on July 19, 2024, the following resolutions, among others, were passed by our Shareholders:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and that such H Shares be [REDACTED] on the [REDACTED];
- (b) that the number of H Shares to be [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (c) subject to the completion of the [REDACTED], the adoption of the Articles of Association which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and
- (d) authorization of our Board to handle all relevant matters relating to, among other things, the [REDACTED] and [REDACTED] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) [REDACTED].

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks, which we consider to be material to our business:

No.	Trademark	Class	Owner	Place of registration	Registration no.	Expiry date
1	(A) 	9	Our Company	Hong Kong	306538861	April 26, 2034
	(B) 					
2	(A) 	9	Our Company	Hong Kong	306538870	April 26, 2034
	(B) 					
3	(A) 	9	Our Company	Hong Kong	306538889	April 26, 2034
	(B) 					

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Owner	Place of registration	Registration no.	Expiry date
4	(A) 	9	Our Company	Hong Kong	306538898	April 26, 2034
	(B) 					
5	(A) 	9	Our Company	Hong Kong	306538906	April 26, 2034
	(B) 					
6	(A) 	9	Our Company	Hong Kong	306538915	April 26, 2034
	(B) 					
7		9	Our Company	PRC	5097936	December 27, 2028
8		9	Our Company	PRC	21853796	December 27, 2027
9		9	Our Company	PRC	4901524	September 6, 2028
10		9	Our Company	PRC	49723315	May 6, 2031
11		9	Our Company	PRC	49738158	July 6, 2031
12		9	Our Company	PRC	49722722	July 6, 2031
13	(A) 	9	Our Company	Hong Kong	306538861	April 25, 2034
	(B) 					

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Owner	Place of registration	Registration no.	Expiry date
14	(A) 	9	Our Company	Hong Kong	306538870	April 25, 2034
	(B) 					
15	(A) 	9	Our Company	Hong Kong	306538889	April 25, 2034
	(B) 					
16	(A) 	9	Our Company	Hong Kong	306538898	April 25, 2034
	(B) 					
17	(a) 	9	Our Company	Hong Kong	306538906	April 25, 2034
	(B) 					
18	(A) 	9	Our Company	Hong Kong	306538915	April 25, 2034
	(B) 					

APPENDIX VI STATUTORY AND GENERAL INFORMATION

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No	Patent description	Owner	Patent number	Place of registration
1	A special vehicle lithium-ion battery electrical control system and its mode of operation (一種特種車鋰電池電氣控制系統及其工作模式)	our Company	2019109380973	PRC
2	A thermal design method for box-type energy storage system (一種箱式儲能系統熱設計方法)	our Company, Huifeng Juneng	2020108159172	PRC
3	Temperature control method and device for decentralized container air-cooled energy storage system (應用於分布式集裝箱風冷儲能系統的溫度控制方法及裝置)	our Company, Huifeng Juneng	2023108717967	PRC
4	A system and method for alarming the failure of monomer battery in an energy storage power station (儲能電站單體電池故障預警系統及方法)	Huifeng Juneng	2022116300138	PRC
5	A lithium-ion battery performance improvement method (一種鋰離子電池性能提升方法)	our Company, Front	2020115975762	PRC
6	A process for preparing acid-free colloidal accumulators (一種免倒酸膠體蓄電池製備工藝)	our Company, Hubei Runyoung	2021100239008	PRC
7	An energy management device and method for energy storage system applied to power unstable loads (一種應用於功率不穩定負載的儲能系統能量管理裝置及方法)	our Company, Huifeng Juneng	2022111409026	PRC

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No	Patent description	Owner	Patent number	Place of registration
8	A method and device for economic evaluation of energy storage system configurations for photovoltaic power plants (一種光伏電站儲能系統配置的經濟性評估方法及裝置)	our Company, Huifeng Juneng	202211250007X	PRC
9	A method of forming a PVC spacer colloidal storage battery (一種PVC隔板膠體蓄電池的化成方法)	Hubei Runyoung	2022103495617	PRC
10	A manufacturing method of lead-acid energy storage battery electrode plate (一種鉛酸蓄電池極板的製作方法)	our Company	2022105260550	PRC
11	A method of forming lead-acid energy storage battery for power system (一種電力系統用鉛酸蓄電池內化成方法)	our Company	2021106137154	PRC
12	An overvoltage detection and energy absorption device (一種過壓檢測與能量吸收裝置)	our Company	2021114114614	PRC
13	A semi-solid state battery with stable interface performance and its method of production (一種具有穩定介面性能的半固態電池及其製作方法)	our Company, Front	2021115300206	PRC
14	A high temperature resistant lithium-ion battery (一種耐高溫鋰離子電池)	Front, our Company	2021100495254	PRC
15	A preparation method of solid state lithium-ion battery electrodes (一種固態鋰離子電池極片的製備方法)	our Company, Front	2021115489222	PRC
16	A preparation method of ultrafine lithium-iron phosphate anode material (一種超細磷酸鐵鋰正極材料的製備方法)	Front	2021115522288	PRC

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No	Patent description	Owner	Patent number	Place of registration
17	A charging and discharging control method of lead-carbon storage battery for power frequency regulation (功率調頻用鉛碳貯能電池充放電控制方法)	our Company	2019109166325	PRC
18	A method of controlling, evaluating, and repairing thermal failure of lead-acid energy storage battery (鉛酸蓄電池熱失控控制、評價與修復方法)	our Company	2019109406564	PRC
19	A method to improve the service life of lead-carbon battery anode ring (一種提高鉛碳電池正極迴圈使用壽命的方法)	our Company	2019112766940	PRC
20	A kind of colloidal storage battery positive plate grid alloy and its corrosion test method (一種膠體蓄電池正極板柵合金及其腐蝕測試方法)	Hubei Runyoung, our Company	2021102170257	PRC
21	A fast curing and drying method for laminated electrode plates (一種疊片式極板快速固化乾燥方法)	our Company	2020111623887	PRC
22	A pre-charging method of lithium-ion battery pack for electric bicycles (一種電動自行車用鋰離子電池組預充方法)	our Company, Front	2020110753436	PRC
23	An activated carbon microporous protection method (一種活性炭微孔保護方法)	our Company	2019108850740	PRC
24	A hybrid power supply method for 5G base stations (用於5G基站的混合供電方法)	Huifeng Juneng	201911372216X	PRC

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No	Patent description	Owner	Patent number	Place of registration
25	Energy control system and control method for hybrid power supply system for communication base station (用於通信基站混合供電系統的能量控制系統及控制方法)	Huifeng Juneng	2020102108730	PRC
26	Battery rack with lifting function and its lifting method (帶提升功能的電池架及其提升方法)	Huifeng Juneng	2018109874413	PRC
27	Grid-connected energy storage control system and control method (儲能並網控制系統及控制方法)	Huifeng Juneng	2020102108764	PRC
28	Demand Response Control System and Control Method for Grid Load Storage (網荷儲需求響應控制系統及控制方法)	Huifeng Juneng	2020102109381	PRC
29	Control system and control method for island wind and light diesel storage microgrids (用於海島風光柴儲微電網的控制系統及控制方法)	Huifeng Juneng	2020102108603	PRC
30	Activation method for lead-acid energy storage battery with insufficient capacity (用於容量不足的鉛酸蓄電池活化方法)	our Company	2018109860849	PRC
31	Polyethylene oxide solution injection process for all-solid-state lithium battery (用於全固態鋰電池的聚氧化乙烯溶液注裝工藝)	our Company, Tongji University, Front	2018109866239	PRC
32	Development and testing of microgrid energy management algorithm and development and testing system (微電網能量管理演算法的開發與測試方法及開發與測試系統)	Huifeng Juneng	2019108349808	PRC

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No	Patent description	Owner	Patent number	Place of registration
33	Thermal management system for energy storage containers in alpine areas (高寒地區儲能集裝箱熱管理系統)	Huifeng Juneng	201811567634X	PRC
34	Battery storage container environmental control system (電池儲能集裝箱環境控制系統)	Huifeng Juneng	2018115676354	PRC
35	A modified cyclic phosphoronitrile flame retardant additive and preparation method for lithium battery electrolyte (一種鋰電池電解液用改性環狀磷腈阻燃添加劑及製備方法)	our Company	2020100945891	PRC
36	An overcharge prevention safety electrolyte for lithium battery (一種用於鋰電池的防過充安全電解液)	our Company	2020100945660	PRC
37	A lithium-ion battery electrode processing method (一種鋰離子電池極片加工方法)	our Company	2019109551106	PRC
38	A constant power recirculation mode for lead-acid energy storage battery (儲能用鉛酸蓄電池恒功率迴圈模式)	our Company	2017113657867	PRC
39	Lead-carbon colloid battery polar plate lead paste and its preparation methods (鉛碳膠體電池極板鉛膏及其製備方法)	Hubei Runyoung	2016106286675	PRC
40	Evaluation method of abusive over-discharge performance of lead-acid energy storage battery and capacity restoration method (鉛酸蓄電池濫用過放電性能評價方法及容量恢復方法)	our Company	2018107952795	PRC
41	A mould release agent for casting plate and its preparation method (一種鑄板脫模劑及其製備方法)	Hubei Runyoung	2017103615868	PRC

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No	Patent description	Owner	Patent number	Place of registration
42	Battery rack for energy storage containers (儲能集裝箱用電池架)	Huifeng Juneng	2018109885210	PRC
43	Method for retarding the corrosion rate of lead-acid energy storage battery anode grids (延緩鉛酸蓄電池正極板柵腐蝕速率的方法)	our Company	2017106519097	PRC
44	Connection method for energy storage battery in container (集裝箱儲能電池的連線方法)	Huifeng Juneng, our Company	2016110054897	PRC
45	Lead-carbon colloidal battery colloidal electrolyte formula and its preparation method (鉛碳膠體電池膠體電解質配方及其製備方法)	Hubei Runyoung	2016106287165	PRC
46	Method of compounding electrode grating for lead-acid energy storage battery grating (鉛酸蓄電池板柵的極耳複合成型方法)	our Company	2016112331235	PRC
47	Undercharge loop formulation for matching lead carbon battery in energy storage scenarios (適用於儲能場景匹配鉛炭電池的欠充迴圈制式)	our Company	2016110055688	PRC
48	Multi-stage recirculation activation process for lead-acid energy storage battery for energy storage applications (貯能用鉛酸蓄電池多階段迴圈化成活化工藝)	our Company	2016110056089	PRC
49	Accelerated test method for sealing performance of lead-acid energy storage battery terminals (鉛酸蓄電池端子密封性能加速測試方法)	Hubei Runyoung	2016106301779	PRC
50	Fuel cell rechargeable gas supply conveying system (燃料電池可充裝式供氣匯流系統)	our Company	2016108093234	PRC

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No	Patent description	Owner	Patent number	Place of registration
51	Proton exchange membrane fuel cell modular cartridge integration system (質子交換膜燃料電池模組化插箱集成系統)	our Company	2016103063834	PRC
52	Lead-acid energy storage battery internal double buffer heat seal structure (鉛酸蓄電池內置雙緩衝熱封結構)	our Company	201610809322X	PRC
53	Lead-acid energy storage battery busbar soldering methods (鉛酸蓄電池匯流排焊接方法)	Hubei Runyoung	2016106286694	PRC
54	Connection method of conductive carbon felt and lead electrodes (導電碳氈與鉛質極耳的連接方法)	our Company	2016112332295	PRC
55	Preparation method of positive activator for lead-carbon battery for energy storage purposes (貯能用鉛碳電池正極活化物質的製備方法)	our Company	2016103072509	PRC
56	Lead-carbon coil battery for automotive start-stop applications (汽車起停用鉛碳捲繞蓄電池)	our Company	2016103070429	PRC
57	A high specific energy lead-acid battery production method (一種高比能量鉛酸電池製作方法)	our Company	2015106309723	PRC
58	Three-dimensional adjustable rechargeable pile coil inspection stand (三維可調式充電樁線圈檢測台基架)	Huifeng Juneng, our Company	2016101746282	PRC
59	Lead-acid energy storage battery negative plate production method (鉛酸蓄電池負極板製作方法)	our Company	2015105888220	PRC
60	Pneumatic lead pumping device for lead-acid energy storage battery production (鉛酸蓄電池製作用氣動泵鉛裝置)	our Company	2016100956762	PRC

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No	Patent description	Owner	Patent number	Place of registration
61	Preparation method of ultra capacitive graphene for lead-carbon battery (用於鉛炭電池的超電容石墨烯的製備方法)	our Company	2014102692929	PRC
62	Lead-acid energy storage battery for micro-hybrid automotive start-stop system (微混汽車起停系統用鉛酸蓄電池)	our Company	2014106671387	PRC
63	Lead-acid energy storage battery y lifting handle (鉛酸蓄電池托起提手)	our Company	2014102023883	PRC
64	Long life depleted liquid lead-acid energy storage battery production method (長壽命貧液式鉛酸蓄電池製作方法)	our Company	2014102121477	PRC
65	Humidification and anode exhaust gas treatment device for proton exchange membrane fuel cells (質子交換膜燃料電池增濕及陽極尾氣處理裝置)	our Company	2013107021911	PRC
66	Portable proton exchangeable membrane fuel cell power system (便攜式質子交換膜燃料電池電源系統)	our Company	2013105290059	PRC
67	A method of forming a gel battery (一種膠體電池配組方法)	our Company	2013102619312	PRC
68	A fuel cell backup power system for telecommunication application (一種基於通信用燃料電池備用電源系統)	Huifeng Juneng	2012105381937	PRC
69	Humidification device for proton exchange membrane fuel cell (質子交換膜燃料電池的增濕裝置)	Huifeng Juneng	2012104706575	PRC
70	Electrolyte dosing device (電解液定量注液裝置)	our Company	2012103957877	PRC

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Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

<u>No.</u>	<u>Owner</u>	<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>
1	Our Company	shuangdeng.com.cn	March 21, 2000	March 21, 2030
2	Our Company	chinashoto.com	January 28, 2005	January 28, 2027
3	Our Company	shotomall.com	March 2, 2017	March 2, 2028
4	Our Company	chinashoto.cn	January 28, 2005	January 28, 2027
5	Huifeng Juneng	shotsolar.com	February 10, 2014	February 10, 2030

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Immediately following completion of the [REDACTED] (assuming that all the [REDACTED] is not exercised and no options are granted or exercised under the Employee Incentive Schemes), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and [REDACTED] pursuant to [REDACTED] of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to [REDACTED] of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and [REDACTED] pursuant to the [REDACTED].

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the [REDACTED] under the provisions of [REDACTED] of the SFO, see “Substantial Shareholders” in this document.

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3. Service Contracts

Each of our Directors and Supervisors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders’ approval.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors and Supervisors

Save as disclosed in the section headed “Directors, Supervisors and Senior Management” in this document and note 8 to the Accountants’ Report for the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Employee Incentive Schemes

The following is a summary of the principal terms of the Employee Incentive Schemes approved and adopted by our Shareholders’ meeting in June 2019 and in December 2022, respectively and as amend from time to time (collectively, the “**Schemes**”). The terms of the Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the Schemes does not involve the grant of options by our Company after the [REDACTED]. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes.

As of the Latest Practicable Date, the Company had established three Employee Incentive Platforms, namely Taizhou Heying and Taizhou Hexin. Each of Taizhou Heying and Taizhou Hexin holds 19,000,000 Shares and 13,600,000 Shares directly, respectively. For the details of the Employee Incentive Platforms, please see “History, Development and Corporate Structure – Employee Incentive Schemes” in this document.

Objectives

The purpose of the Schemes is to build an incentive mechanism for the employees of our Company, raising the competitiveness of our Company in the labour market. The Schemes also serve the purpose of attracting, stabilizing and recruiting future senior management and professionals.

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Eligibility

Pursuant to the scheme documents (the “**Scheme Documents**”) and the award offers (the “**Award Offers**”), participants of the Schemes include our Directors, Group’s core employees, senior management members and employees who had great contribution to the development of our Company. The Scheme Documents provided that the following employees may not be selected as participants to the Schemes (as applicable):

- Employees have terminated the employment relationship with the Group prior to expiration of service period (60 months from the respective grant date);
- Employees who have convicted of crime;
- Employees who have misconducted or commit damage to our Company’s interest;
- Employees who have misappropriated, stole and revealed our Company’s technology and secrets or made investment in competitors; and
- Employees who are otherwise not eligible according to the discretionary decision by the Board.

Grant of Awards

The general partner of each of Taizhou Heying and Taizhou Hexin is Taizhou Hechuang, the general partner of which is Taizhou Hanfu (wholly owned by Mr. Yang). Thus, in effect, all management powers and voting rights of the Employee Incentive Platforms reside with Taizhou Hechuang, indirectly, Mr. Yang.

All selected participants do not have any voting rights in our Company. The selected participants will be granted awards in the form of economic interest in the Employee Incentive Platforms conditional upon certain conditions as specified in Scheme Documents and the Award Offers and upon completion of payment with respective amount of exercise price, such selected participants will become a limited partner of Taizhou Heying or Taizhou Hexin.

Having comprehensively considered various factors such as position, number of years employed at our Company, salary and contribution to our Company, the Board determines the identities of the participants (the “**Participants**”), the amount of awards and subscription price of the awards. The Participants then sign an equity incentive agreement with the Company (if any), contribute the corresponding subscription price to the relevant Employee Incentive Platforms as capital contributions, and sign a partnership agreement with the other partners of the relevant Employee Incentive Platforms.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Administration of the Schemes

Pursuant to the Schemes, Shareholders are responsible for approving the implementation, alteration and termination of the Schemes. Our Board is responsible for daily management of the Schemes, including, selection of Participants, number of awards to be granted, exercise price, and the execution and interpretation of the Schemes.

Disposals

Pursuant to the terms of the Scheme Documents, unless otherwise required by the CSRC or the Stock Exchange, the selected participants shall be subject to a lock-up period of 36 months.

After the Company is listed and the lock-up period of the awards expires with more than two third partnership interest of the Employee Incentive Platforms mutually agreed, the Employee Incentive Platforms will reduce its equity interests in our Company. The Participants may request to reduce their shareholdings according to the relative shareholding ratio, and the consideration (after deduction of costs, transaction fees and taxes) from such sales of equity interest in our Company will be distributed to the Participants.

6. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors, Supervisors or any of the parties listed in the paragraph headed “— Other Information — 5. Qualifications of Experts” in this Appendix is:
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or
 - (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;
- (b) save in connection with the [REDACTED] and [REDACTED], none of the parties listed in the paragraph headed “— Other Information — 5. Qualification of Experts” in this Appendix:
 - (i) is interested legally or beneficially in any shares in any member of our Group; Or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

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- (c) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on [REDACTED], would have to be disclosed pursuant to [REDACTED] of the SFO; and
- (d) so far as is known to our Directors, none of our Directors or Supervisors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], our H Shares.

The each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US\$350,000 for acting as the sponsor for the [REDACTED].

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

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STATUTORY AND GENERAL INFORMATION

5. Qualifications 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 document are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities
CCB International Capital Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and 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
JC Master Law Offices	Company’s PRC legal advisor
Hogan Lovells	Company’s International Sanctions Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed “— Other Information — 5. Qualifications of Experts” in this Appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

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STATUTORY AND GENERAL INFORMATION

7. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For details, see “Appendix IV — Summary of Principal Legal and Regulatory Provisions” in this document.

(2) Consultation with professional advisors

Potential [REDACTED] in the [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of [REDACTED] in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [REDACTED] in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2024.

9. Promoters

Save as disclosed in this document, within the two years preceding the date of this document, 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 [REDACTED] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices IV and V to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of [REDACTED] of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under [REDACTED] of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

- (a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;
- (b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (g) our Company is not presently listed on any stock exchange or traded on any trading system; and
- (h) our Company is a joint stock limited company and is subject to the PRC Company Law.

14. Resignation of Directors and Supervisors during the Track Record Period

Mr. Yang and Mr. Zhou Ping (周平) resigned as Directors and Mr. Huang Xiaomin (黃曉敏) and Mr. Wang Zhaobin (王兆斌) resigned as Supervisors during the Track Record Period for the following reasons:

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(a) Mr. Yang

Mr. Yang, aged 71, was appointed as a Director in December 2011. He voluntarily resigned in May 2021 due to his willing to transition to his retirement life. Mr. Yang has confirmed that he has no disputes with the Group.

(b) Mr. Zhou Ping

Mr. Zhou Ping, aged 52, was appointed as a Director in December 2011. He voluntarily resigned in January 2022 due to the need to devote more time for his other commitments and family. Mr. Zhou Ping has confirmed that he has no disputes with the Group.

(c) Mr. Huang Xiaomin and Mr. Wang Zhaobin

Each of Mr. Huang Xiaomin, aged 42, and Mr. Wang Zhaobin, aged 61, was appointed as a Supervisor in April 2018 and June 2020, respectively. Mr. Huang Xiaomin resigned in May 2021 due to the Expiration of the service term and Mr. Wang Zhaobin resigned in April 2023 due to his willing to transition to his retirement life. Each of Mr. Huang Xiaomin and Mr. Wang Zhaobin has confirmed that he has no disputes with the Group.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contracts referred to in the paragraph headed “Appendix VI — Statutory and General Information — Further Information about the Business of our Company — 1. Summary of Material Contracts” in this document; and
- (ii) the written consents referred to in the paragraph headed “Appendix VI — Statutory and General Information — Other information — 6. Consents” in this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at www.shuangdeng.com.cn and on the website of the Stock Exchange at www.hkexnews.com up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025;
- (d) the report prepared by Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in the section headed “Industry Overview” in this document;
- (f) the PRC legal opinion issued by JC Master 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 legal memorandum issued by Hogan Lovells, our International Sanctions Legal Advisor, in respect of, among other things, the risk of exposure and potential penalties under the International Sanctions laws and regulations;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (h) the material contracts referred to in the paragraph headed “Appendix VI — Statutory and General Information — Further Information about the Business of our Company — 1. Summary of Material Contracts” in this document;
- (i) the service contracts referred to in the paragraph headed “Appendix VI — Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts” in this document;
- (j) the written consents referred to in the paragraph headed “Appendix VI — Statutory and General Information — Other Information — 6. Consents” in this document; and
- (k) the PRC Company Law and Overseas Listing Trial Measures together with unofficial English translations thereof.